



Financial Accountability Regime: Accountability statement guidance and template

Under s31(2)(a) and 33 of the *Financial Accountability Regime Act 2023* (FAR Act), accountable entities subject to the enhanced notification obligations under the FAR Act (enhanced accountable entities) are required to provide to APRA and ASIC (the Regulators) an accountability statement for each of their accountable persons describing the responsibilities of that person. Enhanced accountable entities must also take reasonable steps to ensure that their significant related entities (SREs) provide accountability statements of their accountable persons to the Regulators: see s31(2)(e) of the FAR Act.

The template on page 2 is a guide for enhanced accountable entities and SREs on the format and minimum content required for accountability statements. Other accountable entities (referred to as core accountable entities under the FAR) may use this template to document their accountability arrangements internally.

Individual statements must reflect accountability as it operates in practice and should align with the governance arrangements of the enhanced accountable entity or SRE. Accountability statements should be specific to both the enhanced accountable entity or SRE, and the individual accountable person. This will mean some degree of variation in accountability statements for similar roles between enhanced accountable entities and SREs reflecting differences in responsibilities. Such variation is both acceptable and required where reflecting actual practice.

It is expected that, at a minimum, accountability statements will:

- clearly articulate what an accountable person is accountable for with respect to the relevant enhanced accountable entity or SRE and be sufficiently explicit and detailed in defining the accountable person's responsibilities and establishing the outcome expected in relation to each responsibility;
- be comprehensive, covering all areas of responsibility of an accountable person. Where there is joint accountability, this should be explicitly identified and defined. Caveats to or limitations upon responsibilities are expected to be kept to a minimum. Where there are caveats to responsibilities, there should be clarity about where the ultimate responsibility resides;
- align with the actual practices and governance arrangements of the enhanced accountable entity or SRE. As such, the Regulators may query an enhanced accountable entity or SRE where its accountability statements do not appear to be consistent with its existing documentation including, but not limited to, internal and external governance documents; and
- when considered collectively, articulate and delineate responsibilities across a relevant enhanced accountable entity and its SREs, with no gaps in responsibilities.

The below accountability statement template is accompanied by instructions and guidance on minimum content requirements to assist enhanced accountable entities and SREs in providing the required information: see Appendix 1.

Accountability statement template

This accountability statement is provided to APRA and ASIC in accordance with s31(2)(a) and 33 of the *Financial Accountability Regime Act 2023* (the FAR Act).

Last updated	
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Section 1: Accountable person details

Name	
Institution	
Employer	
Role title	
Role start date	
Reports to	
Responsibilities under s10(1) and 10(6) of the FAR Act	
Responsibilities under s10(2) and 10(3) of the FAR Act as prescribed under the Minister rules	

Section 2: Detailed responsibilities of the accountable person

The part or aspect of the operations of the enhanced accountable entity or SRE which the accountable person has actual or effective responsibility for management or control (s33(a)(i) of the FAR Act):

[Tailor the number of rows in the table as required.]

Area of responsibility	Description of responsibility (s33(a)(ii) of the FAR Act)	Joint (yes or no)
1		
2		
3		
4		
5		
6		

Section 3: Limitations and exclusions of responsibility

[INSERT]

Section 4: Declaration

I, [INSERT NAME OF THE ACCOUNTABLE PERSON], declare that:

- the content of this accountability statement is accurate; and
- I understand my accountability obligations under s21 of the FAR Act.

Signature

Date

Appendix 1: Financial Accountability Regime—Guidance on completing the accountability statement template

The accountability statements of an enhanced accountable entity or SRE must outline the part or aspect of the operations of the enhanced accountable entity or SRE for which the relevant accountable person has actual or effective responsibility for management or control, and the responsibilities of the accountable person: see s33(a)(i) and 33(a)(ii) of the FAR Act.

In outlining relevant areas of responsibility, the Regulators expect accountability statements to describe the actions, decisions and outcomes for which the individual is accountable with respect to the relevant part(s) or aspect(s) of the operations of the enhanced accountable entity or SRE.

