Internal Audit Charter

Responsible Directorate	Corporate Services
Responsible Business Unit/s	Corporate Performance
Responsible Officer	Manager Corporate Performance
Affected Business Units	All

Purpose

This Internal Audit Charter defines the purpose, authority, and responsibility of the internal audit function and establishes its position within the Shire.

The internal audit function:

- Provides independent, objective assurance, and advisory services designed to improve operations, add value, and enhance service delivery.
- Supports the achievement of strategic objectives by evaluating the effectiveness of risk management, internal controls, and governance processes.
- Supports sound governance, accountability, and transparency, and is aligned with the *Local Government Act 1995* and guidance from the Office of the Auditor General.

Value Proposition

An internal audit is a consulting activity driven by independence and objective assurance. It is designed to add value and improve the operations of the Shire. Internal audits work towards the following value proposition:

Assurances	Internal audits provide value-based assurance on the organisation's governance, risk management, and control processes to help the organisation achieve its strategic, operational, and financial objectives.
Insight	Internal audits are the catalyst for improving an organisation's effectiveness and efficiency by providing insight and recommendations based on analyses and assessments of data and business processes.
Objectivity	With commitment to integrity and accountability, internal audits provide value to governing bodies and senior management as an objective source of independent advice.

Internal Audit Model

The Shire has adopted an outsourced internal audit model, whereby internal audit services are provided by an external, independent, and professional firm. This arrangement allows access to specialist skills and ensures audit independence.

The provider is appointed through a transparent procurement process in accordance with the Shire's procurement policies and the *Local Government (Functions and General) Regulations 1996 (WA).*

Independence and Objectivity

To ensure independence:

- The provider must maintain independence from all operational activities of the Shire.
- The provider must not be involved in the development, implementation, or management of internal controls or systems that they are engaged to audit.

Authority

The internal audit plan is established by resolution of the Council and operates under the oversight of the Audit, Risk and Improvement Committee.

The Internal Audit Provider has authorised full, free, and unrestricted access to all records, systems, properties, and personnel relevant to the performance of audits, subject to the *Privacy and Responsible Information Sharing (PRIS) Act 2024* and Shire Council policies.

Responsibilities of the Internal Audit Provider

An external provider will:

- Conduct internal audits in accordance with the approved internal audit plan, professional standards, and contractual obligations.
- Provide written audit reports including findings, risks, and recommendations.
- Maintain confidentiality and comply with the Shire's policies, codes of conduct, and relevant legislation.

Responsibilities of the Executive Management Group

The Executive Management Group will:

- Provide access to relevant records, systems, staff, and facilities.
- Ensure the Audit, Risk and Improvement Committee reviews audit findings and monitors management's responses.

Responsibilities of the Coordinator Internal Audit and Risk

The Coordinator Internal Audit and Risk is responsible for implementing Council's endorsed Internal Audit Plan including:

- Overseeing the selection and appointment of internal audit providers.
- Facilitating effective communication between the internal audit provider and key stakeholders.
- Monitoring and reporting on the implementation status of audit recommendations.
- Reporting quarterly to the Audit, Risk and Improvement Committee on:
  - Internal audits completed (including provision of reports)
  - Progress against the endorsed internal audit plan
  - Outstanding internal audit findings and recommendations

Audit, Risk and Improvement Committee Oversight

The Audit, Risk and Improvement Committee is responsible for:

- Reviewing and endorsing the internal audit plan.
- Reviewing internal audit reports and tracking the implementation of recommendations.
- Advising Council on any significant risk, governance, or control issues.

Review of Charter

This Charter will be reviewed at least every two years or earlier if required, and any changes will be recommended by the Audit, Risk and Improvement Committee and approved by Council.

Amendment Record

Relevant Delegations		Nil.	
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Version	**Date**	**Resolution Number**	**Amendment Details**
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3	21 September 2026	OCM-257-2026	