

Compliance Management Policy

Team/Directorate	Assurance and Risk
Approved/Adopted by	Council
Effective date	
Next review	

1 PURPOSE

The purpose of this Compliance Management Policy (the Policy) is to:

- detail the mandatory obligations in relation to compliance management at Queenstown Lakes District Council's (QLDC)
- outline the responsibilities that are associated with compliance management governance, obligation ownership and control implementation in accordance with QLDC's Three Lines Model (as detailed in QLDC's [RISK Management Policy](#)).
- define the guiding principles that support and embed the development of an effective and sustainable compliance management culture within QLDC
- describe the process that QLDC has adopted for the effective identification and recording of obligations
- outline the responsibilities for compliance obligation identification, compliance planning and compliance control implementation
- provide direction on the processes for the identification and management of obligations in a planned and coordinated manner
- define the reporting and monitoring requirements that help ensure that compliance management is effectively supported and controlled across the organisation
- help improve performance and add public value

2 OVERVIEW

Council is committed to fulfilling its legal and statutory obligations and implementing an efficient and effective compliance management framework.

This policy sets out mandatory requirements for compliance management. The Council is committed to keeping its compliance management framework relevant and applicable to all areas of operation by using the ISO 37301:2021 'Compliance Management Systems' (and where relevant, NZS/AS 3806:2006 Compliance Programmes) as its basis.

Compliance Management Policy

For compliance management to be effective it must be an integral part of the development of organisational strategy and day-to-day operations. The Policy outlines mandatory obligations to protect the continuity of core business activities by ensuring effective governance, obligations management, and internal control implementation, maintenance and review. By implementing consistent systems and practices the Council will have **assurance** regarding QLDC's compliance management framework, enabling the achievement of Council's vision, values and strategies. This model delineates responsibilities across three distinct lines of **assurance**, enhancing accountability and transparency in managing compliance obligations, prioritising control activities based on **risk**.

3 DEFINITIONS

TERM	DEFINITION:
<i>Italics</i>	Terms in bold italics in this Policy are defined in the Risk Management Policy
Compliance	Meetings (all) QLDC's Compliance Obligations
Compliance obligations	Requirements that QLDC mandatorily must comply with (via statute or consent/permit or other authority) as well as those that QLDC voluntarily chooses (commits) to comply with
Compliance Programme	A series of activities that when combined are intended to achieve compliance
Control	Measure that maintains and/or modifies a risk of non-compliance
Council	The Queenstown Lakes District Council (the Elected Members).
External mandatory obligations	Obligations imposed by statute and/or by a regulator or other authority, including, but not limited to legislation, regulations, consents, authorities and permits
External voluntary obligations	Obligations that are voluntary, but when adopted, place an obligation on QLDC. External voluntary obligations are those that QLDC has chosen to comply with (adopted), including but not limited to codes and standards
Internal mandatory obligations	Obligations that are imposed by QLDC management, including, but not limited to, Policies, systems, processes and procedures where designated mandatory (e.g. shall/must provisions)
Non-compliance	Non-fulfilment of compliance obligations
QLDC	Queenstown Lakes District Council (including Elected Members and staff, unless otherwise noted).

TERM	DEFINITION:
	Definitions here are taken from relevant standards, these standards include ISO37301:2021 and NZS/AS3806:2006 (as appropriate), with minor amendments as necessary to reference QLDC, or for consistency with Risk Management Policy Definitions.

4 SCOPE

This policy applies to the following (as provided for in Section 5 Compliance Management Responsibilities):

- QLDC employees
- Elected members
- Any person engaged or contracted under a contract for services to do work with QLDC
- Contractors (including subcontractors)
- Any person who is engaged as a volunteer by QLDC.

This Policy applies to the following types of obligations:

- External mandatory
- External voluntary; and
- Internal mandatory obligations

5 COMPLIANCE MANAGEMENT RESPONSIBILITIES

	Roles and Responsibilities
The Council	<ul style="list-style-type: none"> • Adopts the QLDC Compliance Management Policy • Accepts accountability to stakeholders for oversight of QLDC's compliance commitments • Nurtures a culture promoting ethical behaviour and accountability • Delegates compliance governance oversight to the Audit, Finance & Risk Committee as appropriate • Delegates responsibility and provides resources to management for achieving the objectives of the organisation • Exercises oversight of compliance management
Audit, Finance and Risk Committee (AFRC)	<ul style="list-style-type: none"> • Assists the Council in discharging its responsibilities for the robustness of compliance management systems, processes and practices • Reviews whether management has in place a current and appropriate compliance management framework and associated procedures for effective identification and management of the Council's compliance obligations • Reviews whether a sound and effective approach has been followed in developing compliance control plans for major projects, undertakings and other significant compliance risks • At least annually assesses the effectiveness of the implementation of the compliance management framework/control plans • Recommends the Risk Management Policy to Council for adoption