An individual's accountability statement should be updated over time to reflect any material changes. Material changes must also be notified to the Regulators, as per s31(2)(b) of the FAR Act.

Note: For guidance on what constitutes a material change, see section 4.2.3 of the Regulators' March 2024 information paper, [Financial Accountability Regime: Information for accountable entities](#).

Enhanced accountable entities and their SREs should establish internal processes to keep accountability statements current and to ensure that the Regulators are notified within 30 days of any material changes to the same, as required under s31(6)(a) of the FAR Act.

The accountability statement template includes a field to provide the date upon which the statement was last updated. Where appropriate, the effective date for each version of the relevant accountability statement should be consistent with other relevant documentation such as any accompanying registration or notifiable events forms, and accountability map.

Section 1 guidance: Accountable person details

In section 1 of the accountability statement template, provide key details about the relevant accountable person. Indicate whether the individual is an accountable person under s10(1), 10(2), 10(3) and/or 10(6) of the FAR Act and, in the case of the s10(2) and/or 10(3), the responsibilities or positions held as prescribed by the Minister rules.

Section 2 guidance: Detailed responsibilities of the accountable person

In section 2 of the accountability statement template, provide a comprehensive statement of the part(s) or aspect(s) of the operations of the relevant enhanced accountable entity or SRE for which the accountable person has actual or effective responsibility for management or control (s10(1) or 10(6) of the FAR Act) or the prescribed responsibility or position held by the accountable person (s10(2) or 10(3) of the FAR Act).

For each area of responsibility of an accountable person, clearly articulate the accountable person's responsibilities, including the outcome expected in relation to each responsibility. Where an area of responsibility is held jointly by multiple accountable persons, this should be clearly set out as a joint responsibility in the accountability statement of each relevant accountable person: see s21(2) of the FAR Act.

In compiling an accountability statement, the Regulators expect particular attention to be given to the allocation of key functions and primary areas of focus (PAFs) of prudential and conduct significance, including responsibility for the management of prudential and conduct risks with respect to those responsibilities.

Key functions

The Regulators expect the content of the accountability statement of an accountable person would align with the accountable person's allocated key function(s), if any. However, key functions and the allocations thereof are not expected to drive the structure of an accountability statement. It is the Regulators' expectation that statements of areas of responsibility will describe and reflect the key functions allocated to the accountable person. Any changes to the accountable person's allocated key functions or nature of responsibilities should be reflected in the accountability statement for alignment.

More than one accountable person may hold the same key function if this reflects the allocation of responsibilities in relation to that function. These functions are deemed by the Regulators to be of particular importance and the Regulators consider that the inclusion of this information in statements of areas of responsibility (where applicable) will assist to provide the Regulators with visibility over, and clarity in relation to, accountability for the functions listed.

Primary areas of focus

In addition to key functions, the Regulators have developed a list of PAFs for enhanced accountable entities and their SREs to consider when developing accountability statements as set out below in Appendix 2. This is a non-exhaustive list serving as a prompt for consideration when developing accountability statements, and should be used by entities as guidance only.

While PAFs are listed by prescribed and general responsibility, accountability statements should reflect actual practice and understanding of where responsibility rests within the enhanced accountable entity or SRE. Therefore, a PAF may be more appropriate under a different accountable person or prescribed responsibility than as listed in Appendix 2. For example, for a particular accountable entity, the senior executive who has the responsibility for overall risk controls and risk management of the accountable entity may be responsible for stress testing, rather than the senior executive who has the responsibility for the management of financial resources of the accountable entity, as suggested in Appendix 2.

Accountable entities that are registrable superannuation entity (RSE) licensees should consider the relevancy of each of the PAFs in relation to their own operations as well as the operations they carry out on behalf of each of the RSEs under their trusteeship.

Non-operating holding companies (NOHCs) and foreign accountable entities should also consider the list of PAFs beyond those listed under their specific prescribed responsibilities to the extent that they are relevant for their business.

