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| Related Documents                    | Procurement Policy; Risk Management Policy  |                            |               |
| Applicable Legislation               | Local Government Act 1999<br>Local Government (Financial Management) Regulations 2011 |                            |               |

## 1. Introduction

Internal financial control is part of the Fleurieu Regional Aquatic Centre Authority (the Authority) corporate governance framework, and covers areas such as strategic management, business development, project management, procurement, and finance. It comprises procedures to mitigate risk and provide reasonable assurance that operations are efficient and effective; assets are safeguarded; legislation and Authority policies 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. These are required to ensure Authority resources are used prudently and in an efficient, effective, accountable, and economical manner. Examples of the types of activities addressed are accounts payable, budgeting, management reporting, banking, purchasing, and contracting. Financial internal controls are critical to effective risk management of the Authority's operations and promote the achievement of its goals and objectives. The Authority is committed to maintaining an effective internal control environment.

## 2. Policy Objectives

The objectives of this policy are to ensure:

- a) Risks relating to the stewardship of public resources are adequately managed through effective internal controls.
- b) A framework for an effective internal control system which outlines responsibilities for ensuring that internal controls are established, documented, maintained, utilised and adhered to across the activities of the Authority; and to all parties responsible for utilising and adhering to those internal controls.
- c) The propriety of transactions; information integrity, compliance with regulations and achievement of Authority objectives through operational efficiency.

### 3. Roles and Responsibilities

The Authority Board is responsible for approval of this policy, and the Executive Officer is responsible for developing and maintaining an internal control framework, which ensures the Authority objectives are achieved efficiently, accountably, and effectively.

The Executive Officer must adopt a risk management approach to identifying and assessing risk and apply cost/benefit analysis in the development of internal controls. The Executive Officer must conduct their duties in accordance with all financial internal control policies, procedures, and practices of the Authority.

- *Authority Board* - The Board is responsible for the Internal Financial Controls policy.
- *Audit and Risk Management Committee* - The Audit and Risk Management Committee provide independent review and advice to the Authority in relation to corporate governance matters including internal controls.
- *Executive Officer* - The Executive Officer is accountable to the Authority Board for development and implementation of appropriate systems to achieve accountability and integrity. The Executive Officer is responsible for the development of adequate internal controls and their implementation, evaluation, and revision on an ongoing basis in respect to all functions of the Authority under their control to ensure as far as practicable that:
  - All financial records and other relevant databases completely capture and accurately reflect the actual operational activities and the timely preparation of reports.
  - Assets are safeguarded from unauthorised use or disposal.
  - Irregularities are prevented or detected and corrected if they occur.
  - A best practice approach is taken in support of effective business practices, accountability, and properly functioning controls.
- *Finance Officer*: The Finance Officer engaged by the Authority is required to conduct their duties in accordance with all internal control policies, procedures, and practices of the Authority. They are also responsible for reporting to the Executive Officer, instances where they consider that internal control procedures are inadequate or are not being met. The Finance Officer may participate in the internal implementation, checking and investigating processes.

### 4. ELEMENTS OF AN INTERNAL CONTROL FRAMEWORK

The essential elements of an effective internal control framework are:

- Delegations of Authority
- Policies and procedures
- Engagement of suitably qualified resources
- Information Technology controls
- Review processes
- Liaison with auditors and legal advisors
- Executive Officer compliance assurance

- Risk identification and assessment.

## 5. Risk Management Approach

The Authority will maintain an internal 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 the Authority from meeting its objectives or not maximising its opportunities. The Authority acknowledges financial management as a key risk area, for which internal controls will be identified, documented, and managed. It recognises that all risks cannot be eliminated, however the internal controls applied should reduce the likelihood of the risk occurring to within acceptable limits.

The Authority will promote a culture that emphasises integrity, ethical values, and competence. The Authority Executive Officer will review key risk areas, identify control gaps, and implement internal control measures to address those gaps. In undertaking this work, the Executive Officer will refer to the *Local Government Association of South Australia, Better Practice Model – Internal Financial Controls for South Australian* to identify the current recommended risk management database of internal controls and supporting documentation.

## 6. Review of Internal Controls

The database of internal financial controls will be reviewed annually by the Executive Officer to ensure all controls are current and appropriate; and the Audit and Risk Management Committee will be informed of the outcome of each review and updated regularly on progress with action plans identified during the reviews.

## 7. Responsibilities

The Authority Executive Officer has overall responsibility for implementing this policy.

## 8. Delegations

The Authority Executive Officer has the authority to implement this policy.

## 9. Availability of Policy

This Policy will be available on the Fleurieu Aquatic Centre website.

## 10. Review

This policy shall be reviewed by the Authority triennially.

## Document History

| VERSION | DOCUMENT         | ACTION                     | DATE             |
|---------|------------------|----------------------------|------------------|
| 1.0     | Approved version | FRAC Authority endorsement | 28 July 2017     |
| 2.0     | Approved version | FRAC Authority endorsement | 17 December 2021 |