Legal Profession Admission Board of New South Wales

Financial Internal Control Framework and Monitoring Policy

About this policy

This policy sets out how we implement TPG24-08: CFO Certification on the Internal Control Framework over Financial Systems and Information

1. Purpose

This policy establishes how the Legal Profession Admission Board (LPAB) complies with NSW Treasury Policy and Guidelines TPG24-08: CFO Certification on the Internal Control Framework over Financial Systems and Information. It sets out how key financial internal controls are identified, monitored and remediated to provide reasonable assurance over the reliability, accuracy and completeness of financial information.

2. Scope

This policy applies to:

- All staff involved in financial processes, systems, approvals, and reporting within LPAB; and
- External service providers that manage or support financial systems and services used by the LPAB.

3. Definitions

Term	Definition
Accountable Authority	For an agency, has the same meaning as in section 2.7(2) of the *Government Sector Finance Act 2018* (NSW), and is the governing body of LPAB.
Chief Financial Officer (CFO)	For the purposes of this policy, the CFO is the most senior position in the agency with the primary responsibility and accountability for financial management, including preparation of internal and external financial reports.
Executive Officer	The person appointed by the Board under the *NSW Admission Board Rules 2015*
Internal Controls Library	A register of key financial controls, linked to the risks they mitigate. Each entry records the control owner, frequency, level of automation, evidence expected, and the risk addressed.
Management Certification Questionnaire (MCQ)	An annual questionnaire requiring control owners to attest to the operation and effectiveness of assigned controls and to disclose any control failures or exceptions. Evidence is provided when requested by the CFO.
Remediation Log	A register of control deficiencies identified through monitoring, audit, or self-assessment. It includes corrective actions, responsible officers, due dates, and status.

Service Provider Certification	Independent assurance from outsourced service providers (e.g. ASAE 3402 Type II, SOC 1/2, ISO 27001, or equivalent) confirming that relevant controls are designed and operating effectively; or other assurance certifications acceptable under TPG24-08.

4. Policy Statement

LPAB must maintain effective internal control over financial systems and information.

Monitoring will be based on annual self-attestation by control owners through the MCQ, supported by random and risk-based reviews of evidence requested by the CFO (or delegate) as necessary. All MCQ responses must be reviewed.

Deficiencies identified through MCQs, evidence reviews, audits or other management information must be recorded in the Remediation Log and tracked until resolved.

Monitoring outcomes will provide the basis for the CFO's annual Certification to the Accountable Authority, in accordance with TPG24-08 and applicable Treasury Directions.

5. Key Elements of the Monitoring Framework

5.1 Identification of Key Financial Controls

The CFO must maintain an Internal Controls Library covering all significant financial processes that contribute to the preparation, recording, processing, and reporting of financial information (e.g., payroll, purchasing and accounts payable, fixed assets, revenue and receivables and financial reporting).

The Internal Controls Library must be risk-based and include controls that address the key risks to the reliability, accuracy, and completeness of financial information. Controls must be categorised as High, Medium, or Low based on the significance of the risk they address.

The risk assessment used to determine control significance will be informed by, at minimum, the following factors:

- Financial statement significance (including the size, complexity, and susceptibility to error of the process or balance);
- Known risk exposures, including fraud risk and the likelihood of error (including areas requiring judgement or manual intervention);

- Results of internal and external audits (including prior-year findings, repeat issues, and management letter points); and
- Regulatory and compliance requirements (including Treasurer's Directions and other mandatory obligations relevant to the process).

The Internal Controls Library must be reviewed at least annually and updated as required to reflect changes in systems, processes, delegated authorities, service providers, or personnel (including changes in control ownership). Where material changes occur during the year, the CFO (or delegate) must update the Library in a timely manner to ensure it remains current.

5.2 Management Certification Questionnaire (MCQ) and Reviews

The CFO will issue the MCQ annually to all control owners listed in the Internal Controls Library.

Control owners must:

- Attest whether each assigned control operated effectively during the year, consistent with the control description, frequency, and evidence requirements in the Internal Controls Library;
- Disclose any control failures, exceptions, overrides, or periods where the control did not operate as intended (including the reason, duration, and any known impact);
- Confirm that supporting documentation/evidence has been retained in the nominated repository and provide supporting evidence when requested by the CFO (or delegate); and
- For any deficiencies identified, develop a remediation plan that specifies corrective actions, responsible officer(s), target due date(s), and any interim/mitigating controls to reduce risk until remediation is complete.

All MCQ responses must be reviewed by the CFO (or delegate) for completeness, reasonableness, and consistency with other available information (e.g., audit findings, known incidents, variance trends).

Evidence will be requested and reviewed on a random and risk-based basis. In addition, the CFO (or delegate) may perform targeted transaction reviews where considered necessary (for example, where a control owner reports an exception, where prior issues exist, or where unusual trends/adjustments are identified).

Non-responses, incomplete responses, insufficient evidence provided on request, or weaknesses identified through review must be recorded as deficiencies in the Remediation Log and tracked to closure in accordance with Section 5.3.

The CFO must complete their own MCQ (or equivalent self-attestation) for controls owned within Finance / CFO functions.

