Bradfield Development Authority

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Compliance Management Framework

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Document control

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Document approval

Version	Objective ID	Name & Position	Signature	Date	Effective Date
1	A5336563	CEO (endorsed by the ARC and the Board)	On file	10.02.2020	10.02.2020
2	A5527362 A5527361	James Hebron COO		20.09.2022	20.09.2022

Document version control

Version	Objective ID	Status	Date	Prepared By	Comments
1		Final	02.2020	Virginia Tinson	New policy
2		Draft	28.06.2022	Jenny Au	Adopted new template
2.1	A5527362 A5527361	Final	30.08.2022	Virginia Tinson	Policy reviewed and updated to incorporate Compliance Incidence Procedures content
2.2	A8680766	Final	11/07/2024	Virginia Tinson	Updated to change branding from WPCA to BDA

Review date

The Authority will review this Framework every two years or more frequently if required. It may be reviewed earlier in response to a change in the Australian Government or NSW guidelines.

Contents

1.   Policy Statement

1.1   Introduction

The Authority's commitment to compliance management

The Bradfield Development Authority's values of excellence in service, integrity, accountability and trust, drive its compliance commitments and support an environment where a strong and embedded compliance culture is at the core of everything we do.

The Authority is committed to complying with relevant laws, regulations, Treasurer's Directions, Premier & Cabinet and NSW Treasury Circulars and Premier's Memorandums, Government policies, industry codes and organisational standards etc (**Compliance Obligations**).

The benefits of effective compliance management

Like any government or non-government organisation, the Authority must comply with obligations and be accountable to meet internal and external norms of conduct. Good governance practices are important to support this.

1.2   Framework and objectives

The overall purpose of this Framework

This *Compliance Management Framework* (**Framework**) is designed to assist the Authority in achieving its Compliance Obligations (see section 1.5 below).

The objective of the Framework is:

- to guide staff to understand their compliance obligations to minimise compliance risk.
- to reinforce a compliance culture representative of and consistent with:
  — the Authority's values;
  — the Department of Planning, Housing and Infrastructure's (DPHI) Code of Ethics and Conduct (**the Code**);
  — core principles of the Internal Audit and Risk Management Policy for the General Government Sector (TPP 20-08); and
  — stakeholder expectations of the Authority.
- to provide a traceable record of demonstrated compliance with the Authority's Compliance Obligations;
- to reinforce accountability of issue resolution, including incident management and reporting); and
- to minimise for the Authority the risk of reputational damage, financial loss and, in some cases, penalties for the Authority and individual employees that may result from non-compliance.

1.3   Who does the Framework apply to?

This Framework applies to all staff, which includes employees, contractors and professional service providers assigned to work in the Authority.

1.4   Relationship to Risk Management Framework

This Framework is developed in accordance with ISO 37301:2021 Compliance Management System standard, which states that 'compliance risk assessment constitutes the basis for the implementation of the compliance management system'. As such, enterprise risk management and compliance are closely connected, and the Framework should therefore be read in conjunction with the Authority's Risk Management Frameworks.

1.5   Compliance Obligations

What is a Compliance Obligation?

A Compliance Obligation is an obligation arising under law, regulations, NSW Government policies, circulars, memorandums and directions, the Authority's internal policies, and organisational and industry standards that apply to the Authority. The Authority's Compliance Plan (Obligations Register) contains a list of key compliance obligations.

1.6   Consequences of non-compliance

Consequences of non-compliance include:

- reputational damage to the Authority/business unit / individual;
- financial loss to the Authority;
- increased work, health and safety risks in the workplace;
- regulatory sanctions or fines against the Authority and/or individual staff members;
- dismissal of staff due to serious compliance failures;
- qualified audit findings or financial statements not being certified by Auditor-General, and
- potential litigation.

