Compliance Policy

POL 37/2020

Reference Document	ISO 19600: 2014 Compliance Management Systems Guidelines
Commencement Date	27th January 2020
Review Date	The review date is 12 months after the commencement date and every three years after that. Next Review – January 2023

POLICY STATEMENT

1 Intent

As part of the journey to excellence, the Office of the Auditor General (OAG) intends to have a policy to nurture compliance culture. This would lead to good governance practices and nurture a compliance culture. OAG's culture of integrity and compliance, is not only the foundation but also an opportunity for a sustainable and successful organisation. This policy is a reflection of OAG's commitment to observe consistency with high ethical and professional standards. The policy is applicable to all activities conducted by OAG.

2 Scope

This policy sets out OAG's general approach to the regulatory and compliance framework. This policy applies to all facets of the office business process including all staff.

The policy is inclusive of vendors, suppliers and contractors as well.

3 Objective(s)

This fundamental objective is to establish an effective and robust OAG wide compliance management system.

The OAG's compliance policy and management system supports OAG to:

- Conduct and activities in a lawful and responsible way to protect the reputation and credibility of the audit office
- Understand OAG's exposure to compliance risks
- Develop, implement and monitor internal controls to manage compliance risks
- Assign responsibility to meet specific compliance obligations
- Assess and improve compliance performance.

4 Policy maker(s) and Management

Policy Maker	Auditor-General
Management	Approval of Management Committee

5 Keywords

Compliance Culture

Compliance Risk

6 Legislative Framework

The compliance policy is to conform to all regulatory, legislations, policy and process requirements as stated in various policies, manuals and guidelines of the Office of the Auditor General.

7 Supporting Procedures and Guidelines

The guidelines to this policy are attached as Annexure I to this policy. This information will provide the background to the development of the policy should Officers need clarification.

RESPONSIBILITIES	
Implementation	The Risk and Compliance Officer
Compliance	All staff are responsible for complying with the policy.
Monitoring and Evaluation Unit	The Risk and Compliance Unit is responsible for monitoring and evaluating the policy.
Implementation /Monitoring Designation	The Assistant Auditors – General and Deputy Auditor General are responsible for ensuring implementation of the policy.
Development and/or Review	The Risk and Compliance Officer will be responsible for developing and/or reviewing the policy.
Interpretation and Advice	The Deputy Auditor-General is responsible for interpreting and advice on the policy.

8 Definitions and Acronyms

Compliance
is adherence to all the organisation’s compliance obligations. This is inclusive if laws, regulations, central agency directives, industry and organisational codes and standards, principles of good governance, requirements for specific certifications, acceptable community and ethical standards and organisation’s policies and frameworks.

Compliance Culture
Values, ethics and beliefs that exist throughout an organisation and interact with the organisation’s structures and control systems to produce behavioral norms that are conducive to compliance outcomes.

Compliance obligation
Compliance requirement or compliance commitment

Compliance requirement
Requirement that an organisation has to comply with

Compliance Commitment
Requirement that an organisation chooses to comply with

Non compliance
Non – fulfillment of a compliance policy

Compliance Risk
Effect of uncertainty on compliance objectives. Characterized by the likelihood of occurrence And the consequence of noncompliance.

Risk Management Process
Systematic application of management policies, procedures and practices to the tasks of communication, establishing the context and identifying, analyzing, evaluating, treating and monitoring together with reviewing risk.

Compliance Risk Register

Is a list of OAG's Key compliance obligations. Each obligation is risk assessed and is assigned a responsible manager to ensure compliance to the obligation. The risk assessment is conducted in accordance with OAG Risk Management Policy.

Policy Register

Is a tool which provides OAG view of policies and procedures including policy owners and policy review dates and is valuable for decision making.

Staff

All personnel working on behalf of OAG regardless of contractual terms and conditions; that is full time, part time or contractual arrangements.