	Roles and Responsibilities
Chief Executive	<ul style="list-style-type: none"> • Maintains primary accountability to Council for compliance management activities • Provides adequate resources to enable the effective implementation of the Compliance Management Framework • Maintains situational awareness of the organisational compliance context • Promotes a culture of compliance including communication of ongoing commitment
Internal Assurance Lead	<ul style="list-style-type: none"> • Undertakes audit of compliance management activities, registers and control planning in accordance with the Internal Audit Programme and Risk Management Policy.
Executive Leadership Team	<ul style="list-style-type: none"> • Reviews and recommends the QLDC Compliance Management Policy for adoption • Maintains situational awareness of the organisational compliance context • Reviews obligations register and allocates adequate resources to control implementation and maintenance based on risk • Directs the periodic review of controls, to determine control effectiveness (targeted control effectiveness testing based on risk) • Receives compliance reports and provides direction in relation to control planning, effectiveness and prioritisation • Considers reports on the status of policy reviews and allocates resources as necessary to ensure policies are up-to-date and aligned with external obligations • Provides assurance that compliance obligations are being appropriately managed
Assurance & Risk Organisation Unit (Assurance & Risk Team)	<ul style="list-style-type: none"> • Develops and maintains the QLDC Compliance Management Policy • Develop and maintains the Obligations Register • Provides regular updates in relation to external mandatory obligations provided by legislation and regulations • Reviews and reports on the status of policy reviews (tracks due and overdue Policy reviews) • Consults with policy owners on the oversight of compliance performance to identify and implement actions to provide assurance • Coordinates periodic review cycles for compliance obligations and control planning • Undertakes periodic review of controls, to determine control effectiveness (targeted control effectiveness testing based on risk) • Champions the deployment of change management initiatives to support the development of an improved compliance management culture within the organisation • Provides systems, processes, expertise, support, monitoring and challenge to support the effective management of obligations • Holds quarterly compliance workshops with Organisation Unit Management to review compliance obligations and associated control plans • Provide advice and guidance regarding the response/learning from compliance incidents

	Roles and Responsibilities
General Managers	<ul style="list-style-type: none"> Identifies and records external mandatory obligations provided by consents, authorities and permits Reviews Compliance Obligations Register and allocates adequate resources to control implementation and maintenance based on risk Reviews and provides oversight of Obligations Register Establishes business process controls to meet Obligations Escalates 'High Risk' of non-compliance to Executive Leadership Team Provides expertise, support, monitoring, and challenge related to the management of obligations, including: <ul style="list-style-type: none"> the development, implementation, and continuous improvement of compliance management practices (including internal controls) the achievement of compliance management objectives, such as: compliance with laws, regulations, and acceptable ethical behaviour; internal controls, information and technology security, sustainability, and quality assurance. Provides analysis and reports on the adequacy and effectiveness of compliance management (including internal controls).
Policy Owners	<ul style="list-style-type: none"> Reviews policies (supported by the Policy Team as necessary) prior to Policy Review date expiration On Policy review, identifies and records policy obligations (internal mandatory obligations) in accordance with the Obligations Management Register (mandatory by end December 2027) Supports Directorates to establish business process controls to meet Policy obligations Consults with the Assurance & Risk Team, on the oversight of compliance performance to identify and implement actions to improve assurance, and the implementation of policy compliance training and education programmes
All staff, contractors and volunteers	<ul style="list-style-type: none"> Knows and understands all the relevant business processes that apply to their role and then complies with them Seeks guidance from their manager where uncertain about their responsibilities in relation to QLDC's compliance requirements Completes all relevant compliance training within the required timeframe Implements and records controls to ensure compliance with obligations, and monitors control effectiveness.

