Banking Executive Accountability Regime – Accountability statement

Under subsection 37F(1)(a) of the *Banking Act 1959* (the Act), ADIs are required to provide to APRA an accountability statement for each of its accountable persons describing the areas of responsibility attributed to that person.

This template is provided to institutions as a guide to format and minimum content. Individual statements must reflect actual accountability as it operates in practice within the institution. Accountability statements should be specific to both the institution and the individual accountable person. This will mean some degree of variation in accountability statements for similar roles between institutions. Such variation is both acceptable and required where reflecting actual practice.

APRA expects accountability statements to:

* clearly articulate what an accountable person is accountable for with respect to the ADI or ADI group, 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, with no gaps in accountability. Where there is joint accountability, this should be explicitly identified and defined. Caveats or limitations to accountability are expected to be used to the minimum extent possible. Where there are caveats to accountabilities, there should be clarity about where the residual accountability resides;
* align with the actual practices and governance arrangements of the ADI. As such, APRA will query an institution where its accountability statements do not appear to be consistent with existing ADI documentation including, but not limited to, internal and external governance documents; and
* when considered collectively, articulate and delineate accountability across an ADI or ADI group.

The template is accompanied by instructions and guidance on minimum content to assist ADIs in providing the required information – see Attachment A.

Accountability statement

This accountability statement is provided to APRA under subsection 37F(1)(a) of the *Banking Act 1959* (the Act).

|  |  |
| --- | --- |
| **Last updated** |  |

#### Section 1: Accountable person details

|  |  |
| --- | --- |
| **Name** |  |
| **Institution** |  |
| **Employer** |  |
| **Role title** |  |
| **Role start date** |  |
| **Reports to** |  |
| **Responsibilities** | **Responsibilities under subsection 37BA(1) of the Act:**[*INSERT*] |
| **Particular responsibilities under subsection 37BA(2) or 37BA(6) of the Act:**[*INSERT*] |

#### Section 2: Responsibilities of the accountable person

|  |
| --- |
| **Part or aspect of the ADI’s or subsidiary’s operations of which the accountable person has actual or effective responsibility for management or control (subsection 37FA(1)(a) of the Act):***[INSERT]* |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Area of responsibility** | **Description of responsibility** **(subsection 37FA(1)(b) of the Act)** | **Joint (Y/N)** |
| 1 |  |  |  |
| 2 |  |  |  |
| 3 |  |  |  |
| 4 |  |  |  |
| 5 |  |  |  |
| 6 |  |  |  |

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

**Section 3: Limitations and exclusions**

[*INSERT*]

**Section 4: Acknowledgement**

I, **[INSERT NAME]**, acknowledge that I have read, understood and accept:

* the areas of accountabilities included in my accountability statement; and
* my obligations as an accountable person under subsection 37CA(1) of the *Banking Act 1959* are to conduct the responsibilities of my position as an accountable person:
	1. by acting with honesty and integrity, and with due skill, care and diligence; and
	2. by dealing with APRA in an open, constructive and cooperative way; and
	3. by taking reasonable steps in conducting those responsibilities to prevent matters from arising that would adversely affect the prudential standing or prudential reputation of **[INSERT NAME OF ADI]**.

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| Signature |  | Date |  |

Attachment A: Banking Executive Accountability Regime – guidance to complete Accountability statement template

As per subsection 37FA(1) of the *Banking Act 1959* (the Act), APRA expects an accountability statement to outline the part(s) or aspect(s) of the ADI’s or ADI group’s operations over which an accountable person has actual or effective management or control, and the responsibilities of the accountable person. In doing so, the statement should describe the actions, decisions and outcomes for which the individual is accountable with respect to those part(s) or aspect(s) of the ADI’s or ADI group’s operations.

An individual’s accountability statement should be updated over time if needed to reflect changes in responsibilities. The accountability statement template includes a field to provide the date the statement was last updated. This effective date for each version of the statement should be consistent with other relevant documentation such as the accompanying registration form and accountability map.

The responsibilities of an accountable person apply on an ongoing basis and an accountability statement is considered effective until those responsibilities change, at which time the ADI is required to notify APRA of the change to the accountability statement within 14 days. ADIs should establish an internal process to keep accountability statements current and to notify APRA promptly when individuals cease to act in a specific role.

#### Section 1: Accountable person details

In Section 1, provide key details about the individual accountable person. Indicate whether the individual is an accountable person under the general principle (subsection 37BA(1) of the Act) and also specify any particular responsibilities held under subsection 37BA(2) or 37BA(6) of the Act.

#### Section 2: Responsibilities of the accountable person

In Section 2, describe the part or aspect of the ADI’s or subsidiary’s operations of which the accountable person has actual or effective responsibility for management or control (subsection 37FA(1)(a) of the Act).

