CFO CERTIFICATION EXAMPLE CHECKLIST

15 April 2024



Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples   
to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:   
*Regeneration* by Josie Rose

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Examples Internal Control Checklist

# 1 Example of Internal Controls Checklist

This checklist is intended for larger agencies with complex processes and controls. Please use them when relevant.

|  |  |
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|  | Example of Internal Controls Checklist |
|  | ETHICS AND INTEGRITY |
|  | * The agency had a culture that emphasises the importance of integrity and ethical behaviour which was modelled through the behaviour of senior management * A code of conduct was in place that is consistent with the government sector core values as outlined in the *Government Sector Employment Act 2013*, with adherence monitored and deviations remedied * Management displayed an on-going commitment to the effective implementation of financial management internal controls |
|  | OVERSIGHT |
|  | * The Audit & Risk Committee (ARC) has completed its considerations of the financial statements as required by *TPP20-08 Internal Audit and Risk Management Policy for the General Government Sector* with any issues raised resolved * Agency structure and roles are clearly defined to ensure that financial management responsibilities and expectations are understood * Financial information is regularly reviewed by senior management, with arrangements in place for the approval, review and oversight of financial reporting at the budget holder level * There is sufficient oversight of the overall system of internal controls |
|  | PLANNING |
|  | * A workplan and timetable for the preparation and distribution of financial statements and other financial information has been agreed with relevant stakeholders to meet the requirements of the NSW Treasury reporting timetable and the *Government Sector Finance Act 2018* (NSW) * Plans have been made to obtain certified information from other agencies that is required for the agency’s financial statements * Implementation of the work is regularly reviewed to ensure requirements are completed to agreed timeframes, with contingency arrangements in place for unexpected staffing changes |
|  | RESOURCE MANAGMENT |
|  | * Effective human resource policies and procedures are in place to ensure the recruitment and retention of appropriately skilled and qualified finance professionals * Senior management evaluate the financial management capability across the organisation, and provide opportunities for professional development |
|  | ACCOUNTING POLICIES |
|  | * The agency’s accounting policies and procedures are appropriate and consistent with the Australian Accounting Standards, and any requirements outlined by NSW Treasury * Any changes in the agency’s accounting policies from previous reporting periods have been disclosed, with the impact quantified in the financial statements and endorsed by the relevant stakeholders, including auditors/ ARC where applicable |
|  | LEGISLATIVE AND POLICY COMPLIANCE |
|  | * Any breaches of legislation or policy have been addressed appropriately * Monies were spent for the purpose for which they were appropriated, and limits were complied with as per s4.6 and s5.5 of the *Government Sector Finance Act 2018* (NSW) * Any budget rollovers of unspent appropriations have been appropriately approved * Delegated powers were appropriately exercised according to GSF Act s9.2 * Financial impacts of any outstanding legal or contractual matters are identified and reflected in the financial statements and other information, where appropriate * Any government grants were administered consistent with s10.3A of the *Government Sector Finance Act 2018* (NSW) |
|  | ACCOUNTABILITY |
|  | * Accountability for policy compliance is embedded in the organisation, with corrective actions undertaken where necessary |
|  | RISK MANAGEMENT |
|  | * Analysis of financial management risks considered internal and external factors and impacts to financial reporting objectives * Effective risk management practices were consistently applied, with management ensuring that suitable risk treatments were planned and implemented * Regular monitoring and consideration of the identified risks and treatments took place, with risk tolerance being identified and communicated * Mechanisms exist to alert senior management to new and changing risks regarding the preparation of financial information |
|  | FRAUD AND CORRUPTION |
|  | * If fraud was suspected at any point, the agency considered what this may have affected and reported to the Accountable Authority and ARC * Factors that could place pressure on management and increase the risk of fraudulent financial reporting have been considered, with appropriate mitigation and control activities in place * Channels are in place to enable the confidential communication of compliance concerns, with reports investigated fully |
|  | INTERNAL CONTROLS |