5.3 Remediation Log and Tracking

All control deficiencies identified through MCQs, evidence reviews, audits, or management reporting must be recorded in the Remediation Log. Each entry must include:

• a clear description of the deficiency (what happened and where);

• the associated control and process area (link to the Internal Controls Library);

• risk rating (high/medium/low) and potential impact on financial information/reporting;

• remediation actions required (including any interim/mitigating controls to be applied immediately);

• the responsible officer (action owner) and supporting stakeholders (if any);

• target due date and milestone dates (where appropriate); and

• current status (open/in progress/overdue/closed) with closure evidence reference.

Progress on all open items in the Remediation Log will be monitored at least bi-annually (and more frequently for high-risk items where required by the CFO) until deficiencies are resolved.

The CFO (or delegate) must confirm remediation is complete before closing any deficiency. Confirmation must be supported by evidence where appropriate (e.g., updated procedure implemented, system configuration changed, control performed successfully post-change, or review/approval documented). Where remediation cannot be completed by the due date, the responsible officer must document the reason, revised timeframe, and any interim/compensating controls, and the CFO (or delegate) must approve the revised plan.

5.4 Service Provider Certifications

Each year, where LPAB outsources or uses shared service providers for finance systems or financial-related services that may impact financial systems and information, the CFO must obtain and consider independent assurance over the design and operating effectiveness of relevant controls managed by those providers. This assurance supports the CFO’s annual Certification to the Accountable Authority.

The assurance must be in the form of an independent report such as ASAE 3402 Type II, SOC 1 or SOC 2, ISO 27001, or an equivalent certification with the same level of detail and evidence as required under TPG24-08.

The CFO (or delegate) must review the assurance report to confirm:

• the reporting period covers the agency's financial year (or relevant period);

• the scope includes the key systems/services and controls relied upon by; and

Where the assurance report identifies control deficiencies (including exceptions, qualifications, or unresolved findings), the CFO (or delegate) must:

a) assess whether the deficiency could impact LPAB's financial information or reporting (including severity and period affected);

b) record the issue in the Remediation Log where assessed as medium to high risk (or otherwise significant), including the planned course of remedial action and any interim mitigating controls;

c) determine and implement compensating controls within LPAB where required (e.g., additional reconciliations, exception reporting, secondary approvals, or targeted transaction reviews) and monitor these through the MCQ process and/or targeted evidence requests;

d) obtain and track the service provider's remediation plan (actions, responsible party, and timeframe) and monitor progress until closure; and

e) summarise the deficiency and remediation status in year-end reporting supporting the CFO Certification where relevant (particularly for medium to high risk issues).

Where formal assurance is not available, or where the scope does not adequately cover the services/controls relied upon by LPAB, the CFO must document the gap and implement compensating controls, monitoring them through the MCQ process and/or targeted evidence reviews.

6. Reporting

The CFO must report to the Accountable Authority on the following:

- Partway through the financial year:
    - the status of remediation actions recorded in the Remediation Log (including any overdue medium-to-high risk items); and

- any significant control deficiencies identified outside the MCQ cycle (e.g., through evidence reviews, audits, incidents, or management reporting), including any interim/mitigating controls implemented.

- Before the financial statements and reporting are finalised each financial year:
  - a summary of MCQ completion and key themes (including non-responses and exceptions disclosed);
  - outcomes of random and risk-based evidence reviews (including any control weaknesses identified);
  - the status of remediation actions in the Remediation Log including progress against agreed due dates;
  - service provider certifications/assurance obtained (and any exceptions or qualifications noted); and
  - relevant internal and external audit findings related to financial systems, processes, or controls.

- A signed CFO Letter of Certification, accompanied by a list of medium-to-high control deficiencies and their remediation actions/status (including any interim/compensating controls in place).
  - The CFO Letter of Certification must be prepared in accordance with the format prescribed under TPG24-08.
  - Where required for Total State Sector Accounts (TSSA) / Mandatory Annual Returns processes, a copy of the signed CFO Letter of Certification must be submitted to NSW Treasury in accordance with applicable Treasury directions and instructions.

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7. Roles and Responsibilities

Role	Responsibilities
Chief Financial Officer (CFO)	Maintain the Internal Controls Library; issue the MCQ; review all MCQ responses; request and review evidence on a random and risk-based basis; track remediation; obtain service provider certifications; and prepare the annual CFO Certification to the Accountable Authority.
Control Owners	Ensure assigned controls operate effectively; complete the MCQ; provide evidence when requested; and develop and implement remediation plans for deficiencies.
Business Unit Heads	Oversee that controls within their areas operate effectively; ensure MCQs are completed on time; support remediation and timely resolution of deficiencies.
Service Providers	Provide annual assurance/certifications for financial systems/services where available; cooperate with the CFO on compensating controls where external assurance is not available.
Accountable Authority	Receive and review the annual CFO Certification; ensure significant deficiencies are addressed; and rely on the Certification when approving the agency's annual financial statements.

8. Documentation and Records

All MCQ responses, evidence provided, remediation logs, service provider certifications, and review outcomes must be retained in Records Management System approved by the Executive Officer-for at least seven years, or longer if required by legislation, audit, or Treasury guidance.

9. Review

This policy will be reviewed every three years, or earlier if required by NSW Treasury guidance, audit findings, or significant organisational or system changes.

Document information

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(End)