



Office
of Sport

Compliance Management Framework

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Framework

1 Introduction

Compliance management fits within the broader context of corporate governance. This *Compliance Management Framework* (the framework) describes a system that is integrated with financial, risk, planning, quality, environmental, health and safety management processes and operational procedures at the Office of Sport (OoS).

OoS will maintain a culture of integrity and compliance as a basis for a successful and sustainable organisation and will consider the needs and expectations of stakeholders.

1.1 Purpose

The framework describes a system that will enable the OoS to effectively and efficiently manage compliance risks. It will:

- ensure the appropriateness and consistency of approach between external compliance requirements and internal policies, procedures, regulations and *The Code of Ethics and Conduct for NSW government sector employees (Code of Conduct)*; and
- strengthen the OoS governance arrangements through a uniform approach to compliance and the promotion of a compliance culture.

Policies and procedures to enable compliance are integrated with all OoS operations and the framework supports the achievement of OoS objectives.

1.2 Standards and Governance Principles

The current Australian compliance standard originated as AS3806 and was revised and issued as AS/ISO 19600:2015.

AS/ISO 19600 has improved alignment among standards for management systems to assist with integration. It includes risk management as an essential component and focuses on compliance as part of the organisational culture.

The standard describes establishing a compliance management system that meets the following governance principles:

- Direct access of the compliance function to the governing body;
- independence of the compliance function;
- appropriate authority and adequate resources allocated to the compliance function.

The current standard provides guidance on compliance management systems and recommended practices. This framework describes the system that has been developed in consideration of this guidance and the principles of good governance.

1.3 Definition

Compliance is defined in AS 3806-2006, as “*Adhering to the requirements of laws, industry and organisational standards and codes, principles of good governance and accepted community and ethical standards.*”

AS/ISO 19600 expands on this to cover obligations set out in an organisation’s operating procedures.

1.4 Scope

This framework applies to all OoS employees and it should be read in conjunction with the *Compliance Policy and Procedure*.

2 Key Themes and Elements

The OoS values, ethics and culture are the core drivers that influence direction. The OoS objectives and functions provide the foundation for understanding and embedding compliance policy and processes into business operations.

The standards provide guidance grouped around elements within seven themes:

1. context of the organisation;
2. leadership;
3. planning;
4. support;
5. operation;
6. performance evaluation; and
7. improvement.

This framework aligns to these themes and describes the coordinated activity to:

- Identify, assess and document compliance obligations;
- Ensure responsibility for meeting obligations is clearly allocated and understood;
- Monitor and report assessment for how well obligations are being met; and
- Manage addressing a compliance failure (or potential failure) and continually improve systems for meeting obligations.

2.1 Context of the Organisation

This first theme of the framework is about gaining an understanding of the OoS context as this is vital in assisting with the achievement of intended compliance results. Exploring the context will provide information on internal and external issues that are relevant to the purpose and strategic direction of the OoS. This includes:

- identifying, considering and understanding the needs and expectations of interested parties who have valuable input and influence into controls;
- identifying and documenting compliance obligations in summary form in the *OoS Compliance Register* (the register);
- identifying, analysing and evaluating compliance risk using the *Enterprise Risk Management Framework* to support efficient and cost effective management of compliance risk through the use of a consistent and appropriate methodology.

The *OoS Compliance Register* was initially created through a review of the compliance requirements within the OOS. This was performed by the Audit, Risk & Governance function with the assistance of Legal Services and management across the Office of Sport. As a dynamic document, the contents evolve over time.

2.2 Leadership and Commitment

Compliance is an outcome of an organisation meeting its obligations and the OoS is made sustainable by embedding compliance in the culture and in the behaviour and attitude of employees. This theme depends on:

- leadership at all levels;
- clear OoS values; and the
- implementation of measure to promote compliant behaviour.

The OoS commitment is articulated in the *Compliance Policy and Procedure* which should be read in conjunction with this document.

This policy also outlines compliance roles and specific responsibilities, including the responsibility for all employees to comply with relevant obligations. This includes ensuring an understanding of relevant policies and procedures.

2.3 Planning

The third theme is concerned with compliance management being integrated with OoS strategic and business planning. Through this, compliance risk can be addressed and a compliance culture supported.

2.4 Support

An important theme of the framework is the provision of appropriate support resources and mechanisms to manage compliance risk, compliance breaches and the maintenance of the *Compliance Register*.

Appropriate resources have been allocated to develop, maintain and improve the *Compliance Management Framework*. This includes the Audit, Risk and Management function and the Audit and Risk Committee (ARC).

OoS management are to supply employees with suitable access to and awareness of how to meet compliance obligations. This also includes provision of appropriate training and communications to support both compliance needs and the promotion of a compliance culture as well as knowledge of the implications of not conforming with the framework.

There is a broad understanding amongst managers of the requirements of compliance and the management of relevant issues. All current owners and responsible officers are expected to maintain familiarity with the contents of the *Compliance Register* and the reporting requirements associated with compliance management.

The Audit, Risk & Governance Manager and the Legal Services team are available to provide advice to relevant employees on the framework.

2.5 Operation

This aspect of the framework focuses on the implementation of control processes to meet compliance obligations through defining objectives, establishing criteria, implementing controls in accordance with the criteria and documenting that the processes have been carried out as planned. It includes ensuring controls are periodically evaluated and that outsourced processes are controlled and monitored.

Compliance management is to be integrated with financial, risk, planning, quality, environmental, health and safety management processes and operational procedures at the Office of Sport (OoS).

2.6 Performance Evaluation

Performance evaluation is supported through the maintenance of a compliance register, compliance reporting and audit and assurance activities.

The *OoS Compliance Register* is a summary list of known key obligations under laws, regulations, codes or standards that are applicable to the OoS. It is a tool to demonstrate to interested stakeholders and oversighting central agencies that the OoS has given due consideration to its compliance obligations and is continually acting to maintain effective compliance.

The register provides a clear summary of all key compliance requirements, including responsibilities, risk ratings, related policies and controls, current risk and compliance ratings. It is a dynamic document that is reviewed at least annually and updated whenever significant changes occur or new obligations are identified.

Quarterly reporting forms part of the OoS governance arrangements. As part of this, a quarterly compliance report is compiled by Audit, Risk & Governance from information supplied by Legal Services, owners and responsible officers. The report is provided to the Audit and Risk Committee (ARC). This will also include information provided on any compliance breaches and the actions taken.

Audit and Assurance activities include:

- oversight of compliance management by the ARC;
- internal and external audits on the effectiveness of controls to manage compliance risk and the *Compliance Framework*;
- annual formal management review of the *Compliance Register* and provision to the ARC for endorsement; and
- provision of the *Compliance Register* to the Audit Office of NSW (on request).

2.7 Improvement

Continuous improvement is a key element of creating an effective compliance management system. This includes regular review of the *Compliance Management Framework* and the management of breaches.

- review of the framework will incorporate feedback from employees and interested parties, including the ARC; and
- improvements will be informed by the identification, assessment and treatment of nonconformity and noncompliance events, which has the potential to reduce compliance risk and improve overall governance arrangements.

The OoS also provides a confidential arena for the reporting of non-compliance matters, in alignment with the *Public Interest Disclosures Act*. Non-compliance issues of a confidential or sensitive nature can be reported directly to the Director, People & Culture.