## Tool 12 checklist: CFO assurance

### CFO assurance checklist

| CFO checklist item | Actioned? (Yes/No) |
| --- | --- |
| Planning phase (September to March) |  |
| Review OAG and internal audit findings from previous year and ensure appropriate corrective action has been taken. |  |
| Review the previous year’s financial statements preparation process and identify opportunities for improvement. |  |
| Review relevant OAG audit reports and better practice guides for suggestions for improved practice. |  |
| Review the OAG audit planning summary document for the year and identify any implications of their approach. |  |
| Identify and assess the risks to the completion of the financial statements, whether from fraud or error. |  |
| Identify changes in the entity’s operations or environment that may affect the financial statements.  Examples: new transactions, ceasing transactions, asset types or restructures; fluctuations in asset prices, exchange rates or discount rates. |  |
| Identify changes in accounting standards and the TIs, LG Act and LG Regs that may affect the financial statements. |  |
| Set materiality level for the financial statements (overall and for specific items). |  |
| Decide how to address significant risks of material misstatement. |  |
| Review list of entities the entity is involved with (subsidiaries, associates, joint arrangements and unconsolidated structured entities) and determine appropriate accounting treatment for each (consolidated, equity accounting, disclosure). |  |
| Review thresholds (e.g. for capitalising property, plant and equipment and intangibles). |  |
| Identify line items with a high risk of major variation from budget and document key assumptions underpinning the budgets for each. |  |
| Decide on the strategy for valuing assets and disclosing fair value information; instruct valuers or internal staff accordingly. |  |
| Decide whether to seek an exemption from any requirements of the TIs and discuss with Treasury. |  |
| Review existing accounting policies and methodologies for accounting estimates. |  |
| Identify opportunities to remove unnecessary disclosures and improve overall financial statements presentation. |  |
| Review form of representation letters from the accountable authority and the CFO. |  |
| Identify the extent of internal audit’s involvement in the financial statements preparation process. |  |
| Discuss the results of the above steps with the OAG. |  |
| Identify the sequencing and estimates of time required for each step in the financial statements process. |  |
| Determine resource requirements. |  |
| Get agreement to, and document, roles and responsibilities for the financial statements process. |  |
| Identify the required management and third party sign-off (including from shared services) and ensure there is commitment to the required timeframes. |  |
| Establish processes for monitoring progress and completion of financial statements within agreed timeframes. |  |
| Identify and document proposed quality assurance reviews. |  |
| Document project plan for the completion of the financial statements. |  |
| Report to the audit committee regarding the above steps. |  |
| Make changes to systems and records where required. |  |
| Preparation phase (April to June) | |
| Identify any significant changes since the planning phase and assess implications for the financial statements. |  |
| Review the useful life and depreciation rates for PPE and intangible assets. |  |
| Review any internal audit or OAG findings during the year and assess the implications for the financial statements. |  |
| Assess whether financial systems and controls were effective during the year and, if not, reassess the risks to the financial statements. |  |
| Ensure monthly reconciliations are up-to-date and any discrepancies have been resolved.  Examples: bank reconciliations; reconciliation of appropriation receivable balances to Treasury appropriation reports. |  |
| For any errors identified during the year, correct current year records and determine the required adjustment to prior year’s figures. |  |
| Prepare pro-forma set of financial statements (without numbers for the current year). |  |
| Ensure adequate staff resources will be available and develop contingency plan for unplanned absences. |  |
| Identify likely variations from budget as per TI requirements, prepare draft explanations and discuss with the OAG. |  |
| Review compliance certifications from line areas and external parties (including shared services) for completeness and adequacy of documentation; investigate anomalies. |  |
| Obtain assurance that external systems relied on for the financial statements are providing accurate data. |  |
| Obtain assurance that formal arrangements are in place for obtaining information from other parties. |  |
| Obtain assurance that all necessary valuations and all impairment reviews are finalised and the results recorded in the FMIS. |  |
| Decide the cut-off date(s) for accruals. |  |
| Report to the audit committee on the above. |  |
| Production phase (July to September) | |
| Ensure the trial balance of the financial statements has been prepared and resolve any anomalies. |  |
| Ensure adjusting journal entries for end of year accruals and reversals have been prepared. |  |
| Ensure final sign-off from line areas have been received, and are supported by appropriate documentation, with any anomalies investigated. |  |
| Ensure all necessary information from external entities (including shared services and assurance statements) has been received. |  |
| Investigate significant differences between the current year actual and the previous year, current year budget and revised budget. |  |
| Prepare note disclosures. |  |
| Consider whether to add, adjust or remove financial statement disclosures in light of entity materiality levels and actual outcomes. |  |
| Prepare a lead schedule for each financial statement line item or note disclosure. |  |
| Perform a quality review of the financial statements and supporting documentation. |  |
| Submit draft financial statements and lead schedules to the OAG. |  |
| Consider all suggestions from the OAG and implement or document reasons for not implementing. |  |
| Prepare final draft financial statements. |  |
| Prepare written confirmation to the audit committee certifying that: |  |
| * Proper financial accounts and records have been maintained by the entity. |  |
| * Internal controls were sufficiently robust to prevent, detect, or correct material error and fraud. |  |
| * Financial management and related systems were operating effectively during the year. |  |
| * Quality control arrangements were in place to protect the integrity of the financial statements. |  |
| * The information required from other parties to complete the financial statements was received and acted on. |  |
| * There is adequate documentation supporting the financial statements, including lead schedules for every financial statement line item and note disclosure. |  |
| * Guidance on entity financial reporting issued by the Department of Treasury has been considered. |  |
| * The approved accounting policies have been consistently applied. |  |
| * The approved materiality thresholds were applied in the preparation of the financial statements. |  |
| * All material misstatements in the financial statements have been corrected. |  |
| * All immaterial misstatements found have been discussed with the OAG. |  |
| * All known or suspected instances of fraud or legal non-compliance have been disclosed to OAG. |  |
| * All recommendations from OAG have been actioned or the reasons for not agreeing with the recommendations disclosed to the audit committee. |  |
| * The financial statements materially comply with Australian Accounting Standards and the TIs or LG Regs. |  |
| * The financial statements present fairly the financial performance, financial position and cash flows of the entity. |  |
| * It is appropriate for the accountably authority to give the certificate required under the FM Act/LG Act and the TI/LG Regs. |  |
| * Arrangements have been made to ensure that the financial statements will be included in the annual report exactly as signed. |  |
| Present final draft financial statements and written confirmation to the audit committee. |  |
| Make changes to the financial statements in light of audit committee consideration. |  |
| Seek OAG clearance of final financial statements. |  |
| Discuss with the OAG any events occurring after the end of the financial year that may need to be disclosed in the financial statements. |  |
| Prepare management representation letter and submit to the accountable authority. |  |
| Arrange signing of certificate and OAG representation letters by the CFO and accountable authority. |  |
| Arrange signing of the auditor’s report and include in the financial statements package for publication. |  |
| Arrange for hard and soft copies to be included in the annual report. |  |
| Provide hard and soft copies of the annual report to the OAG for their review. |  |
| Ensure that the financial statements as included in the annual report, both hard and soft versions, match with the signed financial statements. |  |
| Hold exit interview with the OAG and document lessons learned. |  |