The Authority's approach to non-compliance

The Authority have zero tolerance for compliance risk and takes non-compliance extremely seriously. Failures in compliance can have profound impacts both at an organisational and an individual level.
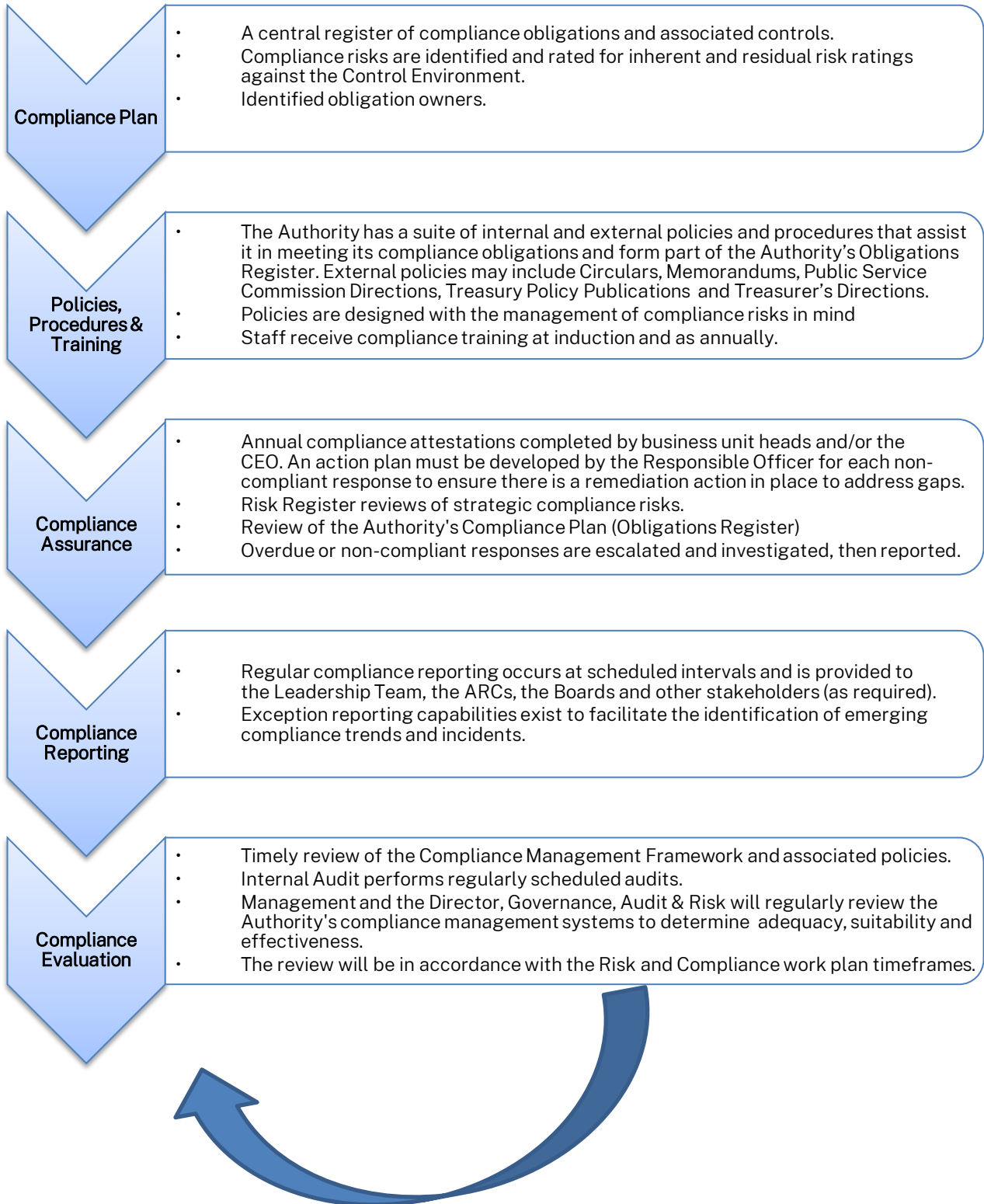
'Compliance breaches' must be addressed in accordance with Section 4 Managing a compliance breach. The Authority seeks to promote a culture of transparency and accountability and treats all reports of non-compliance as a priority.

Non-compliances can also be submitted anonymously under DPHI's Public Interests Disclosures Policy, where that policy applies.

2. The Framework

2.1 What are the components of the Framework?

The Compliance Management Framework comprises the following key components:

Compliance Plan
- A central register of compliance obligations and associated controls.
- Compliance risks are identified and rated for inherent and residual risk ratings against the Control Environment.
- Identified obligation owners.

Policies, Procedures & Training
- The Authority has a suite of internal and external policies and procedures that assist it in meeting its compliance obligations and form part of the Authority's Obligations Register. External policies may include Circulars, Memorandums, Public Service Commission Directions, Treasury Policy Publications and Treasurer's Directions.
- Policies are designed with the management of compliance risks in mind
- Staff receive compliance training at induction and as annually.

Compliance Assurance
- Annual compliance attestations completed by business unit heads and/or the CEO. An action plan must be developed by the Responsible Officer for each non-compliant response to ensure there is a remediation action in place to address gaps.
- Risk Register reviews of strategic compliance risks.
- Review of the Authority's Compliance Plan (Obligations Register)
- Overdue or non-compliant responses are escalated and investigated, then reported.