|  | * Internal controls have been selected and developed to contribute to the mitigation of risks and ensure compliance with legislation, with a comprehensive analysis of their effectiveness undertaken * Internal controls were sufficiently robust to prevent, detect or correct potential error, misstatement or fraud * IT general controls, IT application and cyber security controls of financial systems operated as intended * Internal controls were reinforced through clear policies and guidelines for employees to understand role expectations and how to implement internal controls * Accountability for the implementation of internal control policies and procedures is clearly established |
|  | PREPARATION OF FINANCIAL REPORTS |
|  | * All early close procedures were completed as outlined in NSW Treasury’s annual instructions * All procedures outlined in the annual Financial Reporting Checklists for Early Close and Year-End Reporting provided by Treasury were completed * Accounts close was completed to deadlines, reflecting on any lessons learnt, and any lessons from the prior year acted upon * Financial statement items and corresponding notes:   + reflected the re-stating of comparative year figures, where appropriate   + were supported by lead schedules and other supporting documentation, reconciling the trial balance where appropriate, and   + were free from arithmetical and typographical errors * Specific notes and disclosures were prepared to the requirements of Australian Accounting Standards and NSW Treasury policies, with any additional disclosures included that were required to present a true and fair view * All events occurring after the reporting period were appropriately adjusted or disclosed * The group financial statements included the results of the parent entity, all subsidiaries, associates and joint ventures, and all special purpose entities controlled by the agency |
|  | PREPARATION OF FINANCIAL INFORMATION |
|  | * Management must set the materiality threshold considering any recommendations from the ARC * Any errors or misstatements identified during the year were corrected and analysed to consider their impact, with their root cause investigated * Any irregularities and unusual items within draft financial reports were investigated and corrected where necessary, with the possibility of a systematic breakdown of internal controls considered * Management is satisfied with the explanations of any significant variance from the prior year and the current year’s budget * The accounting treatment for significant non-recurring transactions or events were checked and explained. * Significant accounts were checked for accuracy ahead of the financial statement preparation * Reconciliations were completed between data outputs from financial and related IT systems * Checks were in place to ensure financial analysis was accurate and could be reconciled back to source data * Accruals-based management accounting reports were prepared regularly, with routine analysis being performed and any problems identified addressed promptly * Accounting estimates were based on appropriate accounting policies and inputs including sound assumptions about future conditions, transactions or events, with the methodology used to develop them documented and based on appropriate accounting policies |
|  | MANAGEMENT CERTIFICATIONS |
|  | * Budget holders and appropriate business area managers have signed off on the financial statements and other financial information * Management certifications have been supported by appropriate documentation |
|  | OUTSOURCED SERVICE PROVIDERS |
|  | * Outsourced service providers were governed by a service level agreement with clearly defined objectives, service outputs, performance indicators and measures. * A letter of certification was received from the outsourced service provider satisfying the effectiveness of internal controls in the service organisation for the time period that the controls were relied upon |
|  | RECORD KEEPING |
|  | * Key documentation supporting the preparation of the financial statements and other financial reports has been maintained * Any significant management judgements and estimations have been adequately disclosed and documented * Financial Reports were certified in accordance with the agreed arrangements * Financial records meet the requirements of the State Records Authority * Accounting records have been retained in accordance with the NSW Treasury and relevant legislation |
|  | QUALITY ASSURANCE |
|  | * Any issues raised regarding the quality of financial information or untimely reporting of information were appropriately addressed and remedial measures were taken * All matters raised by the ARC from its review of the financial statements and other financial information were addressed * An evaluation into the financial statement preparation process has been undertaken, with observations documented for future reference * Any recommendations provided by internal/external audit or any other external consultancy/assurance body were successfully implemented and monitored by the ARC and the Accountable Authority |
|  | AUDIT |
|  | * Records and related information that support the financial statements were made available to external audit * Reasons for not correcting any errors or misstatements identified by external audit were reported to the Accountable Authority/Board/ARC, where appropriate * The audit opinion including issues arising from the audit has been discussed with the NSW Audit Office * Any legal compliance issues raised by internal and/or external audit that have a material impact adequately addressed and reflected in the financial statements |