A number of PAFs can, and in many cases should, appear on multiple statements in relation to a different action or expected outcome for which an individual is accountable as a result of the individual's role. For example, in relation to risk appetite:

- the board of an accountable entity approves the risk appetite statement;
- the Chief Executive Officer may be accountable for ensuring that the accountable entity as a whole operates within the board-approved risk appetite;
- the Chief Risk Officer may be accountable for monitoring of, and reporting on, actual risk profiles against the board-approved risk appetite; and
- the head of internal audit may be accountable for conducting independent review on the controls put in place by business to ensure alignment with the board-approved risk appetite.

An enhanced accountable entity or SRE is encouraged to carefully consider the wording of the role's key accountabilities in relation to any PAFs, avoiding non-specific language while expanding upon generic terms such as 'manage' or 'oversee' in sufficient detail to properly describe the accountabilities. An expected outcome may be usefully described by specific action-oriented terms including, but not limited to:

- delivering;
- monitoring;
- approving;
- reviewing;
- recommending;
- challenging; or
- escalating.

The level of detail expected to explain the responsibility in relation to any particular PAF will depend on the complexity of the organisation, in terms of size, risk profile, business lines or organisational structure. Additional detail may be required to provide clarity on any points of handover between accountable persons. For less complex institutions with simpler structures, this may mean fewer handover points requiring detailed explanation as a single accountable person may be accountable for a PAF on an end-to-end basis.

Section 3 guidance: Limitations and exclusions of responsibility

In section 3 of the accountability statement template, detail any limitations upon and exclusions of responsibility. As noted above, caveats to or limitations upon responsibilities are expected to be kept to a minimum. If there are limitations or exclusions to accountabilities, identify the owner of any residual responsibility.

When considered collectively, accountability statements should articulate and delineate responsibility across an enhanced accountable entity or its relevant group, with no gaps in responsibility.

Section 4 guidance: Declaration

In section 4 of the accountability statement template, the Regulators expect individuals nominated as accountable persons to be closely involved in the development of their own accountability statement and to have read, understood and accepted the areas of responsibility as drafted, as well as the accountability obligations of an accountable person under the FAR Act. Individual accountable persons must sign their accountability statement with a declaration that this has occurred: see s33(b) of the FAR Act. The Regulators' suggested wording of this declaration has been provided in the template.

Appendix 2: Primary areas of focus

The following four tables outline:

- (a) primary areas of focus for all sectors (p. 7);
- (b) additional primary areas of focus for insurance (p. 13);
- (c) additional primary areas of focus for RSE licensees (p. 14); and
- (d) additional primary areas of focus for foreign accountable entities (p. 16).

Note: In these tables, references to sections (s) are to the Minister Rules, unless otherwise specified.

(a) Primary areas of focus for all sectors

Member of the board of an accountable entity other than a foreign accountable entity—s6(2) and 11(2)

- Role as chair or member of specific board committees (where relevant)
- Contribution to:
 - board’s role in providing oversight and approvals of strategic objectives and business plan
 - board oversight of financial and non-financial risk and approval of risk appetite and risk management framework
 - board approval of the Internal Capital Adequacy Assessment Process (ICAAP) and dividend payments
 - board approval and application of the remuneration policy
 - board oversight of audit (including safeguarding its independence)
 - board oversight of compliance
 - board view and actions on organisational and risk culture
 - board oversight of financial reporting, corporate governance and continuous disclosure
 - tenure and governance arrangements for directors
 - other governance related matters including fit and proper assessments and monitoring, conflict management and adequacy of board reporting
 - oversight of decision making related to the best financial interests of members by the board of RSE licensees
- Oversight of the company secretariat function, which includes:
 - providing governance advice to the board
 - ensuring delivery and quality of board and committee agendas, papers and minutes
 - maintaining board/committee charters, policies and procedures, including conflicts management policy and delegation of roles and responsibilities (accountabilities)
 - assisting all established board committees to achieve their purpose
 - overseeing and ensuring the robust conduct of director, board and committee performance reviews

Business activities of the accountable entity's relevant group—s5(2)(a), 9(2)(a) and 10(2)(a)