Compliance Reporting
- Regular compliance reporting occurs at scheduled intervals and is provided to the Leadership Team, the ARCs, the Boards and other stakeholders (as required).
- Exception reporting capabilities exist to facilitate the identification of emerging compliance trends and incidents.

Compliance Evaluation
- Timely review of the Compliance Management Framework and associated policies.
- Internal Audit performs regularly scheduled audits.
- Management and the Director, Governance, Audit & Risk will regularly review the Authority's compliance management systems to determine adequacy, suitability and effectiveness.
- The review will be in accordance with the Risk and Compliance work plan timeframes.

2.2 Who is accountable and responsible?

The table below summarises the responsibilities of different levels of Management under the Framework and for compliance (in general terms only).

Role	Accountabilities and Responsibilities under the Framework
BDA Board	Approves the Compliance Framework and reviews its operational effectiveness.
CEO	Governance responsibility for ensuring there is a robust compliance framework to manage compliance risks within the Authority. Certify annually to the Audit Office of NSW and in the Annual Report that the Authority has implemented adequate compliance with TPP 20-08 Core Requirements.
Internal Audit	Provide assurance that key compliance risk controls are designed and operating effectively and report on the effectiveness of the Compliance Framework.
BDA ARCs	Provide independent advice to the CEO and the Board on management of compliance risks within the Authority. As inputs to its advice, it monitors through the receipt of quarterly reports: • compliance risk identification, assessment and treatment; • compliance with laws, regulations and policies; • compliance breaches / and remediation; and • risk reviews / external audit / internal findings, including progress implementing the recommendations arising from such reviews.
Leadership Team	Review the annual compliance assessment, the report, and planned approach. Be advised of material compliance incidents and non-compliance. Drive the implementation of corrective and improvement actions. Reflect on appropriateness of management system. Ensure continuous improvement.
Business Unit Heads	Complete the Business Unit Compliance Attestation and ensure an action plan is created for non-compliant responses. Ensure the currency of the Authority's Compliance Plan through the reviews performed by the Director, Governance, Audit & Risk . Ensure their staff receive appropriate compliance training. Ensure compliance obligations are embedded in business processes outsourced to third party providers.
Director, Governance, Audit & Risk	Informs the ARC and reports on compliance to the CEO and Board annually at a minimum or as required. Annually collates the Business Units' Compliance Attestations to support the CEO's compliance statement in the Annual Report. Supports the Business Units in identification and assessment of compliance risks and associated controls. Provides timely Compliance Reporting to the CEO, Leadership Team, ARC, Board and Audit Office of NSW.

Role	Accountabilities and Responsibilities under the Framework
	Provides in conjunction with People & Culture, Compliance Training upon induction and ongoing training for existing employees. Reviews the effectiveness of the Compliance Management Framework.
Responsible Officers	Have primary carriage for meeting a compliance obligation, within their area of delegated authority or responsibility. For example, the Senior Procurement Manager is responsible for procurement across the Authority and ensuring applicable obligations are met as outlined in the Procurement Policy and Procurement Board Directions.
Third Party Providers	Have awareness of compliance obligations applicable to the business processes they provide and have adequate controls in place that mitigate these compliance risks. In addition, third party providers will attest their compliance to the Authority's Responsible Officers.
Director of Legal	Provides legal advice on compliance material and compliance breaches, including an assessment as to whether a compliance obligation has not been met. Assists with external communication in relation to compliance reporting to external bodies. General advice in relation to the applicability of relevant legislation.
All staff	Must adhere to legislation and regulations, internal and external policies, circulars, directions and the Award. Must attend mandatory compliance training. Must report any compliance Breaches to the Chief Risk & Audit Officer.

3. Management of Compliance Breaches

3.1 What is a compliance breach?

A compliance breach occurs when there is a non-compliance with a mandatory requirement of one of the obligations as outlined in the Compliance Plan. It should be noted that a breach of an obligation that is an Act or Regulation[1]; or a Treasurer's Directions[2] (non-compliance with a Treasurer's Direction is considered a breach of the *Government Sector Audit Act 1983* will automatically be considered to have a degree of materiality (**Material Compliance Incident**):

Care must be exercised to consider accurately whether a particular act or omission is a compliance breach. For example, regard must be had to whether the requirement is truly mandatory, the required timing for compliance e.g. has a requirement actually 'crystallised' or is there appropriate time within which compliance can be breached in the normal course of carrying out the work of the Authority.

