

Policy Framework

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1. Policy statement

The Audit Office of New South Wales' Policy Framework provides a governance structure for the development and review of policies, and for reporting on their review status. The framework encompasses whole-of-office policies, procedures, policy registers, and processes for the communication of policies.

The Policy Framework also addresses the link between policy and compliance with standards, legislation and regulation, and public sector best practice. It does this by requiring a clear statement of objectives in each policy which appropriately reflects the compliance framework in which the Audit Office operates.

The Policy Framework supports a principles-based approach to policy development and review, with a focus on human-centered design that is inclusive and accessible, and fit-for-purpose in a hybrid working environment.

2. Policy objective

Policy plays a strong governance role, providing clear, documented directives on the principles which dictate and guide the actions of all staff. Policy assists in the management of risks and guides the Audit Office towards its strategic priorities and goals. Policy objectives are derived from the mandate, vision, and values of the Audit Office, standards, legislation, the expectations of the public, and public sector best practice.

The Policy Framework aims to provide clear guidance to the Audit Office on policy development, implementation and review processes to:

- assist staff in understanding and undertaking policy development and implementation
- achieve a consistent, principles-based approach to policy development and implementation throughout the Audit Office
- ensure the Audit Office meets its compliance obligations through policy development and implementation.

3. Policy scope

A policy is a formal statement of principles which indicate how the Audit Office will act in a particular area of its operation. Policy provides staff with the approved way of operating in relation to a particular matter.

This Policy Framework encompasses all Audit Office policies, excluding operational policies and guidance for financial and performance audit and assurance services.

It applies to all staff, that is all Audit Office employees (persons employed under the Award conditions or on executive contract) and contingent workers.

4. Risk appetite statement

The Audit Office has a medium risk appetite with respect to applying this Policy Framework when developing and updating policies. This means that policy owners should use the framework as a guide to develop robust and fit-for-purpose policies. The accompanying policy template for example, sets out key headings that should be used to structure a policy document, however, policy owners may exercise discretion to tailor these to the relevant circumstances.

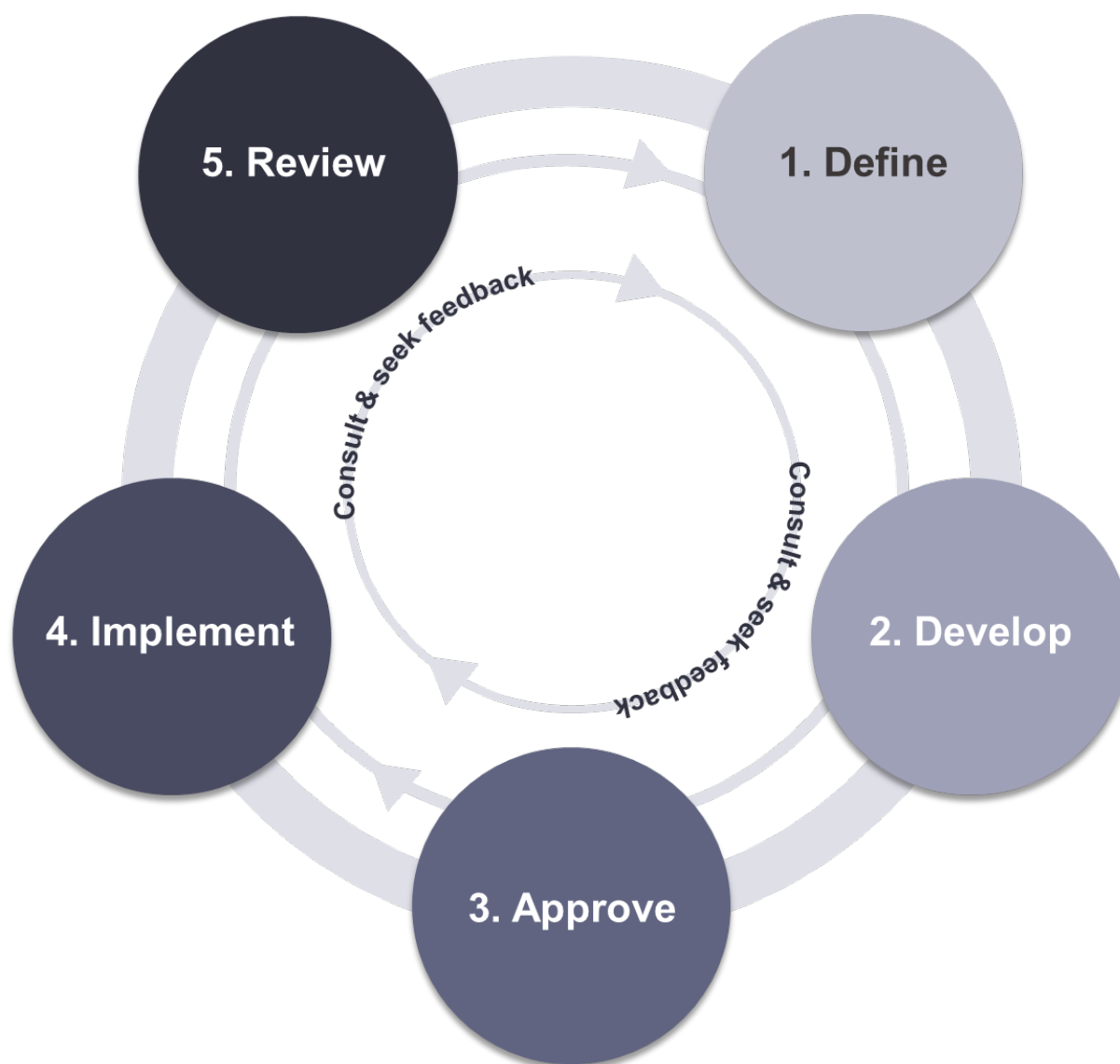
The Audit Office has a low-risk appetite with respect to ensuring our policies enable us to meet our obligations. In particular, this means that our policies should be complete, clear and accurate in addressing our compliance obligations.

