

LLS Assurance Policy

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Policy Statement

Local Land Services (LLS) is committed to maintaining effective organisational oversight of internal controls by adopting the Institute of Internal Auditors (IIA), 'Three Lines Model'.

In adopting this model, LLS will demonstrate appropriate systems for risk management, internal control and assurance that meet the evolving needs of the business consistent with the requirements of the NSW Government Sector Finance Act 2018 (GSF Act).

Scope

This policy applies to all activities undertaken by the LLS Board, local boards, management, and employees (including any contracted staff and companies involved in providing assurance services to LLS).

Three Lines Model for Internal Control and Assurance

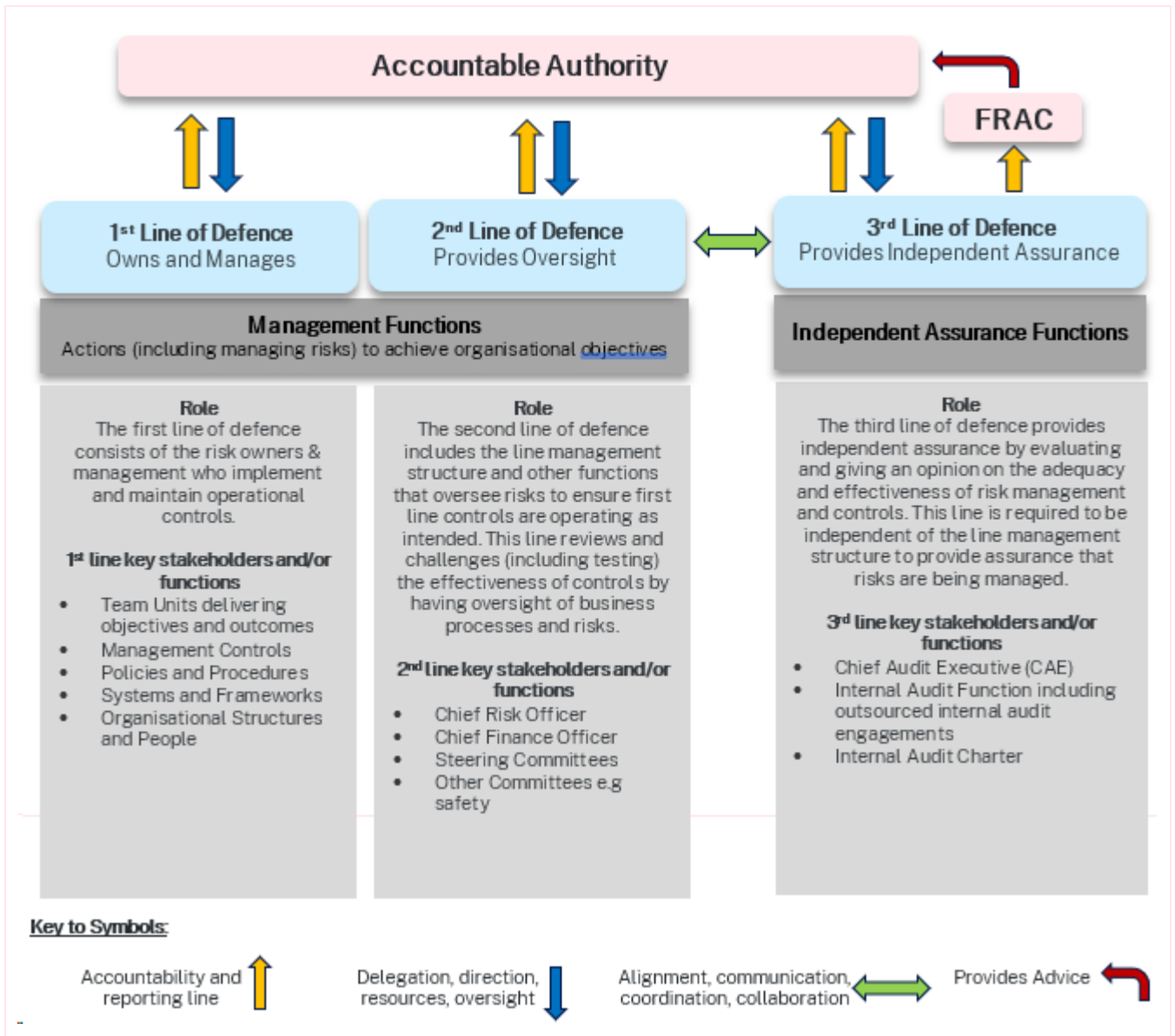
LLS is required *"to establish, maintain and keep under review effective systems for risk management, internal control and assurance (including by means of internal audits) that are appropriate systems for the agency"* (GSF Act 2018).

