



EMP-GOV-015 | Internal Control Policy

Strategic Context

Strategic Link	Objective
✓ United ✓ Safe & Healthy ✓ Beautiful & Respected ✓ Prosperous & Equitable	To establish a consistent and effective internal control framework that safeguards the Shire's assets and public resources, supports accurate and reliable financial and operational reporting, promotes compliance with legislative and organisational requirements, and reduces the risk of fraud, error, misconduct and financial loss.

Introduction

1. The Shire of Halls Creek is committed to maintaining effective internal controls that support good governance, protect public resources, manage risk and ensure legislative compliance. This Policy establishes the Shire's overarching approach to internal control and reinforces that maintaining effective controls is a shared responsibility across the organisation.

Purpose

2. The purpose of this Policy is to establish clear principles and responsibilities for implementing, maintaining and monitoring effective internal controls across the Shire of Halls Creek. These controls support accountable decision-making. Protect Shire resources and help prevent and detect errors, fraud, misconduct and non-compliance.

Policy Scope

3. This Policy applies to all Council Members, committee members, employees, contractors and volunteers involved in the Shire of Halls Creeks operations, decision-making or management of resources. It applies to all financial, administrative, operational, information technology, asset management, procurement, records management and compliance activities undertaken by or on behalf of the Shire.

Policy Statement

4. The Shire of Halls Creek will establish, maintain and regular review an effective system of internal control that is proportionate to its risks, operating environment and legislative obligations. Internal controls will be embedded across al financial, administrative and operational activities to safeguard Shire resources, support accurate and reliable information,

ensure appropriate authorisation and accountability, and prevent or detect fraud, error, misconduct and non-compliance.

5. The Chief Executive Officer is responsible for implementing and monitoring the internal control framework, with all employees and relevant persons required to comply with approved controls and promptly report identified weaknesses or breaches. The Audit, Risk and Improvement Committee will provide oversight and assurance to Council regarding the effectiveness of the Shires internal control arrangements.

Principles Underpinning the Policy

Principle Name	Principle Definition
Accountability	Responsibilities and approval authorities must be clearly assigned and understood.
Authorisation	Transactions and decisions must be approved by an appropriately authorised person.
Integrity	Council Members, employees and other relevant persons must act honestly, ethically and in the Shire's best interests.
Legislative Compliance	Controls must support compliance with legislation, Council policies, delegations and organisational requirements.
Monitoring and Improvement	Controls must be regularly reviewed, tested and improved where weaknesses or changing risks are identified.
Protection of Resources	Financial, physical, information and human resources must be protected from loss, misuse, damage and unauthorised access.
Segregation of Duties	Incompatible duties must be separated wherever practicable to reduce the risk of fraud and error.
Transparency and Evidence	Activities must be accurately documented, supported by evidence and retained in accordance with recordkeeping requirements.

Definitions

Term	Meaning
Audit, Risk and Improvement Committee (ARIC)	The committee established by Council to provide oversight of audit, risk management, internal control, legislative compliance and organisational improvement.
Control Owner	The employee responsible for implementing, maintaining and providing evidence of a specific internal control.
Control Weakness	A deficiency in the design or operation of a control that may prevent it from effectively managing the relevant risk.
Corrective Action	An action taken to address an identified control weakness, non-compliance, audit finding or process deficiency.

Fraud	Dishonest activity intended to obtain a benefit or cause a loss through deception or other improper means.
Internal Control	Any policy, process, procedure, system or activity designed to manage risk, safeguard resources, ensure reliable information and support compliance.
Internal Control Framework	The coordinated structure through which the Shire established, operates, monitors and improves its internal controls.
Risk	The effect of uncertainty on the achievement of the Shires objectives.
Segregation of Duties	The separation of incompatible responsibilities so that no individual controls all key stages of a transaction or decision.

Policy Details

6. Internal Control Framework

6.1 The Chief Executive Officer will establish and maintain an internal control framework that is appropriate to the Shire's size, functions, resources and risk profile. Internal controls must be integrated into financial, administrative, operational and information management processes.

7. Control Environment

7.1 The Shire will maintain a control environment that promotes integrity, accountability, appropriate oversight and compliance. Responsibilities, delegations, authorisations and reporting lines must be clearly documented and communicated.

8. Risk-Based Controls

8.1 Internal controls must address identified strategic, operational, financial, compliance, fraud, information security and reputational risks. The level of control applied must be proportionate to the likelihood and potential consequence of the risk.

9. Segregation of Duties

9.1 Incompatible duties must be separated wherever practicable, particularly for procurement, payments, payroll, revenue collection, banking, system administration and asset management.

9.2 Where staffing limitations prevent full segregation, the responsible Director must implement and document compensating controls, such as independent review, additional approval, exception reporting or periodic.

