

Shire of Mundaring

POLICY

INTERNAL AUDIT CHARTER

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Adopted: C3.03.16

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Date:

Reviewed:

Date:

Procedure Ref:

Delegation Ref:

Statute Ref:

Local Government (Audit) Regulations 1996 r. 17

Local Law Ref:

N/A

PURPOSE

This Internal Audit Charter provides the framework for the conduct of the internal audit function in the Shire of Mundaring. It defines the purpose, independence, authority and responsibility of the internal audit activity.

POLICY

1. Purpose of internal audit

The internal audit provides an independent and objective review and advisory service to:

- provide assurance to Council and the CEO that the Shire's financial and operational controls designed to manage the organisation's risks and achieve its objectives, are operating in an efficient, effective and ethical manner; and
- assist management in improving and monitoring the Shire's risk management, internal control and legislative compliance functions.

2. Scope of internal audit

Internal audits may cover any programs and activities of the Shire and encompass the review of all financial and non-financial policies and operations.

3. Independence

Independence is essential to the effectiveness of the internal audit function.

Internal audits will be performed by independent external contractors appointed through a transparent Expressions of Interest process.

Internal auditors report functionally to Council through the Audit and Risk Committee and are accountable to the CEO for the efficient and effective operation of the internal audit function.

4. Authority and confidentiality

Internal auditors are authorised to:

- have full free and unrestricted access to any and all of the Shire's records and other documentation, premises and Shire employees; and
- obtain assistance as required from Shire employees.

Internal auditors are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

5. Roles and responsibilities

The internal audit activity encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Shire's governance, risk management and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the Shire's strategic objectives. This may include:

- Evaluating risk exposure relating to achievement of the Shire's strategic objectives;
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify and report such information;
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on the organisation;
- Evaluating the means of safeguarding assets and – as appropriate – verifying the existence of such assets;
- Evaluating the effectiveness and efficiency with which resources are employed;
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are carried out as planned;
- Monitoring and evaluating governance processes;
- Monitoring and evaluating the effectiveness of the Shire's risk management processes;
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit;
- Providing advice related to governance, risk management and internal control as appropriate;
- Reporting significant risk exposures and internal control issues, including fraud risks and governance issues; and
- Evaluating specific operations at the request of Council and the CEO.

6. Relationship with external audit

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

7. Review of the Charter

This Charter will be reviewed when required but at least bi-annually to coincide with the review of the Terms of Reference of the Audit and Risk Committee.