

Summary of requirements

TPP 20-08 Internal Audit and Risk Management Policy for the General Government Sector

- 1) Accountable Authorities shall comply with the following seven (7) Core Requirements that are set out in detail in **Part B** of the Policy:

| 1. Risk Management Framework | |
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| <p>Principle 1:</p> <p>Effective risk management arrangements should support the agency in achieving its objectives by systematically identifying and managing risks to:</p> <ul style="list-style-type: none"> ▪ increase the likelihood and impact of positive events ▪ mitigate the likelihood and impact of negative events. | <p>Core Requirement 1.1</p> <p>The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.</p> |
| | <p>Core Requirement 1.2 The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with <i>AS ISO 31000:2018</i>.</p> |
| 2. Internal Audit Function | |
| <p>Principle 2:</p> <p>An internal audit function should provide timely and useful information to management about:</p> <ul style="list-style-type: none"> ▪ the adequacy of, and compliance with, the system of internal control ▪ whether agency results are consistent with established objectives ▪ whether operations or programs are being carried out as planned. | <p>Core Requirement 2.1 The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.</p> |
| | <p>Core Requirement 2.2 The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.</p> |
| | <p>Core Requirement 2.3 The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter.'</p> |
| 3. Audit and Risk Committee | |
| <p>Principle 3:</p> <p>An independent Audit and Risk Committee with appropriate expertise should provide relevant and timely advice to the Accountable Authority on the agency's governance, risk and control frameworks and its external accountability obligations.</p> | <p>Core Requirement 3.1 The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.</p> |
| | <p>Core Requirement 3.2 The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter.'</p> |

- 2) The Accountable Authority shall attest the agency's compliance with the Core Requirements in an Attestation Statement (Annexure C of the Policy) which is published in the agency's Annual Report.

Where a shared arrangement has been approved by an agency's cluster Secretary, agencies must submit individual annual attestation statements and publish them in their annual reports accordingly. For agencies that have entered into a shared arrangement, the relevant templates from Annexure H and/or I of the Policy must be completed.

- 3) A copy of the Attestation Statement shall be submitted **separately** to Treasury **on or before 31 October** each year. For any non-compliance with Core Requirements, agencies will be required to also submit a copy of the relevant Responsible Minister's approved Ministerial Exemption. Submissions to Treasury should be emailed to: finpol@treasury.nsw.gov.au

4) Variations that apply to the Policy

As there are varying sizes and complexities of agencies across the general government sector, the Policy allows for certain variations to support its efficient and effective implementation. Refer to the below variations to determine if they are applicable to your agency.

| Variations | Page references |
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| <p>i) Shared Arrangements</p> <p>A. Shared Audit and Risk Committee B. Shared Chief Audit Executive C. Shared Internal Audit Function</p> | <p>Pages 12-14 Core requirement 3.1.2-3.1.4 Annexure G</p> |
| <p>ii) Ministerial Exemption Process</p> <p>Ministerial exemption to one or more of the Core Requirements for up to two reporting periods</p> | <p>Pages 14-15 Annexure D</p> |
| <p>iii) Small Agency Exemption</p> <p>Ongoing exemption to comply with one or more of the Core Requirements until any of the listed circumstances occurs.</p> | <p>Pages 15-16 Annexure E</p> |
| <p>iv) Transitional Arrangements</p> <p>12-month transitional period if the agency is in one or more of the following circumstances:</p> <ul style="list-style-type: none"> ▪ during the first twelve months from the commencement date of the Policy ▪ new agency required to comply with the Core Requirement(s) of the Policy; or ▪ impacted by Machinery of Government (MoG) changes | <p>Pages 16-17</p> |

For further information, refer to the [Internal Audit and Risk Management Policy for the General Government Sector \(TPP20-08\)](#).