10. Authorisation and Approval

- 10.1 Transactions, commitments and decisions must only be undertaken by persons with appropriate delegated authority or written authorisation. Employees must operate within approved financial limits, budgets, delegations, policies and procedures.
- 10.2 An employee must not approve a transaction that directly benefits themselves unless independently reviewed and authorised.

11. Financial Controls

- 11.1 Financial controls must provide reasonable assurance that:
- a) Revenue is correctly assessed, collected, recorded and reconciled.
 - b) Expenditure is authorised, valid, accurately recorded and supported by appropriate evidence.
 - c) Bank accounts and financial records are regularly reconciled.
 - d) Payroll changes and payments are independently reviewed.
 - e) Purchasing and payment functions are appropriately separated.
 - f) Assets, cash, credit cards, fuel cards and inventory are safeguarded.
 - g) Financial reports are accurate, complete and produced within required timeframes.
 - h) Suspected duplicate, unusual or unauthorised transactions are identified and investigated.

12. Procurement and Contract Controls

- 12.1 Procurement activities must comply with legislation, Council policy, approved purchasing thresholds and delegated authority. Controls must address quotation and tender requirements, conflicts of interest, supplier selection, cumulative expenditure, purchase orders, receipt of goods and services, invoice approval, contract variations and supplier performance.

13. Asset Controls

- 13.1 The Shires physical and intangible assets must be appropriately recorded, secured, maintained and periodically verified. The acquisition, allocation, transfer and disposal of assets must be authorised and supported by appropriate records.

14. Documentation and Recordkeeping

- 14.1 Internal control activities must be supported by sufficient evidence to demonstrate that the control was performed. Records must be accurate, accessible, protected and retained in accordance with the Shires Recordkeeping Plan and applicable retention requirements.

15. Monitoring and Assurance

15.1 Directors and managers must regularly monitor controls within their areas of responsibility. Monitoring may include reconciliations, management reviews, control self-assessments, exception reports, spot checks, audits and performance reporting.

15.2 The CEO will ensure that the appropriateness and effectiveness of relevant systems and procedures are reviewed in accordance with legislative requirements, including the review required under regulation 17 of the *Local Government (Audit) Regulations 1996*.

16. Control Weaknesses and Breaches

16.1 Identified control weaknesses, suspected fraud, unauthorised transactions, significant errors and non-compliance must be recorded promptly to the relevant manager and escalated to the CEO where material.

16.2 Corrective actions must be recorded, assigned to a responsible officer, given an appropriate completed date and monitored until satisfactory completed.

17. Reporting

17.1 Material control weaknesses, significant incidents, overdue corrective actions and relevant audit findings must be reported to the CEO, Executive Leadership Team and Audit, Risk and Improvement Committee as appropriate.

17.2 The ARIC will provide oversight and make recommendations to Council regarding improvements to Shires internal control arrangements.

18. Continuous Improvement

18.1 Internal controls must be reviewed when there are changes to legislation, systems, staffing, organisational structure, service delivery, identified risks or audit findings. Controls that are ineffective, duplicated or no longer appropriate must be amended or replaced.

19. Compliance

19.1 All persons covered by this Policy must comply with the Shires internal controls. Deliberate circumvention or unauthorised override of a control may constitute misconduct and may result in disciplinary or other action.

Accountability

20. Council is responsible for adopting this Policy and providing oversight of the Shire's internal control environment.

21. The Audit, Risk and Improvement Committee is responsible for reviewing the effectiveness of internal controls and recommending improvements to Council.

22. The Chief Executive Officer is accountable for establishing, implementing and monitoring the Shires internal control framework and ensuring identified weaknesses are appropriately addressed.



23. Directors and managers are responsible for maintaining effective controls within their areas, monitoring compliance and implementing corrective actions.
24. All employees, contractors and volunteers must comply with applicable controls, maintain appropriate records and promptly report control weaknesses, errors, suspected fraud or non-compliance.

Related Documentation / Legislation

Legislation	Shire of Halls Creek Documentation
a. <i>Local Government Act 1995 (WA)</i>	a. Shire of Halls Creek Delegations Register
b. <i>Local Government (Financial Management) Regulations 1996</i>	b. Shire of Halls Creek Risk Management Policy and Framework
c. <i>Local Government (Audit) Regulations 1996</i>	c. Shire of Halls Creek Financial Management Procedures

Policy Review

25. This policy will be reviewed every two (2) years, or earlier if required due to legislative change, audit findings or a resolution of Council.

Document Control

Relevant delegations	Nil		
Risk Evaluation	Low		
Council adoption	24/09/2026	Resolution	2026/105
Next review due	September 2028		