INTERNAL FINANCIAL CONTROL POLICY

INTRODUCTION

Internal financial control is part of Council's corporate governance framework and covers such areas such as strategic management, business development, project management, finance and procurement. It comprises of procedures to mitigate risk and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, legislation and council policies/rulings are complied with and financial reporting is accurate and reliable.

As a first step towards developing a complete risk management and corporate governance framework the financial component of internal controls will be addressed and these are required to ensure council resources are used prudently and in an efficient, effective and economical manner. Examples of the types of activities addressed are accounts payable, payroll, budgeting, management reporting, banking, accounts receivable, property and rates, assets and contracting. Internal financial controls are critical to effective risk management of a Council's operations and promote the achievement of its goals and objectives.

Council is committed to maintaining an effective Internal financial Control environment.

POLICY OBJECTIVE

Council's objectives of this Policy are:

- To ensure risks relating to the stewardship of public resources are adequately managed through effective internal financial controls.
- To implement a framework for an effective internal financial control system which conveys to managers that they are responsible for ensuring that internal financial controls are established, documented, maintained and adhered to across the council and to all employees that they are responsible for adhering to these internal financial controls.
- To ensure the propriety of transactions, information integrity, accuracy of financial reporting, compliance with regulations and the achievement of Councils objectives through operational efficiency.
- To ensure accountability to the Council and the community in the provision of services.
- To formulate Council's checklist of Accounting Control procedures throughout the organisation.
- To ensure a risk based approach.

LEGISLATIVE, CORPORATE POLICY AND STANDARDS REQUIREMENTS

- Local Government Act 1999 – Sections 125, 126, 129 & 130.
- Local Government (Accountability Framework) Amendment Act 2009 – Schedule 1 & 2.
- Local Government (Financial Management) Regulations 2011 r14(e).
- Related Council Policies and Corporate Documents.
- Australian/New Zealand Standard AS/NZS 31000:2009.
- Better Practice Model - Internal Financial Controls for South Australian Councils.

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POLICY STATEMENTS

Risk Management

Council will maintain an internal financial control framework, which will be based upon a proactive risk management culture. The types of risks identified in the framework will be those which may prevent council from meetings its objectives or not maximising its opportunities. The first risk area covered by Council is financial management, for which internal financial controls will be identified, documented and managed. It is recognised that all risks cannot be eliminated, however the internal financial controls applied should reduce the likelihood of the risk occurring to within acceptable limits of risk.

Council will develop a culture that emphasises integrity, ethical values and competence.

Roles and Responsibilities

The Council is responsible for approval of the Internal financial Control Policy and the Chief Executive Officer for developing and maintaining an internal financial control Framework, which ensures Council objectives are achieved efficiently and effectively. Updates on changes to the framework will be presented to the Audit Committee.

The Chief Executive Officer and principal member of Council must also sign the financial statements in regard to internal financial controls as required by the Local Government (Financial Management) Regulations 2011 r14.

The Senior Management Team must adopt a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of internal financial controls. Council employees must conduct their duties in accordance with internal financial control policies, procedures and practices of Council.

Elements of an Internal financial Control Framework

The essential elements of an effective internal financial control framework are:

- An organisation that promotes an ethical culture;
- Clear delegations of Authority;
- Relevant Policies and Procedures;
- Trained and properly qualified staff;
- Appropriate information technology controls;
- An internal audit review process;
- Liaison with external auditors and legal advisors;
- Senior Management compliance assurance;
- The application of the risk management framework;
- Strong governance framework.

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POLICY REVIEW

This policy will be reviewed annually. The database of internal financial controls will be reviewed at least every twelve months to ensure all controls are current and appropriate and the Senior Management Team and the Audit Committee will be informed of the outcome of each review and updated regularly on process with action plans identified during the reviews.

AVAILABILITY OF POLICY

This Policy is available for inspection at the Council's principal office during ordinary business hours and on the Council's website www.dckem.sa.gov.au. Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

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DOCUMENT CONTROL

COUNCIL POLICY	
Reference Number	CS406
Version	V2.1
Responsible Officer	COUNCIL
Related Policies **Management Guidelines** **Frameworks**	Local Government Act 1999 (Sec 125, 126, 129 &130) Local Government (Accountability Framework) Amendment Act 2009 – Schedule 1 & 2 Local Government (Financial Management) Regulations 2011 R14(e)
Date Adopted	13 August 2002 (min ref #4230)
Review Date	April – Annually

Author (to whom changes are to be recommended)	
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Position	**Incumbent**

Reviewed by		
Position	**Incumbent**	**Review Date**
General Manager Corporate & Community	Katrina Fromm	March 2021

Approved by		
Position	**Incumbent**	**Approval Date**
Council	Council	13 April 2021

History			
Date	**Author**	**Revision**	**Nature of Change**
13/8/2002	CEO		Adoption of Policy
11/4/2017	GM Corporate & Community	V1.1	Update and review of Policy
1/3/2020	GM Corporate & Community	V2	Update of Policy to new template, removed procedures to separate document
12/5/2020	Council	V2	Adoption of Policy
16/3/21	Audit Committee	V2.1	Minor changes

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13/04/21	Council	V2.1	Adoption of Policy
Publication			
This policy is available for inspection at Council's office at 11 Railway Terrace, Karoonda or via the Council website, www.dckem.sa.gov.au.			