EMC

Executive Management Committee

FAG

Financial Audit Group

9 Compliance Management system

9.1 Implementation

OAG is committed to adopting a risk - based approach in implementing its compliance management system by conducting regular compliance risk assessments. A risk- based approach would ensure alignment with OAG's objectives. This means that the Audit Office has to decide upon which requirements, needs and expectations of its stakeholders are to be considered as obligations for OAG and that will be complied with.

Ideally, OAG would prefer establishing zero tolerance approach from a compliance perspective; as introduction of such terms creates an appropriate mindset across the Audit Office.

The risk of non- compliance will be monitored and effective internal controls put in place to reduce compliance risk to a tolerable level.

Staff will receive appropriate communication and trainings to meet their compliance responsibilities within the scope of their roles.

Specific mechanisms have been embraced by OAG to promote and assist in initiation and adherence by all staff with the compliance management system.

The Compliance Management System at OAG incorporates the following components:

- Management of compliance obligations integrated into standard management, risk management and accountability process
- Provision of necessary education, training and advise on compliance related matters
- Monitoring and reporting mechanisms and the provision of a compliant reporting resolution process, and
- Promotion of continuous improvement in compliance process

The Compliance Management System comprises:

- OAG's Compliance Risk Register guided by OAG's Risk Management Policy
- OAG's Policy Register
- A register for OAG wide authorities and delegations
- A register for all key external legislative and compliance obligations
- Annual verification of compliance with Audit Office policies through management sign off and Code of Conduct
- An embedded compliance culture led by senior management that is; The Auditor General, the FAG Directors and The Manager Corporate Services and Manager IT being committed, proactive, visible, consistent and promotes self-awareness.
- Procurement and Contract Management Policy and Finance Manual that identifies and assigns responsibility for obligations in new and existing contracts
- Non - compliance will be addressed accordingly through existing operational risk management processes, with reporting to EMC as appropriate. Remedial action will also be determined in the context of usual management processes. All serious cases of non – compliance should be raised immediately with Directors, Manager Corporate Services and Deputy Auditor General for attention and subsequently reported to Risk and Compliance Officer.
- Training and awareness program through Code of Conduct training or training programme, staff communication of change to or new obligations, and targeted staff training to ensure they meet obligations within the scope of their roles.

9.2 Monitoring and Evaluation

At OAG monitoring and evaluation of key activities would be performed in the following manner:

- Identify new or changes to existing compliance obligations through notifications from respective stakeholders and review of the compliance risk register by the Risk and Compliance Officer

- Through conducting of regular compliance risk assessments inclusive of identification of new or emerging compliance risks and assessing the effectiveness to and identifying gaps in existing controls confirming that Auditor General report recommendations applicable to the Audit Office are applied and enforced.
- Reviewing and monitoring compliance activities designed to meet compliance obligations within the scope of the reviewer's role. The reviewer's, in this instance refers to the respective leads at OAG who are the owners of the core activities. Ideally, Head of IT, Finance, People Management and Operations, Audit Managers, System Administrator and Network Administrator, Assistant Auditors - General and Deputy Auditor General.
- For each obligation identified within the register of key external legislation obligations, a senior responsible executive will be appointed. The responsible executive will be considered the owner for compliance with that particular obligation and is responsible for providing guidance and support to all staff in meeting the obligation, ensuring relevant contractual agreements meet compliance requirements, liaising with external parties as appropriate and ensuring that obligations are monitored and met throughout the audit office.
- Responsible senior executives are required to monitor their compliance obligations and to annually certify the OAG's compliance with each obligation for which they are accountable. This certification will include reports on any instances of compliance failure and the remedial action taken. Non – compliance issues of a confidential or sensitive nature can be reported directly to the Auditor General
- Annual verification of compliance with OAG policies through management sign off and Code of Conduct
- Conducting internal audits of compliance management system and compliance to specific legislation and Audit Office policies.
- Carrying out internal self-assessment and external independent reviews; which is to be undertaken by activity Assistant Auditors - General, Audit Managers, IT Manager and Head of IT, Finance, People Management and Operations.
- Non-compliance will be addressed accordingly through existing operational risk management processes, with reporting to EMC as appropriate. Remedial action will also be determined in the context of usual management processes. All serious cases of non – compliance should be raised immediately with Assistant Auditors - General, Head of IT, Finance, People Management and Operations and Deputy Auditor General for attention and subsequently reported to Risk and Compliance Officer.
- Reporting of review results to EMC.

