



POLICY AND ADMINISTRATION MANUAL	REFERENCE NUMBER: C55
SECTION: COUNCIL POLICY	POLICY TITLE: INTERNAL CONTROLS POLICY

## 1. PURPOSE

The purpose of this Internal Controls Policy is to ensure the integrity, transparency, and accountability of financial, operational, and compliance-related activities within the Municipality of Argyle. The policy aims to mitigate risks, safeguard assets, ensure the reliability of financial reporting, and comply with the appropriate standards and legal requirements.

## 2. SCOPE

This policy applies to all departments and employees of the Municipality of Argyle, including elected officials. It encompasses all financial transactions, operations, and compliance with applicable standards and legal regulations.

## 3. OBJECTIVES

The objectives of this policy are to:

- a) Protect municipal assets from loss, theft, or misuse.
- b) Promote accurate and reliable financial reporting.
- c) Ensure compliance with applicable standards and legal regulations.
- d) Foster an environment of accountability and transparency.
- e) Provide guidelines for monitoring, auditing, and evaluating internal control systems.

## 4. INTERNAL CONTROL FRAMEWORK

The Municipality of Argyle will adopt an internal control policy which includes the following five components:

- **Control Environment:** The overall attitude, awareness, and actions of management regarding internal controls.
- **Risk Assessment:** Identifying, analyzing, and managing risks that could affect the achievement of objectives.
- **Control Activities:** Policies, procedures, and mechanisms designed to address identified risks and achieve objectives.
- **Information and Communication:** Systems to ensure relevant information is provided to the right individuals and used to support decision-making.
- **Monitoring:** Ongoing assessment of internal controls and corrective actions when necessary.

## 5. CONTROL ACTIVITIES



POLICY AND ADMINISTRATION MANUAL	REFERENCE NUMBER: C55
SECTION: COUNCIL POLICY	POLICY TITLE: INTERNAL CONTROLS POLICY

Control activities are specific policies and procedures designed to ensure that internal controls are properly executed. Key control activities include:

- **Segregation of Duties:** Duties related to authorizing, processing, and reviewing financial transactions will be divided among different individuals to reduce the risk of errors or fraud.
- **Authorization and Approval:** All financial transactions must be authorized by management before they are executed.
- **Reconciliation:** Regular reconciliation of financial records, including bank accounts and credit card statement, ensuring the accuracy of financial reporting.
- **Physical Controls:** Proper physical safeguards will be implemented for assets, including cash, inventory, and equipment, to prevent theft or misuse.
- **Access Control:** Sensitive information and assets will be protected by limiting access to authorized personnel only.
- **Documented Procedures:** All processes and procedures related to financial activities will be documented and reviewed periodically for efficiency and effectiveness.

## 6. ROLES AND RESPONSIBILITIES

The following roles are responsible for the implementation and oversight of the internal control system:

- **Audit Committee:** Provide oversight and ensure the establishment of an effective internal control environment.
- **CAO/Director of Finance:** Ensure that the internal control policy is implemented across all departments.
- **Finance Department:** Manage financial reporting, accounting, and compliance with accounting standards and regulations. Responsible for ensuring proper segregation of duties, approvals, and reconciliations.
- **Internal Auditor:** Conduct regular audits of financial records, operations, and compliance to assess the effectiveness of internal controls and identify any weaknesses or areas for improvement.
- **Department Heads and Managers:** Implement and enforce internal controls within their respective areas. Ensure employees are properly trained and aware of internal control procedures.
- **Employees:** Follow established policies and procedures, report any irregularities or violations of internal controls, and maintain the highest standards of integrity and professionalism.

## 7. FRAUD PREVENTION AND DETECTION

The Municipality of Argyle is committed to preventing and detecting fraud through a range of proactive measures, including:



POLICY AND ADMINISTRATION MANUAL	REFERENCE NUMBER: C55
SECTION: COUNCIL POLICY	POLICY TITLE: INTERNAL CONTROLS POLICY

- **Code of Conduct:** All employees and officials will be required to sign and adhere to a strict code of conduct, which prohibits fraudulent or unethical behavior.
- **Whistleblower Policy:** A confidential whistleblower program will be available to encourage the reporting of suspected fraud, or unethical behaviour without fear of retaliation.
- **Investigations:** Allegations of fraud will be investigated promptly, and corrective action will be taken if necessary, including disciplinary action or legal proceedings.

