

Internal Audit Policy

Local Government Act 2009

1. Policy Statement

The Townsville City Council (Council) maintains an efficient and effective internal audit function as required by the *Local Government Act 2009* and *Local Government Regulation 2012*.

The Internal Audit Unit provides Council's internal audit function in accordance with the Internal Audit Charter with oversight provided by Council's Audit and Risk Committee.

The Internal Audit Unit has authority from the Chief Executive Officer to obtain full, free and unrestricted access to all functions, premises, assets, personnel, records, systems, information and documentation deemed necessary to enable the unit to meet and discharge its responsibilities as outlined in this Policy and the Internal Audit Charter.

2. Principles

Internal Auditors are expected to adopt professional ethical standards in order to meet their responsibility to Council. The Council accepts that suitable principles are those based on The Institute of Internal Auditors Core Principles for the Profession of Internal Auditing, in this regard Internal Auditors at Council are expected to apply and uphold the following principles:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

3. Scope

This policy applies to the operations and activities of the Council including entities over which Council has direct management, sponsorship, financial control or controlling interest, directly or indirectly.

The scope of Internal Audit activities includes, but are not limited to, reviewing the efficiency and effectiveness of Council operations, resourcing, compliance activities, systems, processes and controls.

These services are provided in accordance with the requirements and guidelines set out in the Internal Audit Charter.

4. Responsibility

Internal Audit staff and service providers shall perform audit activity in accordance with the annual Internal Audit Plan as approved by Council's Audit and Risk Committee.

The Chief Executive Officer has the responsibility for the implementation of this policy, which is subject to annual review.

5. Definitions

Audit and Risk Committee - A committee established by Council in accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*. The Audit and Risk Committee is an advisory committee and has no delegated powers.

Internal Audit - An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit Staff - includes employees within the Internal Audit Unit, who report to the Senior Internal Auditor.

6. Policy

The Internal Audit Unit is responsible to Council through the Audit and Risk Committee and the Chief Executive Officer, for the effective management of an independent Internal Audit function.

Council will maintain and support an Internal Audit Unit to assess and evaluate the control measures that the Council has adopted, or is to adopt, to manage the risks to which the Council's operations are exposed in accordance with section 105 of *Local Government Act 2009* and section 207 of the *Local Government Regulation 2012*.

Internal Audit will function independently from all other management and operations of Council and will work administratively under the supervision of the Chief Executive Officer, facilitated by the Legal Services - Governance Risk and Compliance section within Council.

Pursuant to section 207 of the *Local Government Regulation 2012*, the Internal Audit Unit will:

- prepare annually an Internal Audit Plan covering a three-year rolling period and an internal audit annual work plan in a form agreed with the Audit and Risk Committee;
- Carry out internal audit work in accordance with the plan;
- Prepare associated reports for the internal audits conducted; and,
- Assess progress in completing the internal audit plan.

The Senior Internal Auditor reports functionally to the Audit and Risk Committee in accordance with the Internal Audit Charter. The Audit and Risk Committee shall meet with the Internal Auditor independent of management regularly and at least annually.

7. Review

This Policy shall be reviewed annually or when related legislation is amended other circumstances as determined by Council.

8. Legal Parameters

Local Government Act 2009

Local Government Regulation 2012

9. Associated Documents

Audit and Risk Committee Policy

Audit and Risk Committee Terms of Reference

Internal Audit Charter