- Overall strategy and business plan including, where relevant:
 - development, renewal or oversight of strategic objectives, which may include growth strategy, business model, financial projections, information technology, data needs, administration and other key initiatives, including the strategy in relation to fintech businesses and cryptocurrency
 - business model, engagement or management of promoters (where applicable)
 - promoting the financial interest of the member cohorts via products, investment options and facilities/services
 - retirement income strategy
 - methodology for setting member fees and costs
 - member advice and ensuring adherence to sole purpose test
 - member complaint framework
 - member engagement strategy
- Oversight of assessment of performance across business operations against the business plan, via the outcomes assessment and business performance review
- Expenditure management and significant expenditure considerations
- Identification and management of data needs
- Risk appetite
- Major transactions (e.g. acquisitions, originations, mergers, fund transfers or change of control)
- Escalate to and brief the board on material risk issues (financial and non-financial)
- Organisational structure and internal governance, including within group structure or with other related parties or shareholders
- Adequacy of insurance arrangements for the entity, including professional indemnity insurance for directors and officers
- Allocation of the responsibilities of accountable persons to cover all aspects of the operations of the entity and its significant related entities

Primary areas of focus for all sectors continue on pages 9–12.

Financial resources of an accountable entity other than a foreign accountable entity—s5(2)(b)(i) and s10(2)(b)

- Capital management, including the ICAAP and capital instruments or run-off plan (where relevant)
- Asset-liability management
- Fund structure, unit pricing and management of custodian arrangements
- Reserve management including operational risk financial reserve
- Liquidity and funding operations
- Liquidity and funding risk appetite, frameworks, policies and reporting
- Funding plan and contingency funding plan
- Financial reporting and accounting
- Regulatory reporting
- Market risk management, including interest rate risk and foreign exchange risk
- Financial planning, forecasting and budgeting
- Market disclosure obligations
- Investments spending and capital deployment
- Stress testing
- Recovery and exit planning, and resolution planning
- Reinsurance management including reinsurance strategy, management and administration

Overall risk controls and risk management of an accountable entity other than a foreign accountable entity—s5(2)(c) and 10(2)(c)

- Risk appetite and risk management framework
- Risk advice to the board including through the Board Risk Committee
- Risk culture
- Identifying, assessing, measuring, evaluating, treating and monitoring risk
- Review, challenge and provide risk advice to business lines
- Escalating material risk issues to the board (including non-financial risk)
- Reporting material breaches to the board and regulators
- Risk modelling
- Climate risk strategy and policy
- Assessing the effectiveness of business line risk management and assurance
- Sufficient resourcing for risk function (capabilities, training and tools)

Operations of an accountable entity other than a licensed NOHC or foreign accountable entity—s5(2)(b)(ii)

- General project/program management
- Outsourcing management
- Control testing and validation
- Business continuity plans and delivery
- Operations controls, frameworks, policies and reporting

Information management, including information technology (IT) systems, of an accountable entity other than a licensed NOHC or foreign accountable entity—s5(2)(d)

- IT strategy, information management and IT frameworks
- Data, collection, quality, management, monitoring and controls
- Information security, cyber security and data protection/privacy
- Business continuity and disaster recovery
- Payments systems
- Supporting regulatory reporting
- Sufficient resourcing of the IT function

Internal audit function of an accountable entity other than a foreign accountable entity—s5(2)(e)(i) and 10(2)(d)

- Review and report on risk management framework
- Recommendations to improve risk management, controls and monitoring
- Internal audit charter, plan and methodology
- Monitoring and reporting progress on, and the effective resolution of, internal audit issues and findings to board and management
- Resourcing of the internal audit function
- Testing internal controls

Compliance function of an accountable entity other than a foreign accountable entity—s5(2)(e)(ii)

- Compliance framework and monitoring compliance with framework and policies
- Compliance Obligations Register
- Assessing effectiveness of the business line compliance functions
- Resourcing of the compliance function
- Compliance with an entity's Australian credit licence, Australian financial services licence and/or RSE licence obligations, where relevant, including general obligations and any licence conditions or directions

Human resources function of an accountable entity other than a foreign accountable entity—s5(2)(e)(iii)

