

Annexe E

Internal Audit and Risk Management Statement Template (Annual Report Disclosure)

Treasury Circular NSW TC 09/08 August 2009 requires the department head or governing board of the statutory body to report compliance with the 'core requirements' set out in the Policy annually.

The department head or governing board of the statutory body must use the relevant Internal Audit and Risk Management Statement Template (either Template E1 or E2) to make a declaration in the Annual Report that for the relevant reporting period the department or statutory body is compliant with the 'core requirements'.

Meaning of Compliance

For the purpose of this policy 'compliant' means that for each core requirement *either* the department or statutory body has each of the core requirements in operation for financial year ended 30 June 2011 *or* has a determination from the Portfolio Minister that the circumstances for an exception to the core requirement/s exist in the department or statutory body for the relevant reporting period.

Additional Disclosures

Consistent with better practice corporate governance disclosures (e.g. ASX *Corporate Governance Principles*), the department head or governing board of the statutory body may wish to modify the Internal Audit and Risk Management Statement by providing *additional* commentary on internal audit and risk management processes operating in the department or statutory body, e.g. high level commentary on the role, attendance and activities of the Audit and Risk Committee; the activities of the internal audit function; and the operation of risk management policies.

Reporting for Controlled Entities

Where a department or statutory body has '*control*' of an entity (or subsidiary), as defined in the Australian Accounting Standards, the parent department or statutory body should consider the impact of the controlled entity (or subsidiary) when making the declaration. The parent entity may elect to include a controlled entity (or subsidiary) in the declaration. Where a parent entity elects to do so, it should declare which controlled entities (or subsidiaries) on behalf of which the attestation is made. Where a controlled entity (or subsidiary) is scheduled under annual reporting legislation to prepare an annual report, the controlled entity (or subsidiary) must make its own declaration.

Presentation in Annual Report

In terms of presentation within the Annual Report, the department head or governing board of the statutory body must ensure that the Internal Audit and Risk Management Statement is co-located in the Annual Report with the existing requirement to disclose 'risk management and insurance activities'.

Template E1: No Exceptions

Internal Audit and Risk Management Statement for the 200X-201X Financial Year for [department or statutory body]

In the case of compliance with no exceptions use the following:

I, [department head or governing board of the statutory body] am of the opinion that the [department or statutory body] has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, [department head or governing board of the statutory body] am of the opinion that the Audit and Risk Committee for [department or statutory body] is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- . independent Chair (term of appointment)
- . independent Member 1 (term of appointment) etc.
- . non-independent Member 1 (term of appointment) etc.

[Where a department or statutory body has 'control' of an entity (or subsidiary), as defined in the Australian Accounting Standards, and the department or statutory body elects to include a controlled entity (or subsidiary) in the Statement, use the following wording to declare each of the controlled entities (or subsidiaries) on behalf of which the attestation statement is made:]

I, [department head or governing board of the statutory body] declare that this Internal Audit and Risk Management Statement is made on behalf of the following controlled entities (or subsidiaries):

- . controlled entity (or subsidiary) 1
- . controlled entity (or subsidiary) 2 etc.]

These processes provide a level of assurance that enables the senior management of [department or statutory body] to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury.

Department Head or in accordance with a resolution of the Governing Board of the Statutory Body

(Sign and Date)

Template E2: Exceptions

Internal Audit and Risk Management Statement for the 200X-201X Financial Year for [department or statutory body]

In the case of compliance with exceptions use the following:

I, [department head or governing board of the statutory body] am of the opinion that the [department or statutory body] has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, [department head or governing board of the statutory body] am of the opinion that the internal audit and risk management processes for [department or statutory body] depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) the [department or statutory body] has implemented [or is implementing] the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
<ul style="list-style-type: none">• Core Requirement X	<ul style="list-style-type: none">• Brief description of circumstances giving rise to departure(s)• Brief description of the alternative measures implemented / being implemented to achieve equivalent level of assurance•

I, [department head or governing board of the statutory body] am of the opinion that the Audit and Risk Committee [or shared service / policy cluster equivalent] for [department or statutory body] is constituted and operate[s] in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are ¹:

- independent Chair (term of appointment)
- independent Member 1 (term of appointment) etc.
- non-independent Member 1 (term of appointment) etc.

[Where a department or statutory body has 'control' of an entity (or subsidiary), as defined in the Australian Accounting Standards, and the department or statutory body includes a controlled entity (or subsidiary) in the Statement, use the following wording to declare each of the controlled entities (or subsidiaries) on behalf of which the attestation statement is made:

¹ Do not provide this information if a Ministerially determined departure has been granted for Core Requirement 3, and details of alternative measures have been provided in the table above.

I, [department head or governing board of the statutory body] declare that this Internal Audit and Risk Management Statement is made on behalf of the following controlled entities (or subsidiaries):

- . controlled entity (or subsidiary) 1
- . controlled entity (or subsidiary) 2 etc.]

These processes, including the practicable alternative measures [being] implemented, provide a level of assurance that enables [will enable] the senior management of [department or statutory body] to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with exceptions with the policy to the Treasury.

Department Head or in accordance with a
resolution of the Governing Board of the
Statutory Body

(Sign and Date)
