

# Compliance Framework

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## Purpose

The purpose of this framework policy is to provide guidelines and structures for all accountable persons and groups under the Compliance Policy.

It outlines the structures, including the measures and key processes, that Activ operates within to ensure compliance with its obligations as stated in the Compliance Policy.

The document is intended to support the Compliance Policy and is to be read together with and subject to that policy.

## Scope

This document applies to all Activ Staff, Employees, Contractors and Volunteers.

# Compliance Framework

## Contents

Purpose .....	1
Scope .....	1
1. Statement of Intent.....	3
2. Commitment .....	4
3. Implementation .....	5
4. Monitoring & Measuring .....	9
5. Continual Improvement.....	10
6. Definitions .....	11
7. Key Related Policies and Documents.....	11
8. Consultation Process.....	12

# Compliance Framework

## 1. Statement of Intent

### 1.1 Objectives of the Compliance Framework

- To promote a culture of compliance within Activ, highlighting its importance and connection to Activ’s values;
- To foster continuous improvement in compliance processes, ensuring obligations are always met by establishing monitoring and reporting mechanisms that will assist in identifying instances of non-compliance and tracking remedial actions;
- To maintain the reputation of Activ in the marketplace and to demonstrate its social and corporate responsibilities.

### 1.2 Basis of the Compliance Framework

The framework is structured with reference to Australian Standards AS 3806-2006 – Compliance Programs (AS 3806).

The key aspects of the framework are:

Commitment	A commitment by the Board and management to ensure effective compliance, alignment of compliance objectives with strategic business objectives, provision of appropriate resources, endorsement of the compliance program by the Board, and a process to identify and assess compliance obligations;
Implementation	Responsibility for compliance outcomes is articulated and assigned, competence and training needs are identified and addressed, behaviours that create and support compliance are encouraged while those that compromise compliance are not tolerated, and adequate controls are in place to manage the compliance obligations;
Monitoring and measuring	Compliance performance is monitored, measured and reported and is adequately documented and evidenced through practice;
Continual Improvement	The compliance program is regularly reviewed and continually improved.

### 1.3 Compliance Governance Structure

Activ’s compliance governance structure consists of:

- a) Activ’s Board
  - i. the Compliance Policy
  - ii. CEODP – CEO Delegations Policy

# Compliance Framework

- iii. Audit and Risk Committee
- b) Activ's Executive Team
  - i. This Compliance Framework
  - ii. Individual divisional compliance programs; and
- c) Supporting tools and processes, and
- d) Monitoring and reporting structures

## 2. Commitment

### 2.1 Commitment by the governing body and top management to effective compliance that permeates the whole organisation. (AS 3806 Principle 1)

The Board and senior management of Activ are committed to ensuring the organisation meets its compliance obligations.

Compliance is concerned with not only externally imposed laws, regulations, codes and standards, but also with internal organisation standards, codes of conduct and ethics, and adoption of industry best practice.

### 2.2 The compliance policy is aligned to the organisation's strategy and business objectives, and is endorsed by the governing body. (AS 3806 Principle 2)

Compliance and Safety are defined at the highest level within Activ (Activ's Strategy House) as "Must Haves". Where appropriate, key compliance objectives are incorporated into the planning process. As part of the planning process, a series of strategic initiatives have been developed which are designed to achieve Activ's strategic objectives as defined in Activ's Strategy House

### 2.3 Appropriate resources are allocated to develop, implement, maintain and improve the compliance program. (AS 3806 Principle 3)

Adequate resources will be provided to assist management in meeting their compliance obligations and these resources include as a minimum:

- a) The Audit and Assurance Team, within the Corporate Services division
- b) Access to legal counsel that can provide guidance on legislative matters that assists compliance with legislation, codes and standards
- a) Appropriate training to ensure understanding of, and compliance with, applicable laws, regulations, codes and organisational standards;
- b) Appropriate access to specialised external advice on compliance matters or for assistance with compliance procedures.

# Compliance Framework

## 2.4 The objectives and strategy of the compliance program are endorsed by the governing body and top management. (AS 3806 Principle 4)

The Compliance Policy and this Compliance Framework have been approved by the Board and endorsed by the Audit and Risk Committee and CEO.

## 2.5 Compliance obligations are identified and assessed (AS 3806 Principle 5)

Activ maintains a register of all external laws, regulations and codes that are applicable to the organisation. Managers assess the register, identifying all the Obligations applicable to Activ. The register is owned by the Audit and Assurance Team.

Obligations identified in the legal register are assessed via Activ's Risk Framework. The Framework is used to determine the:

- Inherent risk level of the obligation by considering the likelihood and consequence of the event occurring, in the absence of any controls; and
- Residual risk level of the obligation after considering the controls that have been put in place to mitigate the risk.

All risk profiles are subject to half yearly review by management and the Executive Team.

## 3. Implementation

### 3.1 Accountability and Responsibility for compliant outcomes is clearly articulated and assigned. (AS Principle 6)

#### Activ Board

The Board has ultimate responsibility for overseeing the performance of Activ, including effectively monitoring the organisations' compliance framework and controls.