## 8. RISK MANAGEMENT

The Municipality of Argyle will identify, assess, and manage risks that could prevent the achievement of its objectives. This includes both financial and operational risks. A risk management process will be conducted periodically to ensure that internal controls are aligned with emerging risks, including those related to fraud, mismanagement, and non-compliance with regulations.

## 9. COMPLIANCE

The Municipality of Argyle is committed to complying with all applicable standards, legal regulations, and policies. The finance department will monitor changes in these standards and legal regulations to ensure that the municipality remains compliant. Department Heads/Management are expected to incorporate these compliance requirements into their operations.

## 10. MONITORING AND REPORTING

- **Internal Audits:** The Auditors will perform regular audits of municipal operations to assess the adequacy and effectiveness of internal controls. Audit results and recommendations will be communicated to the Finance Department, the Audit Committee and Municipal Council.
- **Annual Review:** The internal control systems will be reviewed annually to evaluate their effectiveness in meeting objectives. Recommendations for improvements will be made as necessary.
- **Exception Reporting:** Any identified violations, control weaknesses, or failures will be reported immediately to the appropriate management and corrective actions will be taken.

## 11. Training and Awareness

The Municipality of Argyle will provide regular training (when available) to employees at all levels to ensure awareness and understanding of internal control policies and procedures. This training will cover topics such as fraud prevention, ethical behavior, financial reporting, and compliance with laws and regulations.



POLICY AND ADMINISTRATION MANUAL	REFERENCE NUMBER: C55
SECTION: COUNCIL POLICY	POLICY TITLE: INTERNAL CONTROLS POLICY

## 12. Whistleblower Policy

The Municipality of Argyle encourages employees to report any concerns regarding fraud, misuse of assets, or violations of internal control policies.

Individuals who believe they have witnessed or have knowledge of illegal, unethical, or improper conduct should report the issue promptly to their immediate supervisor. If the suspicious activity includes your supervisor, please report the issue to CAO.

The Municipality of Argyle prohibits retaliation against anyone who reports concerns in good faith. This includes protection against dismissal, harassment or any form of discrimination. Any retaliation will result in disciplinary action.

All reports will be investigated promptly, impartially and in accordance with applicable policies and laws and regulations. All reports will be treated with the highest level of confidentiality, and the identity of the whistleblower will be protected unless disclosure is required by law.

The Municipality of Argyle is committed to maintaining the integrity of its operations, and all employees and elected officials must uphold ethical standards. Reports made under this policy will be taken seriously.

## 13. Enforcement and Disciplinary Action

Failure to adhere to the internal control policy may result in disciplinary actions, up to and including termination of employment. The Municipality of Argyle is committed to upholding a high standard of accountability, and any violation of policies or fraudulent activity will be taken seriously.

## 14. Policy Review and Updates

This policy will be reviewed annually by the Audit Committee and the Auditors to ensure its continued relevance and effectiveness. Any necessary revisions will be presented to the Council for approval.



POLICY AND ADMINISTRATION MANUAL	REFERENCE NUMBER: C55
SECTION: COUNCIL POLICY	POLICY TITLE: INTERNAL CONTROLS POLICY

Chief Administrative Officers' Annotation for Official Policy Record	
Date of Notice to Council Members of Intent to Consider (7-days minimum)	
Date of Passage of Current Policy	
Date of Notice to Council Members of Intent to Consider – Amendment	
Date of Passage of Current Policy - Amended	
I certify that this policy was adopted by Council as indicated above.	
<div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 45%;"> <p>_____</p> <p>Warden</p> </div> <div style="width: 45%;"> <p>_____</p> <p>Date</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 45%;"> <p>_____</p> <p>Chief Administrative Officer</p> </div> <div style="width: 45%;"> <p>_____</p> <p>Date</p> </div> </div>	