5. Policy development and review

The five key stages of the policy development and review cycle are:

1. Define – confirm policy need and define the scope
2. Develop – research, analyse and consult
3. Approve – approval by the Office Executive or head of the branch
4. Implement – communicate and deliver policy, monitor implementation and seek feedback
5. Review – periodic review and evaluation, including consultation, to assess policy effectiveness and make changes as required.

5.1 Policy cycle



A flowchart detailing the procedures for each stage of the policy development and review cycle is located in the Policy Framework Procedures. This procedure document (section 5) highlights the importance of principles-based policy development that:

- **involves consultation** with relevant Audit Office staff, including but not limited to those with direct responsibilities under a policy
- **considers the impacts of working in a flexible, hybrid working environment** on policy implementation and compliance
- **considers the impacts on and how to support wellbeing, diversity and inclusion**, which are fundamental to the values of the Audit Office.

Procedures supporting documents must be consistent with relevant delegations and related policies.

5.2 Policy approval

New policies and significant changes to existing policies must be submitted to the Office Executive for approval.

Significant changes do not include grammatical edits or changes to the format, like adopting the policy template. These are considered minor changes that can generally be approved by the head of a branch.

Policy type	Level of approval required	Example of amendments/changes
New policy	Office Executive, or Auditor-General (if required)*	New policy.
Significantly amended policy	Office Executive**	Changes to the core intent/principles of the policy, changes to roles or responsibilities, deviations on how the policy is to be applied, amendments to clarify a matter that was ambiguous and being applied inconsistently or incorrectly, etc.
Minorsly amended policy	Branch head	Grammatical edits and typographical fixes, format changes, updates to position titles and branch/ unit titles, updated links or references to legislation/standards etc.

* Note: Sometimes legislation will require that a policy is approved by the head of an agency. These instances, specific approval by the Auditor-General (or their delegate) should be documented in a signed brief, following the endorsement of the policy by the Office Executive.

** Note: Certain key policies that affect all staff may require Office Executive approval in all cases, such as the Code of Conduct.

Additional guidance is also set out in the Policy Framework Procedures.

Relevant delegations should be reviewed prior to a policy being approved. Policy approvals must be consistent with the relevant delegations.

It is recommended that policy owners consult with the Governance unit if unsure about the relevant delegations or appropriate level of approval to seek for a policy.

5.3 Policy review

A formal policy review process helps ensure policies remain relevant to the operations and strategic direction of the Audit Office, compliant with legislation and standards, and consistent with other policy directions. It also provides an opportunity to evaluate how effectively policies are operating and whether accompanying procedures are adequate and practical.

The policy review cycle is the time determined appropriate for each policy to undergo a comprehensive review. The review date is recorded against each policy on the policy register.

Policy owners are responsible for reviewing their policies according to the review date in the register and updating the register to reflect the outcomes of the review.

6. Policy register

The Audit Office maintains its a register of office-wide policies. The register contains record reference numbers, details of policy owners and sponsors, approval information, a policy risk rating, and review cycle status data. The register is hosted in MilIntegrity.