For LLS to meet this requirement a governance structure comprised of management functions; risk, control, and compliance oversight functions; and independent assurance functions is needed.

The IIA three lines model (described in Figure 1) provides a simple and effective way to communicate internal control and assurance responsibilities within LLS to achieve our objectives and meet the requirements of the GSF Act. In the three lines model:

1. management control is the first line of defence in risk management
2. the various risk control and compliance oversight functions established by management are the second line of defence, and
3. independent internal audit is the third.

Figure 1: Three Lines Model



Risk Management

In addition to complying with the requirements of the GSF Act, LLS must also adhere to NSW Treasury policies, specifically, *TPP20-08 Internal Audit and Risk Management Policy for the General Government Sector*.

It is a requirement of TPP20-08 for LLS to establish and maintain a risk management framework that is appropriate for the agency and is consistent with AS ISO 31000:2018.

The three lines model provides a structure for the delivery of efficient oversight over operations and risks across LLS, providing a holistic approach that can be applied and viewed at both a local and state level.

LLS has developed specific risk protocols and tools to assist staff in identifying, managing, assessing, and monitoring risks, including the LLS Risk Management Framework and supporting procedures.

Internal Audit

Internal audit is a distinct element within the lines of defence model (3rd line).

Internal audit provides independent and objective assurance to management on the adequacy of LLS's internal controls, risk management, financial reporting systems and governance processes through:

- reviewing and reporting on the adequacy and effectiveness of the system of internal control to manage risk
 - recommending improvements to any identified control weaknesses and improve business performance
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External Audit

External audit provides an audit of financial statements undertaken in accordance with laws and external auditing standards by an external auditor who is independent of the organisation being audited.

For LLS this type of external financial audit is performed by the Audit Office of NSW (AONSW).

Additionally, there may be other times where LLS may be required to be assessed by an external entity such as the AONSW (for a performance audit) or the Natural Resources Commission (i.e under the Local Land Services Act 2013).

Finance Risk & Audit Committee (FRAC)

The FRAC is an independent committee of the LLS Board that aims to provide relevant and timely advice to the CEO and Board on LLS' governance, risk and control frameworks and its external accountability obligations. The FRAC is a key stakeholder and advisory body within the three lines model and executes its obligations for LLS as detailed in TPP20-08.

Assurance Mapping

An assurance map, as defined by IIA, is a high-level document that identifies the holistic risk coverage across the organisation by a range of assurance providers. LLS will use assurance mapping to document core organisational functions and associated assurance activities for each line of defence.

Evaluation

In addition to complying with the requirements of the GSF Act, LLS must also adhere to other NSW Treasury guidelines, specifically, *TPG22-22 Evaluation*. It is a requirement of TPG22-22 for LLS to plan for and conduct the evaluation of policies, projects, regulations, and programs.

Specifically, all NSW Government agencies are required to coordinate monitoring and periodic evaluation of their initiatives, both ongoing and new.

This requirement complements the three lines model and may include either management oversight or independent assurance activities of specific programs.

Roles and responsibilities

The Accountable Authority has responsibility for ensuring an effective system of internal control over the financial and related operations of LLS, in line with all relevant legislation.

All staff have a responsibility to understand the risks in their area and actively manage and monitor these risks as part of day-to-day activities.