9.3 Continuous Improvement and escalation

Promotion of continuous improvement in the compliance management process can be achieved through:

- Staff highlighting to management circumstances where they consider obligations are non- compliant.
- Feedback assessments provided by The Assistant Auditors-General, Audit Managers, System Administrator and Network Administrator and Head of IT, Finance, People Management and Operations.
- Assistant Auditors - General, System Administrator and Network Administrator and Head of IT, Finance, People Management and Operations implementing required corrective actions upon identification of non – compliance.

- Regular review of compliance procedures to identify areas of improvement by Managers
- Escalation of issues to The Auditor General, Deputy Auditor General, Assistant Auditors – General, Head of IT, Finance, People Management and Operations, System Administrator and Network Administrator and Risk & Compliance Officer in a timely manner using line of communication or delegation authority

9.4 Roles and Responsibilities

The **Auditor General** responsible for the Audit Office's compliance management system and to ensure adequate resources are allocated to meet compliance obligations.

The **Executive Management and Middle Management** are expected to promote a compliance culture. Primary responsibilities being:

- Monitoring compliance assessment with the relevant codes, practices, laws and direction.
- Endorsement of policies as detailed in policy register and monitoring that they are periodically reviewed and updated.

The **Policy Development and Review Committee** independently reviews the Audit Office's compliance management system. The committee reviews and evaluates whether:

- Management has appropriately considered the legal and compliance aspects from a risk and or management perspective
- the effectiveness of the system for monitoring of the Audit Office's compliance framework as far as the governing legal and regulatory framework is concerned is effective.
- The Compliance Policy and Code of Conduct contributes to risk management processes within the audit office.

The **Head of IT, Finance, People Management and Operations** is responsible for:

- Ensuring necessary compliance and mitigation plans are in place to ensure compliance to the Audit Office's obligations
- Supporting continuous improvement of the compliance management system.

The **Risk and Compliance Officer** oversees compliance functionality through:

- Managing six monthly compliance risk assessments and updating the Compliance Risk Register for changed or new obligations
- Reporting to the Executive Management committee on the effectiveness of the compliance management system.
- Planning and performing internal audit program to test and support continuous improvement initiative and review of compliance in specific areas
- Providing guidance to staff on the compliance management system

Audit Managers and Senior Auditors/Officers are tasked with the responsibility to ensure adherence with compliance obligations within the respective teams and within their area of responsibility. Accountabilities include:

- Promotion of compliance culture to meet compliance obligation by providing support, communication and training where necessary
- Identifying, understanding and responding to new compliance obligations

- Monitoring of current compliance obligations
- Ensuring controls designed, implemented and adhered to ensure minimal risk of non – compliance
- Investigation and responding to incidents of non – compliance
- Escalation of any unresolved issues as and when they arise
- Report on compliance results as part of the management Internal Control and bi-annual review of the Compliance Risk Register

All Staff must ensure compliance with relevant legislative obligations within the scope of their specific roles. They are also responsible for reporting to their managers of scenarios where obligations are in non – compliance.

9 Who to Contact About this Policy

Any queries are directed to Deputy Auditor-General.

10 Review

This policy will be reviewed 12 months after implementation and every 3 years after that.

11 Approval

The Compliance policy becomes effective on the date approved by the Management Committee.

11 Revision/Change Log

Version 2 .0	
Policy endorsed by:	Executive Management Committee
Policy approved by:	Auditor-General
Policy effective from:	27th January 2020
Policy to be reviewed by:	27th January 2022
Manager responsible for policy:	Head of IT, Finance, People Management and Operations

Version 1.0	
Policy endorsed by:	Executive Management Committee
Policy approved by:	Auditor-General
Policy effective from:	27th January 2020
Policy to be reviewed by:	27th January 2021
Manager responsible for policy:	Manager Corporate Services