Statistical information from the policy register is submitted to the Office Executive and Audit and Risk Committee meetings biannually to review its status, and for compliance, risk assessment, and quality control purposes.

6.1 Records management and version control

Policies must be created, reviewed and updated in the Audit Office's record management system to ensure adherence to state record management requirements.

Refer to the Policy Framework Procedures for guidance on correct version control management for policies.

7. Policy compliance

The Audit Office has a significant number of compliance obligations, including legislation and regulations, standards, codes and central agency directions. All Audit Office policies must be consistent with, and reflective of, relevant compliance obligations.

Policy compliance is ensured through:

- this Policy Framework, the supporting procedures and template
- the Audit Office's compliance management system, which includes the Compliance Policy, policy register, register of compliance obligations, compliance reviews and risk assessments, and annual verifications completed by staff to confirm compliance with policies
- periodic status reviews and risk-based 'spot-checks' to assess the currency and relevance of a policy
- policy owners identifying whether exception reporting (i.e., reporting on policy breaches/ non-compliances) is applicable, and incorporating this into relevant procedures
- automated reminders to policy owners about policies that are due for review
- staff awareness via training and communication of new and updated policies
- assigned roles and responsibilities outlined in policies and performance agreements
- staff feedback, or the number of queries being raised about the application of policies
- evaluating policy impact against policy objective measures
- monitoring of policy breaches and corrective actions identified
- an embedded compliance culture, promoted by the Office Executive and led by management.

Policies, and accompanying procedures, should also be developed and reviewed to ensure the Audit Office is meeting the expectation or requirements recommended to other agencies made in the Auditor-General's Reports to Parliament.

7.1 Register of compliance obligations

This register contains information about the Audit Office's compliance obligations. It specifies the obligation owner, key requirements and the compliance risk of each obligation, and the status of actions taken and planned to meet the obligation.

The register is hosted in MilIntegrity. Refer to the Compliance Policy for information on roles and responsibilities with respect to maintaining the register.

8. Communicating policy internally

8.1 New policies

All new Audit Office policies are to be effectively communicated to all staff to raise awareness of the directive and maximise compliance. Communicating the existence of a policy document developed in response to legislation is a key requirement of most Acts. Some legislation will also require that certain training is provided to relevant staff.

8.2 Amendments to existing policies

Major amendments to existing policies which result in a different directive or compliance requirement for staff must be communicated to the whole office in the manner of a new policy.

Where an amended policy includes a proposed change that will have a significant impact to employees working arrangements, the Audit Office will consult with affected employees. The consultative approach and steps are outlined in the Consultation Policy.

If the changes to an existing policy do not significantly impact upon staff or alter the previous directive or compliance requirement it may be determined by the policy owner not to undertake a communication strategy to alert staff to the change.

The Policy Framework Procedures provides information on key factors to consider when communicating policies in the Audit Office.

9. Public access to Audit Office policies

Under the *Government Information (Public Access) Act 2009* (GIPA Act), the Audit Office is required to make certain information, known as 'open access' information, available to the public on its website. This requirement incorporates the publication of policy documents which contain any statement of policy in connection to the functions of the Audit Office and which are likely to impact the public.

The Audit Office also has a Proactive Release program as required by the GIPA Act to consider, on a regular basis, whether Audit Office information, such as policy documents, should be published on our website.

In addition, policy owners are expected to identify relevant policies to be published online when created or updated. Policy owners can consult with the Governance unit to assist in determining whether a policy should be proactively released.

10. Roles and responsibilities

10.1 Auditor-General

The Auditor-General assumes ultimate ownership of all Audit Office policies and either approves or delegates approval for each policy and any major amendments to existing policies.

10.2 Office Executive

The Office Executive is responsible for approving key policies as delegated by the Auditor-General and ensuring they are periodically reviewed and updated. The Office Executive is also responsible for monitoring the Audit Office's compliance with relevant laws, directions, codes and practices.

Individual members of the Office Executive are policy 'sponsors' who oversee the development and implementation of policies within their Branch.