The following specific roles and responsibilities apply to how various personnel manage or contribute to internal control and assurance requirements at LLS:

Role	Responsibility
LLS Board	<ul style="list-style-type: none"> • Create and maintain a positive assurance culture • assess the adequacy and suitability of the internal control and assurance framework and provide final approval • provide guidance, support and resources for implementation of the framework
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> • assist the board in setting the assurance compliance expectations required of LLS staff • promote the effective management of assurance activities and risk management across LLS's operations • ensure resources are appropriately allocated throughout the organisation to meet assurance requirements
Executive Directors	<ul style="list-style-type: none"> • oversight of internal control by establishing policies and expectations of conduct • assist the accountable authority in setting the tone at the top • ensure necessary controls and treatment plans are in place to effectively manage assurance and risk • attend FRAC meetings as requested to discuss the current management of specific risks and internal controls
Finance, Risk & Audit Committee (FRAC)	<ul style="list-style-type: none"> • review the overall effectiveness of the internal control and assurance framework and provide feedback • provide independent assistance to the accountable authority by monitoring, reviewing, and providing advice about LLS's governance processes, risk management and control frameworks
Local Boards	<ul style="list-style-type: none"> • provide guidance, support and oversight to General Manager for regional assurance activities
General Managers	<ul style="list-style-type: none"> • apply internal control and assurance framework at the regional level • perform risk assessments on a regular basis and maintain operational risk registers regionally for all activities • actively seek to identify known and emerging risks/issues and reassess the existing control framework to address the risk • maintain effective internal controls and execute risk and control procedures on a day-to-day basis by delegating responsibilities to local managers

Role	Responsibility
People Leaders	<ul style="list-style-type: none"> contribute and achieve the relevant operational and strategic plans perform risk assessment on a regular basis and maintain risk registers for all activities actively seek to identify known and emerging risks/issues and reassess the existing control framework to address the risk establish, document, assess, and maintain internal controls that mitigate risk within their team ensure staff in their team, have complied with applicable policies and requirements relating to assurance activities
LLS staff (including contractors and contingent labour)	<ul style="list-style-type: none"> comply with internal controls and applicable policies within the scope of their roles report to management instances where they consider internal control procedures are not adequate or are not being complied with
Chief Risk Officer (CRO)	<ul style="list-style-type: none"> produce and maintain (with the assistance from Directors, Business Partners, and Regional GM's) assurance mapping to cover the entire organisation provide and maintain the assurance map for the CEOLT and FRAC for overseeing and ascertaining the adequacy of the level of coverage of activities across all 3 lines of defence identify and recommend to the FRAC and CEOLT, efficiency opportunities to deliver 2nd and 3rd line assurance functions
Senior Risk Officer (SRO)	<ul style="list-style-type: none"> assist management in raising awareness of risk management requirements provide risk related advice, reports and information to improve risk maturity, control effectiveness and decision making
Chief Audit Executive (CAE)	<ul style="list-style-type: none"> obtain competent advice and assistance to supply the knowledge, skills or other competencies needed to provide effective internal audit services as a 3rd line of defence undertaking develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity effectively manage the internal audit activity to ensure it adds value to the organisation and fulfills its requirement as the third line of defence

Definitions

Term / Acronym	Definition
Accountable Authority	Accountable Authority for an agency has the same meaning as in section 2.7(2) of the GSF Act, which is, unless otherwise specified in the GSF Act, the Secretary of the Department if the agency is a Department or the head of the agency if the agency is not a Department. At LLS the accountable authority is both the CEO and the State Board.
Assurance	A positive declaration intended to give confidence designed to improve the quality of information to aid informed decision-making.

Assurance Services	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes.
CEOLT	Chief Executive Officer Leadership Team
Internal Controls	A process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

Related Documents

The following documents provide further details regarding internal controls and assurance at LLS:

- [TPP20-08 Internal Audit and Risk Management Policy for the General Government Sector](#)
- [TPG22-22 Policy and Guidelines: Evaluation](#)
- LLS Risk Management Framework
- LLS Risk Procedure
- LLS Audit Manual
- LLS Assurance Map

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Document Information and Review

This policy document will be reviewed at least every three years or earlier if significant new information, legislative or organisational change warrants an update to this policy.

Revision History

Version	Date Issued	Notes	By
1.0	14/02/2018	New policy	Director Strategy Performance and Governance
2.0	14/12/2023	Updates to original to include more detail on the three lines model	Director Governance, Risk & Business Improvement