



NSW Treasury

# The CFO Certification Policy Update 2024

Report back on consultation findings

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**ONE**  
TREASURY

# Why we need the CFO Certification Policy

**This policy holds CFOs accountable to design, implement and continuously monitor and evaluate throughout the year, a risk-based internal control framework over their financial systems and information to:**



Ensure early ID of control weaknesses and deficiencies that may lead to financial reporting errors



Support s3.6 of GSF Act - Accountable Authorities must “establish, maintain and review an effective system of internal control and assurance”



Support Part 7 of GSF Act - promote transparency and accountability and support informed decision making



Ensure high quality financial information and reporting that is a fair presentation of financial position and performance

# Refresher: The Consultation Questions

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1. Do you believe this policy will **continue, or lead to, good internal controls**?
  2. Is the proposed **timing** – signed Certification provided to the AA prior to finalisation of the financial statements - fit for purpose?
  3. Can the policy **scale** to all GSF agencies or do smaller agencies need a different, more scalable process? If so, what should that be?
  4. Are there major **implementation** issues with the current policy (TPP17-06)? Does this new draft address them?
  5. What can Treasury do to **support** you to successfully comply with the policy?
  6. Guidance 1.6 of the policy considers certification for **wholly controlled entities**. Are there situations where a partial certification would be useful, and if so, when?
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# We received high engagement from the Sector



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## Wide reaching

- launched at FLC
- agencyinfo email
- Audit and Risk Committees
- Risk Management community of practice
- various working groups
- one-on-one meetings

## High engagement

- 20 written submissions
- 8 of the 10 agency groups
- Audit Office
- Accounting Policy working group
- a mix of large departments to smaller agencies, general government and SOCs

## Additional support

- Factsheet to assist CFOs in engaging their Accountable Authorities

# The majority of respondents said that...



## YES...

**this policy will lead to, or contribute to, good internal controls**

### Strong and consistent

1. The new policy start date should be delayed
2. CFOs 'continuously monitor' rather than 'test' their internal control framework's effectiveness
3. Strong desire for support, training, and to share best practice across the sector

### Mixed responses

1. Small agencies should be exempted
2. Certification timing - varied, most recommend 'before the signed financial statements'
3. Clarify when agencies may not fully apply a 'recommendation'

# Major changes from the consultation feedback

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## As a result of feedback, we propose to:

- 1. Delay start date to next financial year** (FY24-25) and allow an optional transition period for newly in scope agencies or those with significant changes
  - 2. Adopt ‘continuously monitor and evaluate’** internal control effectiveness as preferred wording in place of ‘testing’
  - 3. Maintain the certification timing** of ‘before the signed financial statements’
  - 4. Clarify when agencies may not fully apply a ‘recommendation’** and notify their AA and ARC (where applicable)
  - 5. Provide implementation support** - facilitate sharing workshops, build a CFO Certification ‘toolkit’, request training from internal control frameworks experts
  - 6. Maintain the requirement for ‘all GSF agencies’ to comply with the policy**, so the policy can support all AAs discharge their obligations under the GSF Act
  - 7. Clarify when a CFO can provide a singular CFO certification** for more than one agency and/or more than one Accountable Authority
  - 8. Acknowledge the roles of Chief Audit Executives and Chief Risk Officers** in developing and maintaining an effective internal control framework
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# Proposed Next Steps (updated)

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- 1. Release pre-final policy to sector – January 2024**
  - 2. Final opportunity to raise critical issues – January – early February 2024**
  3. Final internal approvals – February 2024
  4. Publish final policy – end February / March 2024
  5. Sector support and toolkit launch – March 2024
  6. Best practice sharing workshop(s) – April 2024

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