Item 11: Example management sign-off

Although there are no specific legal requirements for management to sign-off the financial statements, the following example represents better practice in ensuring that the roles and responsibilities of respective stakeholders are clearly defined and understood.

The example management sign-off should be tailored to meet the entity’s particular circumstances. Consultation with the ANAO would be useful prior to the finalisation of the management sign-off. The questions included in the sign-off are not intended to be definitive or exhaustive.

Reference: Section 3.5.1 (page 67).

| Financial Statements for the year ended 30 June [current financial year] |
| Management Sign-off |

| To: | Accountable Authority |
| Cc: | Chair, Audit Committee |
| Cc: | Chief Financial Officer |

I acknowledge my responsibility for ensuring that the financial statements, as they relate to [Business Area’s name] are drawn up to comply with the accounting standards and any other requirements prescribed by the PGPA Rules and present fairly the entity’s financial position, financial performance and cash flows. They have been prepared based on properly maintained financial records.

I acknowledge my responsibility for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error, as they relate to [Business Area’s name].

I confirm that the financial statements, as they relate to [Business Area’s name] are free of material misstatements, including omissions.

I confirm that you have been advised of all known material risks that may affect the financial statements through the monthly financial certification process and reports to the Accountable Authority.

I have discussed the answers and information provided in relation to the questions below with my staff, and where considered necessary, have requested or undertaken other follow-up action, as appropriate, to satisfy myself that the answers and information provided represent a fair and reliable assessment for the purposes of preparing the [Entity’s name]’s annual financial statements.

Signed by:

Position:

Date: / /
<table>
<thead>
<tr>
<th>Management sign-off</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
<th>Explanation</th>
</tr>
</thead>
</table>

### 1. Management control environment

Have all employees in your Business Area been informed of [Entity's name]'s code of conduct?

Are financial responsibilities of staff in your Business Area clearly communicated to establish performance expectations, accountability and control?

Have managers and supervisors been informed of the Human Resource policies and practices on recruiting, retaining and developing competent people?

### 2. Legislative compliance

Are you aware of any breaches of legislation (particularly systematic breaches) incurred by your Business Area:

- Statute (for example, sections 83 and 51 of the Constitution)
- legally binding contracts with a third party, and
- other legally binding obligations,

in respect of financial transactions conducted in the period?

Have your accounts and records been kept in a way that ensures that moneys are only expended for the purpose for which they are appropriated; and the limit on any appropriation as it relates to your Business Area is not exceeded?

Have all aspects of the operations of the Business Area been undertaken in accordance with applicable legislation, policies, and instructions?

Have you and your delegates exercised delegated powers appropriately between the start of the financial year and the date on which the Accountable Authority signs the financial statement certification (specify date)?

Are you aware of any communications from regulatory authorities concerning the entity’s legislative compliance regime that could have a material effect upon the financial statements?

### 3. Audit

Have all issues raised in internal audit and ANAO reports been addressed by your Business Area? Has the appropriate follow up action been instigated and monitored?

If not, do any of the outstanding recommendations affect the financial statements?
<table>
<thead>
<tr>
<th>Management sign-off</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
<th>Explanation</th>
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</thead>
</table>

4. **Accounting records and controls**

Have all financial transactions of your Business Area been properly recorded in the accounting records and systems so as to not allow a material error to occur in the period?

Have you taken steps within your Business Area (*including monitoring and reviewing for adequacy*) to ensure the appropriateness of:

- segregation of duties for the processing of financial information
- independent review of financial transactions and their recording in the financial systems
- reconciliations
- management trails sufficient to allow tracking of financial transactions to primary documents and vice versa, and
- policy directions in regard to conduct by staff responsible for financial transactions.

Are all financial records and related supporting documents available for management and audit review?

5. **Fraud**

Were all cases of irregularities, fraud or misappropriation known to you in regard to your Business Area properly dealt with and disclosed?

If no, please provide details. If appropriate, provide a separate document labelled as ‘confidential’ addressed directly to the CFO.

Have there been any known instances of payments being offered or made to individuals or organisations to secure or attempt to secure any benefits for your Business Area or any officer acting on behalf of your Area?

6. **Irregularities arising from negligence or misconduct**

Are you aware of any misconduct involving employees which could have a material impact on the accuracy of financial data or be a significant embarrassment to the [Entity’s name]?

If appropriate, provide a separate document labelled as ‘confidential’ addressed directly to the CFO.
<table>
<thead>
<tr>
<th>Management sign-off</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7. Assets</strong></td>
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<tr>
<td>Are you aware of any plans or intentions in relation to your Business Area that have not been brought to the attention of the CFO for consideration, and that may materially affect the carrying value or classification of any assets?</td>
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<tr>
<td>Are you satisfied that items of equipment and portable/attractive items under the control of your Business Area have been accounted for and are in reasonable condition?</td>
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<tr>
<td><strong>8. Liabilities</strong></td>
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<tr>
<td>Have all material liabilities relating to your Business Area’s activities as at 30 June been referred to the CFO for inclusion in the financial statements?</td>
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<tr>
<td>Are you aware of any plans or intentions in relation to your Business Area that may materially alter the value or classification of liabilities relating to your Area?</td>
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<tr>
<td>Have these plans and intentions been referred to the CFO for consideration in arriving at the value of liabilities in the financial statements?</td>
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<tr>
<td><strong>9. Write-offs, waivers and relief</strong></td>
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<tr>
<td>Have write-offs, waivers and relief relating to your Business Area’s activities been formally advised to the CFO for inclusion in the financial statements?</td>
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<td><strong>10. Commitments</strong></td>
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<tr>
<td>Have material commitments relating to your Business Area been formally advised to the CFO for inclusion in the financial statements?</td>
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<tr>
<td>These should include, but not be restricted to:</td>
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<tr>
<td>▶ purchase orders for equipment where they are part of a major acquisition</td>
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<tr>
<td>▶ service contracts, and</td>
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<td>▶ non-cancellable operating leases.</td>
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</tbody>
</table>
### Management sign-off

<table>
<thead>
<tr>
<th>11. Contingencies</th>
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<tbody>
<tr>
<td>Have material Contingent Liabilities and Assets relating to your Business Area been formally advised to the CFO for inclusion in the financial statements?</td>
</tr>
<tr>
<td>These should include, but not be restricted to:</td>
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<tr>
<td>▶ indemnities</td>
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<tr>
<td>▶ damages which may be awarded in court cases against the [Entity’s name], that is, where a summons has been issued</td>
</tr>
<tr>
<td>▶ estimated legal expenses; that is, in a current court case</td>
</tr>
<tr>
<td>▶ large unresolved compensation for administrative cases</td>
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<tr>
<td>▶ claims by staff, current and former</td>
</tr>
<tr>
<td>▶ damages which may be awarded to the [Entity’s name], and</td>
</tr>
<tr>
<td>▶ section 74 receipts where there is no present entitlement to receive them.</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>12. Subsequent events</th>
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<tbody>
<tr>
<td>Have any significant events occurred or are likely to occur between the end of the financial year and the date on which the Accountable Authority signs the financial statements certification [signing date] which are of such importance to your Business Area that they need to be formally advised to the Accountable Authority or the CFO? Examples include significant transactions, fraud, staff issues, conflict of interest, and status of redundancy processes.</td>
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</tbody>
</table>

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<tr>
<th>13. Annual report</th>
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<tbody>
<tr>
<td>Please confirm that you have read your Business Area’s written submission to the annual report and are satisfied that the contents are fair and not inconsistent with the financial results and related data.</td>
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</tbody>
</table>