#### CEO, Executive Team & Management

In general the CEO, Executive Team and Senior Management are responsible for:

- Promoting Activ's Compliance Framework and expectations for the management of compliance.
- Providing appropriate resources to manage compliance risks in accordance with the Compliance Framework
- Escalating risks, issues and opportunities in accordance with the Compliance Framework;

# Compliance Framework

- The design and implementation of cost effective compliance risk management and internal control systems to manage compliance risks, encourage efficiencies and take advantage of opportunities;
- Continuous monitoring of the effectiveness of compliance controls;
- Monitoring compliance, investigating breaches, material incidents or risks, recommending and/or approving improvement opportunities.

Managers are also accountable for ensuring activities in their departments are carried out in accordance with all applicable laws and regulations, identifying, in collaboration with the Audit and Assurance Team, where compliance obligations exist, and that a compliance program has been developed and implemented.

## Audit and Risk Committee (ARC)

In accordance with its terms of reference, one function of the ARC is to assist the Board in maintaining and overseeing a sound system of internal control based on the adoption of a risk-based approach to the identification, assessment, monitoring and management of risks that are significant to the achievement of Activ's business objectives.

More specifically, the ARC is required to:

- Review and monitor compliance systems; Review policies relating to compliance with laws and regulations and investigation of fraud;
- Review and monitor the internal processes for compliance with laws and regulations, contracts and all internal policies.

## Risk, Audit and Assurance

The Risk, Audit and Assurance Team's principal duties include:

- Promoting an ethical and positive compliance culture;
- Managing and monitoring compliance related matters associated with Activ's key policies and procedures;
- Providing and updating the relevant policies, procedures, tools and training to guide the behaviour of staff and employees and, where appropriate, contractors, agents and others in accordance with AS 3806;
- Supporting the business to identify changes to applicable laws, regulations or Acts so that updates can be effected within the Obligation Register
- Overseeing the processes for the management and resolution of compliance non-conformances including breaches and near misses.
- Reporting to the ARC any compliance breaches or compliance risks and related actions undertaken or proposed.

**Internal Audit**

Internal audit is an appraisal function established to provide assurance to the Board, the ARC and the Executive Team as to the adequacy and effectiveness of existing internal controls.

Internal Audit is responsible for:

- Developing, implementing and monitoring the progress of an annual audit plan;
- Providing an independent view on Activ's internal controls (adequacy, effectiveness, efficiency and timeliness);
- Issuing value add recommendations;
- Providing management with assurance that all major risks are identified and reported.

**Staff, employees and Contractors**

It is the responsibility of all Activ staff, employees and contractors to:

- Understand their role and take personal responsibility for compliance;
- Adhere to Activ's policies, procedures, work instructions and guidelines;
- Ensure that they have the relevant competencies and have attended the required training to perform their roles in accordance with management expectations.
- Look for opportunities to improve operational efficiencies and optimise compliance outcomes.
- Report to their immediate supervisor or line manager or any real or perceived breaches (incl. near misses) of regulatory obligations and Activ policies.

**3.2 Competence and training needs are identified and addressed to enable staff, employees and contractors to fulfil their compliance obligations. (AS 3806 Principle 7)**

Relevant and ongoing training in compliance is a core component of Activ's training program.

Compliance training is tailored to the position of each employee to ensure that training is provided on the relevant compliance obligations.

The RTO and Peoples Services teams will maintain records of all compliance training conducted by Activ staff and employees and relevant contractors.

The training process should commence with the staff member or employee's induction and utilise whatever methods are deemed appropriate to ensure staff

# Compliance Framework

and employees are aware of their compliance obligations and have the necessary understanding and tools to meet those obligations.

Once staff and employees have been inducted they may be required to attend specific compliance training in accordance with the compliance programs developed by Activ.

### 3.3 **Behaviours that create and support compliance are encouraged and behaviours that compromise compliance are not tolerated. (AS 3806 Principle 8)**

To drive the appropriate behaviour regarding compliance, Activ will ensure:

- All Activ staff, employees and Contractors have a clear understanding of what is meant by the phrase “Compliance” and the management thereof.
- All Activ staff, employees and Contractors have access to the required material and resources to understand what their role entails in regard to Compliance;
- A process is implemented to hold individuals accountable for their actions in the case of a breach.

### 3.4 **Controls are in place to manage the identified compliance obligations and achieve desired behaviours (AS 3806 Principle 9)**

Where feasible and practical, appropriate preventative and corrective controls will be implemented to mitigate the consequences of identified compliance risks. Some of the key controls implemented by Activ that provide a level of assurance of compliance are noted below.

#### **Compliance policies and procedures**

Written policies and procedures have been developed to enable Activ staff, employees and Contractors to meet all applicable compliance obligations in a consistent and standardised approach. Deviations can only be allowed in accordance with approved deviations identified within the document. Specific details and guidance to assist in meeting compliance obligations may be provided within specific compliance manuals or other documents.