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Example of a Basic Management Control Checklist – General (non-finance focused)

# 2 Example of a Basic Management Control Checklist – General (non-finance focused)

This checklist is intended for larger agencies with complex processes and controls. Please use them when relevant.

|  |  |
| --- | --- |
|  | Example of a Basic Management Control Checklist – General (non-finance focused) |
|  | CULTURE |
|  | * Employee compliance with the code of conduct has been monitored and any breaches actioned * The importance of high quality financial information is embedded in the team culture |
|  | ACCOUNTABILITY |
|  | * Employees have clarity on their roles and responsibilities in relation to financial information, and legislative and policy compliance * Robust arrangements are in place in your business area for the review and approval of financial information * Systems are in place to enable compliance with legislative and policy obligations, including * Staff are encouraged to seek legal, expert, or NSW Treasury advice in situations where risks associated with non-compliance are high * Any significant breaches of legislation were reported to executive management |
|  | DELEGATIONS |
|  | * Administrative and financial delegations were followed according to guidelines |
|  | CONTRACTORS AND CONSULTANTS |
|  | * All appropriate returns covering the engagements or consultants and contractors were provided to the relevant divisions * All consultancy engagement were appropriately authorised, noting the legal delegation limitations under the *Government Sector Finance Act 2018* and *Government Sector Employee Act 2013* * All related expenditure complies with relevant procurement policies, both internal policies and Procurement Board Directives. |
|  | RECORD KEEPING |
|  | * Manuals were in place for major systems and procedures, and these were regularly updated * All financial transactions were properly recorded in the accounting records, audit files and systems * Purchase orders were issued in accordance with legislative guidance |
|  | INTERNAL CONTROLS |
|  | * Internal controls were selected and developed to mitigate the risks associated with the preparation of financial information * Adequate internal controls operated in your business area with no significant breakdowns * Employee advances, including travel advances, were appropriately authorised and reconciled, with outstanding monies returned to the agency |

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Example of a Basic Management Control Checklist – Finance Focused

# Example of a Basic Management Control Checklist – Finance Focused

This checklist is intended for larger agencies with complex processes and controls. Please use them when relevant.

|  |  |
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|  | Example of a Basic Management Control Checklist – Finance Focused |
|  | PLANNING |
|  | * All relevant objectives relating to the preparation of financial information were identified and assigned appropriately * Any third party information required for the financial statements was received on time and appropriately certified * The business area managed business continuity in line with agency policies * There were sufficient staff with appropriate qualifications and expertise dedicated to the preparation of financial information * Staff with oversight of the preparation of financial information were sufficiently experienced |
|  | RISK |
|  | * Financial reporting objectives were sufficiently documented to enable the identification and assessment of risks * Effective risk management practices were implemented in relation to achieving financial reporting objectives * All identified risks were addressed or escalated appropriately to Senior Management * If any fraud or error events occurred, the details of evidence and actions have been provided to Senior Management, with advice on whether ICAC was informed |
|  | FINANCIAL ASSETS |
|  | * All bank accounts were reconciled at least monthly, with any unexpected items investigated and resolved * All cash floats were reconciled and verified throughout the year * Approval was obtained prior to opening new bank accounts and entering into financial arrangements * Invoices were raised for all recoverable debts based on written evidence * All receipts were correctly allocated against the appropriate debtors to reduce outstanding balances * Adequate provisions were made for expected credit losses and bad debts were written off where necessary, with an effective assessment and approval process in place * The Audit & Risk Committee and senior management were provided with a summary of any bad debts * Any contingent assets and contingent liabilities were advised |
|  | PHYSICAL ASSETS |
|  | * All assets were accounted for, with the appropriate branch notified of any discrepancies * Finance officers were informed of any transfer or disposal or assets * There were no impediments or charges over the assets * Valuers were provided with suitable and consistent instructions about valuation assumptions and condition assessments for assets |
|  | ACCRUALS |
|  | * All relevant creditor and debtor accruals have been recognised * All goods received have been receipted and services delivered invoiced * All quantity and price mismatches were investigated and resolved within 30 days, with no accruals requiring adjustment having been observed since * Appropriate procedures were established for receiving goods and services * Any key assumptions were consistent with applicable accounting standards and NSW Treasury guidance, and were reviewed and endorsed by management prior to being applied by external experts (where appropriate) |
|  | PERFORMANCE MONITORING |
|  | * Any deficiencies identified in internal controls were appropriately escalated * Financial information was subject to appropriate quality checks * All recommendations or matters raised by the Audit Office or internal audit reports were actioned and closed during the year, or have a plan in place to be resolved * There were processes to identify, respond to and monitor changes in financial reporting requirements, and any changes in the environment |

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