Using the table provided, clearly articulate for each area of responsibility of an accountable person, the accountable person’s responsibilities, including the outcome expected in relation to each responsibility. Where any responsibility is held jointly by multiple individuals, this should be clearly set out as a joint responsibility on the accountability statement of each relevant individual.

In compiling an accountability statement, APRA encourages ADIs to focus on key functions and the expected outcome in performing those functions. APRA expects particular attention to be given to the allocation of key functions of prudential significance, including accountability for the management of prudential risks with respect to those responsibilities.

APRA has developed a list of key functions for ADIs to consider when developing accountability statements as set out below in Figure 1. This is a non-exhaustive list that should serve as a prompt for consideration when developing accountability statements but should not be considered as a check-list. While key functions are listed by particular responsibility, accountability statements should reflect actual practice and understanding of where accountability rests and therefore may be more appropriate under a different particular responsibility than as listed in the below table. For example, for a particular ADI, the senior executive who has the responsibility for overall risk controls and risk management of the ADI may be responsible for stress testing rather than the senior executive who has the responsibility for the management of financial resources of the ADI as suggested in Figure 1.

A number of key functions 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 ADI approves the risk appetite statement. The Chief Executive Officer may be accountable for ensuring that the ADI 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. 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 institution is encouraged to carefully consider the wording of the role’s key accountabilities in relation to any key function, 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 accountability in relation to any particular function 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 smaller, 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 key function on an end to end basis.

1. Key functions typically covered in accountability statements

|  |
| --- |
| **Member of the board of the ADI** |
| * Role as chair or member of specific board committees (where relevant)
* Contribution to:
* board’s role in providing oversight and approvals
* board approval of risk appetite and risk management framework
* board approval of Internal Capital Adequacy Assessment Process (ICAAP) and dividend payments
* board approval and application of the Remuneration Policy
* board oversight of audit
* board oversight of compliance
* board view and actions on risk culture
 |

|  |
| --- |
| **Overall business activities of the ADI or ADI group** |
| * Overall strategy and business plan
* Risk appetite
* Major transactions (e.g. acquisitions and originations)
* Escalate to and brief the board on material risk issues
* Organisational structure and internal governance
 |
| **Financial resources of the ADI** |
| * Capital management, including ICAAP and capital instruments
* 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 planning
 |
| **Overall risk controls and risk management of the ADI** |
| * Risk appetite and risk management framework
* Risk advice to the board
* Risk culture
* Review, challenge and provide risk advice to business lines
* Escalating material risk issues to the board
* Reporting material breaches to the board and regulators
* Risk modelling
* Assessing the effectiveness of business line risk management and assurance
* Sufficient resourcing for risk function (capabilities, training and tools)
 |
| **Operations of the ADI** |
| * General project/programme management
* Outsourcing management
* Business continuity plans and delivery
* Operations controls, frameworks, policies and reporting
 |
| **Information management of the ADI, including information technology (IT) systems** |
| * IT strategy, information management and IT frameworks
* Data quality and management
* Information security, cyber security and data protection/privacy
* Business continuity and disaster recovery
* Payments systems
* Supporting regulatory reporting
 |
| **Internal audit function of the ADI** |
| * Review and report on risk management framework
* Recommendations to improve risk management, controls and monitoring
* Internal audit plan
* Reporting progress and findings to board and management
* Resourcing of the internal audit function
 |
| **Compliance function of the ADI**  |
| * 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
 |
| **Human resources function of the ADI** |
| * Human resources management and performance management frameworks
* Remuneration and reward policy
 |
| **Anti-money laundering (AML) function of the ADI** |
| * AML framework (including counter terrorism financing, anti-bribery, corruption and sanctions responsibilities)
* Assessing the effectiveness of AML framework and compliance functions
 |
| **General responsibilities**  |
| * Management (strategy, culture, people, risk, systems, performance and resourcing)
* Business division’s strategy and risk appetite
* Reporting on performance
* Compliance with group policies, laws and regulations
* Escalating or reporting breaches (to the Chief Executive Officer, board, or regulators)
* Products and services – design, distribution, compliance
* Prudent lending standards, including responsible lending obligations
* Consumer complaint handling
 |

**Section 3: Limitations and exclusions**

In Section 3, detail any limitations on and exclusions of accountabilities. Caveats or limitations to accountability should be used to the minimum extent possible. Where there are limitations or exclusions to accountabilities, there should be clarity about where the residual accountability resides.

When considered collectively, accountability statements should articulate and delineate accountability across an ADI or ADI group, with no gaps in accountability.

**Section 4: Acknowledgement**

APRA expects 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 accountability as drafted, as well as the accountability obligations of an accountable person under the Act. APRA expects individual accountable persons to sign their accountability statement with a brief acknowledgement that this has occurred. APRA’s preferred wording of this acknowledgement has been provided in the template.