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REVISED INTERNAL AUDIT GUIDELINES

The purpose of this circular is to announce the release of revised Internal Audit Guidelines for local councils in NSW. The revised Internal Audit Guidelines are Director General's Guidelines for the purposes of section 23A of the *Local Government Act 1993*.

In 2009 the Division of Local Government conducted a survey of councils to ascertain the progress made towards implementing the *Internal Audit Guidelines* issued in October 2008. Thank you to all councils that participated in that survey.

The results of the survey revealed that while considerable progress had been made toward the implementation of the *Internal Audit Guidelines*, there were some areas where further benefits could be achieved by strengthening or clarifying the Guidelines. These included:

- providing more guidance on the requirements for an independent audit committee – such as characteristics of an independent member; ensuring that staff are not members of the committee; recommending that the Mayor is not a member of the committee
- expanding the conflict of interests provisions of the Guidelines; and
- clarifying the role of the general manager in the internal audit function.

Revised Internal Audit Guidelines have now been prepared that take into account the findings of the survey.

In preparing the revised Guidelines, comments were sought from the Local Government Internal Auditors Network (LGIAN) and the Institute of Internal Auditors (NSW Chapter) (IIA). Their assistance in the revision of the Guidelines, to ensure that they comply with better practice internal audit, is gratefully appreciated.

I anticipate that the revised Internal Audit Guidelines will provide further assistance to local councils in implementing this most important component of the governance framework of local councils.

Councils should review and update their internal audit arrangements to ensure they are consistent with the revised Internal Audit Guidelines.

The revised Internal Audit Guidelines can be found on the Division's website (under "Recent Publications") at www.dlg.nsw.gov.au.



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