

Annexure E

Small Agency Exemption

The Small Agency Exemption is available when an agency does not fully comply with the Core Requirement(s) during a reporting period and meets all the below eligibility criteria. The Accountable Authority of an agency may apply to Treasury for an ongoing Small Agency Exemption from the requirement to:

- a. comply with one or more of the Core Requirements;
- b. attest compliance, and/or
- c. include the Attestation Statement in the agency's annual reporting information

if:

- i. the agency satisfies each of the eligibility criteria below, and
- ii. the Responsible Minister of the agency approves the application for an exemption, and
- iii. Treasury, as delegated authority of the Treasurer, provides final approval.

This exemption is intended for small, immaterial agencies where the cost of complying with the Core Requirement(s) are not commensurate with the size and risk profile of the agencies.

Any Small Agency Exemptions granted by Treasury prior to the commencement of the Policy will continue to remain in force under the provisions of this Policy.

i. Eligibility Criteria

Agencies may apply to Treasury for a Small Agency Exemption if the agency meets all of the following criteria:

- does not collect taxes on behalf of the NSW Government
- does not receive a direct appropriation from the Consolidated Fund
- is not controlled by an agency required to comply with the Policy
- is an agency considered by Treasury to be immaterial
- does not have annual revenue or expenditure exceeding \$15m
- does not have financial assets exceeding \$15m
- does not have liabilities exceeding \$15m (unless the nature of the liabilities are such that complying with the Policy is deemed not to be required)
- is not a fund manager responsible for the administration and/or management of public monies
- has a risk register that indicates that their risks have been properly identified and that proper measures are in place and being monitored to manage those risks, and
- does not have a risk profile that would warrant full compliance with the Core Requirement(s).

ii. Responsible Minister grants approval for exemption

The Accountable Authority shall first obtain written approval from the Responsible Minister to apply for the Small Agency Exemption. An Accountable Authority's request to the Responsible Minister for such approval shall:

- include evidence that the agency meets all the eligibility criteria, and
- outline the reasons the agency should be exempt from the relevant Core Requirement(s).

iii. Application to Treasury for approval of exemption

Once the approval is obtained, the Accountable authority shall apply to Treasury for the Small Agency Exemption using the template in Annexure F. The application letter shall include:

- A copy of the Responsible Minister's written approval of the agency's application for a Small Agency Exemption
- Written evidence demonstrating how the agency meets each of the above eligibility criteria
- A copy of the most recent annual report of the agency or the audited financial statements for the agency
- A copy of the agency's organisational risk register including a summary of major risks faced by the agency, together with risk treatment strategies adopted by the agency to manage those risks.

Letters should be:

- i) Addressed to:
Director, Financial Management Governance & Analytics
NSW Treasury
GPO Box 5469
Sydney, NSW, 2001

and

- i) Emailed to: finpol@treasury.nsw.gov.au

Assessment Criteria

The application documents received from the agency will be assessed to confirm that:

- the Responsible Minister has approved the application, and
- the agency has met the above eligibility criteria.

Exemption Review Process

Upon notification of the successful grant of a Small Agency Exemption, the exemption will remain in force until any of the following circumstances occur:

- Any major changes to the agency's structure
- The agency receives a direct appropriation
- The agency's revenues include taxes
- The agency's revenues, expenses or liabilities individually increase by more than 20% from the baseline totals/balances indicated in the audited financial statements used for the purposes of assessing the application
- The agency's risk profile materially changes.

The Accountable Authority for an agency with an approved Small Agency Exemption shall consider whether the agency has met any of the above circumstances as at 31 March annually and notify Treasury of any changes no later than 30 April. Upon receipt of such a notification, the information will be reviewed and the agency will be advised as to whether the Small Agency Exemption remains in force.