- Human resources management and performance management frameworks
- Performance and consequence management
- Remuneration and reward policy
- Inclusion and diversity strategy and policy
- Compliance with work safety and industrial obligations

Anti-money laundering (AML) function an accountable entity other than a foreign accountable entity, if the accountable entity is a reporting entity for the purposes of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*—s5(2)(h)

- AML framework (including counter terrorism financing, anti-bribery, corruption and sanctions responsibilities)
- Assessing the effectiveness of AML framework and compliance functions

Dispute resolution function of an accountable entity other than a foreign accountable entity—s5(2)(e)(iv)

- Resourcing of the dispute resolution function
- Management, implementation and operational oversight of dispute resolution function as provided for in [Regulatory Guide 271](#) *Internal dispute resolution* (RG 271)
- Oversight of outsourced internal dispute resolution functions (if applicable)
- Oversight of outsourced external dispute resolution functions (if applicable)
- Management of Australian Financial Complaints Authority (AFCA) membership (if applicable)
- Management and implementation of internal dispute resolution data reporting framework

Client or member remediation programs of an accountable entity other than a foreign accountable entity—s5(2)(f)

- Resourcing of the remediation function
- Management, implementation and operational oversight of remediation function as provided for in [Regulatory Guide 277](#) *Consumer remediation* (RG 277)
- Reporting to the Board on remediation programs (including metrics and analysis)
- Oversight of outsourced remediation functions (if applicable)
- Public reporting (if applicable)
- Engaging with regulators and AFCA (if applicable)

Breach reporting of an accountable entity other than a foreign accountable entity—s5(2)(g)

- Resourcing of the reportable situation reporting function
- Management and implementation of reportable situation (including incident and breach) reporting as provided for in [Regulatory Guide 78](#) *Breach reporting by AFS licensees and credit licensees* (RG 78). This includes:
 - staff training
 - systems and processes for identifying and recording incidents (suspected or possible reportable situations)
 - incident escalation and criteria
 - systems and processes for analysing root causes and systemic issues
 - consequence management for reportable situations
 - oversight of quality and timeliness of reporting to regulators
 - reporting to the board on reportable situation reporting

General responsibilities—s10(1)(b) and 10(6)(b) of the FAR Act

- Management (strategy, culture, people, risk, systems, performance and resourcing)
- Business division's strategy and risk appetite
- Identification and management of data needs
- Reporting on performance
- Compliance with group policies, laws and regulations
- Escalating or reporting breaches (to the chief executive officer, board, or regulators)
- Product design, development and distribution, compliance and reserving including framework, strategy, policies, procedures and assessment
- Pricing functions including framework, strategy, policies, procedures and assessment
- Underwriting function including:
 - underwriting manuals, policies and procedures including compliance;
 - resourcing of the underwriting function; and
 - delegation and authorities
- Prudent lending standards, including responsible lending obligations
- Consumer complaint handling

(b) Additional primary areas of focus for insurance

Actuarial function of an accountable entity that is an insurer but not a foreign accountable entity—s7(2)(a)

- Independence of the appointed actuary
- Sufficient resourcing of the actuarial function
- Performing analysis of experience
- Assessing financial condition and performing liability valuation
- Actuarial reporting including valuations, portfolio management, Financial Condition Report and Actuarial Valuation Report
- Capital management and reserving
- Actuarial advice framework
- Product and pricing
- Providing actuarial advice

Claims handling function of an accountable entity that is an insurer but not a foreign accountable entity—s7(2)(b)

- Sufficient resourcing of the claims function
- Claims processes, systems, policies and procedures
- Claims management
- Claims payments
- Claims assessment
- Claims governance
- Claims leakage and fraud
- Recoveries management

(c) Additional primary areas of focus for RSE licensees

Member administration operations of an accountable entity that is an RSE licensee —s8(2)(a)

- Maintaining member records and accounts
- Taxation related to member benefits and contributions
- Adherence to superannuation and data payment standards
- Member communications and capture of member preference for communication methods
- Engagement with employers and SuperStream
- Member service standards
- Compliance with member disclosure obligations

Investment function of the RSE licensee s8(2)(b)

