

Internal Audit

Council Policy



Owner	Chief Executive Officer		
Responsible Officer	Manager Governance		
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1 Purpose

To establish the framework for a robust and independent internal audit function within Alice Springs Town Council (Council). This policy ensures that Council has a systematic approach to evaluating and improving the effectiveness of risk management, internal control, and governance processes.

2 Definitions

For the purpose of this policy, the following definitions apply:

Term	Definition
Risk Management and Audit Committee	A Council committee that provides independent assurance and advice to Council regarding the integrity of Council's financial management, and Council's risk, internal control and compliance frameworks.
Internal Audit Charter	A formal document approved by Council that sets out the responsibilities, purpose, authority, and role of Council's internal audit function.
Internal audit	An independent, objective assurance activity designed to add value and improve Council's operations. It helps Council accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, administrative and governance processes.

3 Policy Statement

3.1 Principles

3.1.1 Council is committed to maintaining a robust and well-resourced internal audit function that operates independently, providing Elected Members, the Council's Risk Management and Audit Committee (RMAC) and the Executive with objective advice.

3.1.2 The scope of internal audit activities includes, but are not limited to, providing independent review of and recommendations to improve Council's financial and non-financial control environment, processes for identifying and monitoring risk, and governance processes.

3.1.3 Internal audit activities will be conducted by Council in accordance with:

- relevant professional standards including *International Standards for the Professional Practice of Internal Auditing* and standards issued by the Australian Auditing and Assurance Standards Board

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- Council's Internal Audit Charter
- Council's Annual Internal Audit Plan
- Council's Strategic Internal Audit Plan
- RMAC, as per Section 86 of the *Local Government Act 2019*.

3.2 Internal audit function

Council will appoint an Internal Audit Coordinator, who may or may not be an employee of Alice Springs Town Council. Council may engage external internal audit providers to undertake its internal audit activities. Council internal audit employees and external internal audit providers must perform audit activities in accordance with this policy and the Internal Audit Charter.

Those undertaking internal audit functions for Council are also expected by Council to apply and uphold the following principles, in line with the Institute of Internal Auditors Global Internal Audit Standards:

- demonstrate integrity
- maintain objectivity
- demonstrate competency
- exercise due professional care
- maintain confidentiality
- be authorised by the board*
- be positioned independently
- be overseen by the board*
- plan strategically
- manage resources
- communicate effectively
- enhance quality
- plan engagements effectively
- conduct engagement work, and
- communicate engagement results and monitor action plans.

* For Alice Springs Town Council, 'board' constitutes its Elected Members.

3.3 Authority and Access

Council's internal audit function shall have direct and unrestricted access to Council and management. Council's internal audit function is authorised to review all areas of Council with full and unrestricted access to Council's operations, data and records, assets, and personnel.

3.4 Confidentiality

Those undertaking internal audit functions for Council are responsible and accountable for maintaining the confidentiality of the information they receive when undertaking their work.

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3.5 Conflict of Interest

Internal auditors are not to conduct audits for areas they have worked on within the last two years. When engaging internal audit external third parties, the Internal Audit Coordinator shall take steps to identify, evaluate, and manage any perceived, potential or actual conflicts of interest that may impinge upon internal audit work performed by the provider.

3.6 Reporting

Council's internal audit function will report to RMAC and Council in line with the Internal Audit Charter.

3.7 Quality Assurance

The performance of Council's internal audit function will be reviewed annually by RMAC, with a strategic review to occur once per term of Council.

4 Responsibilities

The CEO is responsible for implementing this policy.

5 Related Legislation and Documents

Local Government Act 2019

ISO 19011:2018 Guides for Auditing Management Systems

Global Internal Audit Standards – The Institute of Internal Auditors

Risk Management Policy

Risk Management Framework

Risk Management and Audit Committee Terms of Reference

Alice Springs Town Council Internal Audit Charter

Alice Springs Town Council Strategic Audit Plan

Alice Springs Town Council Annual Audit Plan

6 Communication and Training

Will this policy be communicated through consultation to teams?	
Where will this policy be available?	
Will training needs arise from this policy? If yes, who will be responsible.	