10.3 Policy owners

Policy owners are generally staff at the 'director' level. Policy owners are responsible for developing and maintaining policies in line with this Policy Framework, including:

- creating new policies when required, and preparing these for approval

- identifying whether exception reporting is relevant or required in the context of the policy, and incorporating this into the policy and related procedures
- reviewing existing policies in accordance with the review cycle timeframes as outlined in each policy, or at other times if required, and preparing these for approval
- maintaining information in the policy register to record policy development and review process status
- monitoring the policy environment to identify when policy changes are required (which may be sooner than the review cycle) to meet compliance obligations, or would be beneficial to enhance policy relevance or impact
- completing annual attestations to confirm the compliance and acceptable risk level of policies
- meeting the 'open access' information requirements of the GIPA Act
- communicating to staff about new policies or major amendments to existing policies
- ensuring that current versions of policy documents are published in a timely fashion on the Intranet, and on the Audit Office website (if appropriate)
- ensuring that adequate training is provided to staff when policies are created, and to support ongoing policy implementation.

10.4 Governance unit

The Governance unit is responsible for the development and review of this Policy Framework, accompanying procedures and template.

Governance also:

- monitors the policy register and register of compliance obligation to support policy owners to identify and update policies as required
- undertakes regular and risk-based spot-checks of the status of policies
- issues reminder emails to policy owners about policies that are upcoming for review, or overdue
- undertakes an annual review of policy attestations and an annual compliance risk assessment
- undertakes an annual review of documents for proactive release under the GIPA Act
- prepares and submits status reports and recommendations to the Office Executive and Audit and Risk Committee on Audit Office policy compliance
- assesses the effectiveness of the Policy Framework to ensure its continual improvement.

10.5 All staff

Staff are responsible for understanding and complying with relevant Audit Office policies, including by completing any compulsory training, and seeking guidance from policy owners.

11. Definitions

In the context of this document:

Audit Office of NSW used for initial reference in document, thereafter referred to as the Audit Office.

Branch means Financial Audit Branch, Finance and Performance Branch, Performance Audit Branch, Corporate, Experience and Strategy Branch, Professional Services Branch, and Systems Assurance, Cyber and Data Branch.

Employee refers to persons employed by the Audit Office under Award or Executive Contract conditions of employment.

A **policy** is a formal statement of principles which indicates how the Audit Office will act in a particular area of its operation. Policy provides staff with the approved way of operating in relation to a particular matter. A policy does not include specific practice management guidance, instructions or directions for the delivery of audit services.

Policy amendment date means the date when major amendments made to a policy were approved.

Policy creation date means the date a newly created policy was approved.

Policy owner means the position responsible for the development, communication and review of the policy to ensure accuracy, compliance and relevance to current business needs and strategic goals. The policy owner may not be directly responsible for implementing the policy. For example, if responsibility is delegated or there are different levels of responsibility as outlined in the policy.

Policy register hosts information about key Audit Office policies. It is contained in MiIntegrity.

Policy review cycle means the required period of time by which a policy must be formally reviewed by the policy owner to ensure accuracy, compliance and relevance to current business needs and strategic goals.

Procedures are documents which prescribe the steps that must be taken to implement a particular policy. Policies may not always require a procedure document and some policies may incorporate high level implementation procedures within the policy guidance. Procedures must be consistent with relevant Audit Office policy.

Role refers to the function/s that are performed, either specific to the policy context or within the Audit Office more broadly. One role, such as a 'policy owner' or 'OE sponsor' may involve a number of responsibilities.

Responsibilities refer to the activities or outcomes that someone is responsible for performing directly, or ensuring are delivered. Responsibilities often include activities such as 'approving', 'reviewing', 'monitoring', 'implementing' and 'communicating'.

Staff or staff member includes all Audit Office employees (that is persons employed under the Award conditions or on executive contract), and contingent workers. Contingent workers are staff who are employed through a recruitment agency.

Third-parties refers to persons or organisations that supply the Audit Office with goods or services, including but not limited to Audit Service Providers, consultants, and contractors (excluding contingent workers). See the scope section of the Audit Office's Statement of Business Ethics for further detail.

Note: third-parties are not members of staff, but may be bound to specific Audit Office policies or other requirements through the relevant contractual arrangement/s.

12. Implementation procedures and related policies

Procedures and guidance that support implementation of the Policy Framework include the:

- Policy Framework Procedures (version 2.0)
- Policy Template (version 3.0)
- Internal Procedure Template

Other core policies related to the Policy Framework include the:

- Compliance Policy

13. Contact point

If staff have any questions about this Policy, they should contact the Director, Legislation and Assurance, or the Governance unit via governance@audit.nsw.gov.au.

14. Review

This Policy and related policies and procedures will be reviewed every three years or earlier if any significant new information, legislative or organisational change warrants an update in this document.

Document information

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Document history

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2.0	May 2024	Review and significant update of Policy to reflect current AO structure, processes and approaches, and systems update of Policy in line with organisational changes.