- Management of investment risk exposures to achieve objectives within stated risk appetite and parameters:
 - recommendation to governance bodies of specific and measurable investment objectives for each investment option, including return and risk objectives;
 - investment selection, including initial and ongoing due diligence;
 - implementation and management of investment assets (including strategic investments) and portfolios; and
 - monitoring, portfolio stress testing, and valuation management
- End-to-end product/investment management, including consideration of best financial interests duty
- Independent oversight of the investment process (objectives and strategy formulation and implementation) including:
 - maintenance of policies and procedures;
 - performance measurement, monitoring and attribution; and
 - valuations governance
- Independent advice and challenge for investment related decisions to senior management and board including:
 - asset allocations;
 - due diligence for specific investments or external managers, including operational due diligence; and
 - service provider monitoring (including managers, custodians)
- Monitoring of investment related incidents or breaches against board limits, and ensuring appropriate and timely remediation including:
 - investment limits: asset allocation ranges, counterparties, asset valuation movements outside of tolerance;
 - investment exclusions (negative screens); and
 - unit pricing exceptions

Investment function of the RSE licensee s8(2)(b) (continued)

- Escalation/reporting of investment metrics and issues (current or emerging) including:
 - investment risk metrics (by option);
 - market conditions, including adverse events;
 - portfolio stress testing results; and
 - material changes within an asset or external manager
- Measurement and management of liquidity risk exposures:
 - assessment of member driven transaction flows, and ability to meet portability and payment obligations;
 - assessment of investment related flows, such as capital calls and derivatives rollover payments; and
 - assessment of whether these obligations can be met in a timely manner at reasonable cost
- Independent oversight of the liquidity management process:
 - maintenance of the liquidity management plan and related policies and procedures; and
 - adequate segregation of oversight functions from front office staff
- Monitoring and escalation of liquidity related incidents or breaches, liquidity events and ensuring appropriate and timely remediation:
 - monitoring against liquidity limits, including illiquid asset exposure limits;
 - identification of liquidity triggers, events and actions to be taken;
 - stress scenario breaches;
 - liquidity risk metrics (by option); and
 - liquidity stress testing results

Financial advice service of an accountable entity that is an RSE licensee—s8(2)(c)

- Provision and oversight of financial product advice to members, whether provided by the RSE licensee, their employee, under an arrangement with the RSE licensee or by an independent third-party adviser
- Oversight of advice fee deductions from member accounts
- Compliance with disclosure and record-keeping obligations related to the provision of financial advice

Insurance offerings of an accountable entity that is an RSE licensee—s8(2)(d)

- Formulate and give effect to appropriate selection processes and due diligence of insurers and monitor compliance by insurers on an ongoing basis
- Maintain and implement insurance management framework
- Reporting on insurance activities to the board and regulator
- Oversight and review of claims processes, systems, policies, procedures and decisions made by insurers about member entitlements

(d) Additional primary areas of focus for foreign accountable entities

Senior office outside Australia of a foreign ADI or foreign general insurer—s9(2)(b)

- Control and oversight
- Operational structure and effectiveness
- Approval of risk appetite and risk management strategy/framework
- Remuneration policy and adjustment to remuneration
- Audit requirements and arrangements
- Compliance
- Risk culture
- Corporate governance—approving framework, policies and procedures, and monitoring compliance in relation to:
 - liquidity
 - fit and proper person
 - business continuity plan
 - outsourcing

Responsibility as a member of the Compliance Committee for oversight of an accountable entity that is an eligible foreign life insurance company (EFLIC)—s9(2)(c)

- Role as chairperson or member of the Compliance Committee
- Contribution to:
 - the EFLIC's compliance with the requirements in, or imposed under, the *Life Insurance Act 1995* (Life Insurance Act)
 - assisting the Board in meeting its responsibilities under the Life Insurance Act
 - the EFLIC's reporting obligation to APRA regarding compliance and solvency

Responsibility as an agent in Australia of an accountable entity that is a foreign general insurer—s9(2)(d)

- Management of the operations of the insurer
- Compliance with Prudential and Reporting Standards