Regular review of the policies and procedures is necessary to ensure that they are kept current and reflect any applicable changes in laws, regulations, codes or work practices. Senior Management, at its discretion, may develop additional specific compliance policies and procedures to manage distinct regulatory or internal compliance obligations.

# Compliance Framework

## Compliance Management Programs

Every Department with regulatory compliance obligations shall have a compliance program developed and implemented.

## 4. Monitoring & Measuring

### 4.1 Performance of the compliance program is monitored, measured and reported. (AS 3806 Principle 10)

#### Monitoring

Monitoring of compliance activities is required to confirm controls are in place and operating effectively; all compliance failures are identified, reported and actioned; and the appropriate level of compliance knowledge of employees and contractors is maintained to a high standard.

Various measures to monitor compliance are in place including management oversight, system reporting, and audits and reviews by internal and external parties.

#### Measurement

Activ uses a variety of methods to measure the level of compliance and risk of non-compliance with the key indicators being detailed below:

- Number and nature of incidents reported – incident reporting systems are maintained to facilitate the reporting of all suspected issues relating to compliance or risk by staff, employees and contractors. The number of incidents reported during a period is one means of measuring the level of compliance in Activ.
- Number and nature of breaches recorded and maintained to record all identified breaches of external legislation, codes and standards, and internal policy and processes. Breaches may be detected and reported by a variety of sources including general staff and employees, internal and external auditors, regulatory authorities and other parties.
- Number and nature of adverse internal audit findings – the Internal Audit Program includes a requirement to review the level of compliance with key legislation, codes and standards.
- Residual risk ratings of compliance risk – a risk database is maintained. Compliance risks are identified and assessed as to impact and mitigation the qualitative and quantitative residual risk to which Activ is exposed is assessed.
- Activ's complaints processes, for both internal and external individuals
- Staff surveys

## Reporting

The reporting of compliance issues is a key element of a robust compliance process and is required to suitably identify and record compliance failures and actions taken to rectify the failure. A summary of the reporting requirements are as follows:

- All compliance issues are to be directly recorded in the Breach Register. Issues identified as being regulatory compliance breaches should be identified as such. All material compliance issues will be collated by the Corporate Compliance Coordinator and reported on a quarterly basis to the ARC.
- Internal audit will undertake regular reviews of activity within operational areas of Activ in accordance with the Internal Audit Plan and risk assessment and those reviews may identify compliance risks, recommendations in relation to compliance controls and aspects of non-compliance.

### 4.2 The organisation is able to demonstrate its compliance program through both documentation and practice. (AS 3806 Principle 11)

Activ's compliance program is documented using a variety of reference materials, including:

- The Compliance Policy – AQuA 2085;
- The Compliance Framework – AQuA 2084;
- The Incident Reporting System;
- Activ Compliance Obligations Register, including legislation;
- Results of reviews and audits on compliance obligations and actions taken.

## 5. Continual Improvement

### 5.1 The compliance program is regularly reviewed and continually improved. (AS 3806 Principle 12)

The compliance program is to be continuously reviewed, and improved where practicable, to meet current best practice standards, to standardise and simplify compliance procedures and to meet changes in current laws, regulations or codes, or to meet expectations for proposed future compliance issues.

### 5.2 Compliance and Internal Audit

The Internal Audit Team will perform a key role in the risk management process through:

# Compliance Framework

Controlled Document

- Reviewing the qualitative and quantitative assessment of identified risks, consequences and controls, and providing recommendations as considered necessary for modifications to those assessments based on the results of related audit reviews;
- Providing information on potential or existing risks that have not been previously identified and assessed;
- Provision of advice on additional internal controls, or variations to existing controls, that might be appropriate to lower residual risk;
- Undertaking an independent risk assessment and examining the risk information from Activ’s risk database, to assist in formulating the annual Internal Audit Plan.

## 6. Definitions

**AS-3806** – Australian Standard 3806-2006: Compliance Programs

**Accountability** – the obligation of an individual to account for their activities, accept absolute responsibility for them, and to disclose the results in a transparent manner.

**Compliance Breach** – an act or omission by Activ resulting in a failure by Activ to meet its compliance obligations.

**Compliance Obligation** – a requirement under legislation with which Activ must comply.

**Compliance Obligations Register** – the register of compliance obligations which Activ must, or chooses to, comply.

**Contractor** – an individual who is employed directly by Activ for a defined term. This term differs from third party contractors.

## 7. Key Related Policies and Documents

- CEO Delegations Policy (AQuA: 2010)
- Board Charter (AQuA: 2022)
- Audit and Risk Committee Terms of Reference (AQuA: 985)
- RCAA Policy (AQuA: 304)
- RCAA Framework (AQuA: 431)
- Compliance Policy (AQuA: 2085)
- Corporate Governance Statement (AQuA: 2411)

# Compliance Framework

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Controlled Document

## 8. Consultation Process

- Executive Officer
- Audit and Assurance Manager
- Executive Team
- Audit & Risk Committee
- Activ Board