If you are unsure if an incident is a Compliance Incident or a Material Compliance Incident, seek

[1] Non-compliance with an Act or Regulation is considered a Material Compliance Incident.
[2] Non-compliance with a Treasurer's Direction is considered a breach of the *Government Sector Audit Act 1983* and is considered a Material Compliance Incident.

assistance from the Director, Governance, Audit & Risk.

3.2   What Breaches are not covered as 'Compliance Breaches'?

This Procedure does not apply to:

- allegations of fraud and corruption;
- work health and safety breaches; and
- conflict of interests.

Refer to the Authority's relevant documents for reporting and managing these events.[3]

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[3] Note that a common reporting form is currently being used to report fraud and corruption allegations and compliance incidents.

3.3   How do you identify and report a compliance breach?

Identifying a compliance breach

All staff are responsible for identifying and reporting on suspected compliance breaches, which come to their attention, following consideration and necessary discussion with line managers. To assist, refer to the Compliance Plan (Obligations Register) at Appendix 2 of the Framework, which outlines the Authority's key obligations and lists the Owners of the Obligations.

Reporting the compliance breach

The breach identifier must report the suspected compliance breach to the relevant line manager. If the identification and reporting proceeds, use the Protecht Compliance Incident Notification Form.

These forms provide a template to capture the *minimum* information required to report a compliance breach. Further information should be provided if needed. Where potential or actual financial losses are known, an accurate statement of these losses must be advised to the Chief Finance Officer.

The breach identifier or line manager must ensure that the obligation owner is aware of the suspected compliance breach and agrees with all details recorded and takes action for the proposed remediation.

After the line manager signs the form, it is reviewed by the Director, Governance, Audit & Risk. This should occur within **48 hours** of discovery.

Identify & Report ✎

3.4   How is the breach verified?

The Director, Governance, Audit & Risk will investigate and come to a determination, with any necessary rectification steps undertaken in consultation with the CEO if a material compliance breach has occurred. For all identified Material Breaches that involve non-compliance with an Act or Regulation, the Director, Governance, Audit & Risk will verify that non-compliance has occurred and may seek input from the DPHI General Counsel to make this determination (based on available information).

The obligation owner (as set out in the Compliance Plan) may assist in determining if non-compliance has occurred and the Director, Governance, Audit & Risk will verify this assessment.

Verify ‹

3.5   How is the incident rectified?

The obligation owner:

- is accountable for rectification activities to address the compliance breach.

- must ensure that rectification is managed in a timely manner;

- must identify the cause of the compliance breach and the controls to be adopted to mitigate a future recurrence of the breach.

Depending on the nature of the control breakdown, which led to the breach occurring, a new control could include:

- process or system improvements;

- changes to procedures;

- education and awareness training; or

- a manual work around.

You should report the steps of the rectification process to the Governance, Audit and Risk Unit for documenting within Protecht.

Once known, if applicable, the actual financial loss should be reported to the Director, Governance, Audit & Risk for updating in Protecht and Director, Governance, Audit & Risk will also notify the Chief Finance Officer of these losses.

Rectify

3.6   How is the incident closed?

Closing out the Compliance Incident report

The obligation owner can close out the Compliance Incident reporting process when the following are complete:

- all rectification activities are complete;

- if applicable, the correct actual financial loss has been advised and recorded on Protecht;

- if applicable, status reports have been finalised;

- the final report has been completed.

The Director, Governance, Audit & Risk will review the compliance breach and will only close the breach when all rectification steps are completed.

Notification of compliance breach

The Director, Governance, Audit & Risk will report material Compliance Breaches to the Leadership Team and the breach identifier's manager, as required.

In discussion with the CEO, the Director, Governance, Audit & Risk will also notify the compliance breach to the Audit & Risk Committee (**ARC**), the Board and other stakeholders, as required.

Close out

4. Related Policies and Documents

Issuer	Reference	Document Name
CEO		BDA Risk Management Frameworks
CEO		BDA Fraud and Corruption Control Frameworks
CEO		DPHI Code of Ethics and Conduct
CEO		DPHI Public Interest Disclosures Policy and Procedures
International Standards Organisation	ISO 37301:2021	Compliance Management System standard
NSW Treasury	TPP20-08	TPP20-08 Internal Audit and Risk Management Policy for the General Government Sector
Audit Office of NSW	2015	Governance Lighthouse

5. Appendices

Appendix 1: Compliance Plan (Obligations Register)

Click this link to view the Compliance Plan. Nb. Link To be inserted

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