6 COMPLIANCE MANAGEMENT PRINCIPLES AND PROCESS

6.1 PRINCIPLES

The QLDC Compliance Management Policy is aligned with the principles and processes described within ISO 37301:2021 Compliance Management Systems- Requirements with Guidance for Use:

- Integrity-** we commit to integrating compliance management system requirements into our business processes, to ensure that we meet our compliance obligations
- Good Governance-** we commit to the implementation and maintenance of a '[three lines model](#)' of **assurance** to provide **assurance** regarding our compliance performance
- Proportionality-** we commit to customising our compliance management policy to reflect the context and **risk** profile in which we operate
- Transparency-** we commit to being open about our compliance management performance and ensuring that our compliance management maturity develops based on our shared experiences; we learn from each other

- **Accountability** we commit to owning our compliance obligations, identifying and understanding requirements and taking responsibility for ensuring compliance
- **Sustainability**-we commit to a **risk-based** approach to compliance obligations, with a continual focus on improvement of our compliance management framework to ensure it is tailored to reflect business needs

6.2 PROCESS

The following diagram, adapted from ISO37301, describes the structure of the QLDC compliance management process. This process represents a best practice approach to ensuring that effective compliance outcomes are achieved and is based on the Demming Cycle, 'a systematic process for gaining valuable learning and knowledge for the continual improvement of a process' (the Deming Institute).

Figure 1: Adapted Compliance Management Process based on ISO37301:2021 (as amended)



6.3 CONTEXT

The compliance context relates to the profile of the internal and external environment within which the organisation operates and the goals, plans, objectives and strategies which the organisation wishes to achieve. The more clearly this context is understood, the more effective and accurate the compliance management outcomes will be.

The internal and external context can be described as follows:

- **Internal context** is the internal environment in which the Council operates, including organisational structure, strategic plans, policies, roles, accountabilities, delegations, capabilities, capacity, information systems, interdependencies and interconnections, and culture
- **External context** covers the external environment which can include political, economic, social, technological, legal and environmental factors

QLDC must determine the internal and external issues that are relevant to its community outcomes, that affects its ability to achieve the intended result(s) of its compliance management system. For QLDC this context involves the challenges of keeping pace with the dynamic level of growth within the district without comprising our community outcomes, which are supported by our wellbeing outcomes framework and delivered everyday through our core activities and through additional focus on our strategic investment priorities. In order to deliver community outcomes, some degree of risk must be accepted, if not promoted, across the organisation, and this will be reflected in the decision to adopt, or not implement external voluntary obligations or internal obligations through the implementation of policies. **QLDC is committed to complying with its external mandatory obligations, and to identifying and responding appropriately to non-compliances where necessary.**

6.4 IDENTIFY OBLIGATIONS

The following sections describe the roles responsibilities and process for identifying compliance obligations by type.

External Mandatory

It is the responsibility of the Assurance and Risk Team to identify and record external mandatory obligations provided by legislation, regulations and bylaws. Where they are relevant to QLDC, the Assurance and Risk Team must record external mandatory obligations provided by legislation and regulations in the [Obligations Register](#), working with the business to identify which Organisation Unit(s) the application applies to and for what associated activities the obligation applies. The Assurance and Risk Team will initially allocate obligation ownership to the relevant Tier 3 Manager. For each Directorate, it is the responsibility of the relevant General Manager to provide any updates or necessary changes to mandatory obligations affecting their Directorate, including applicability and ownership, when they become aware of any associated changes in requirements.

It is the responsibility of the relevant General Manager to identify and record external mandatory obligations provided by external mandatory obligations relating to consents, authorities and permits. General Managers must ensure that external mandatory obligations provided by consents, authorities and permits are recorded in the Obligations register, or an alternative obligations register (or system) approved by the Assurance and Risk Team. The General Manager must allocate the relevant obligation in the Obligations Register to an appropriate Obligation Owner, who will have responsibility for completing all other information regarding the obligation, as required by the Obligations Register.

External Voluntary

It is the responsibility of the relevant General Manager to identify and record external voluntary obligations. General Managers must ensure that external voluntary obligations are recorded in the Obligations Register, or an alternative obligations register (or system) approved by the Assurance and Risk Team. The General Manager must allocate the relevant obligation in the Obligations Register to an appropriate Obligation Owner, who will have responsibility for completing all other information regarding the obligation, as required by the Obligations Register.

Internal Mandatory

It is the responsibility of the Assurance and Risk Team to maintain the ECM Policies Index. General Managers must ensure that any Policy owned by their Directorate is reviewed, replaced, revoked and/or superseded by the relevant review date (as determined by the Policy). It is standard practice for policies to be reviewed at least every three years.

It is the responsibility of General Managers, to ensure that internal mandatory obligations imposed by policies, systems, processes and procedures owned by their Directorate are recorded in the Obligations Register by the end of December 2027.

6.5 CONTROL PLANNING AND IMPLEMENTATION

The Obligation Owner is accountable for the overall management of an obligation, including the analysis, evaluation, control planning, control implementation, and monitoring.

The Obligation Owner must have the appropriate level of delegated authority that allows them to effectively manage both the obligation and the required controls. For obligations where significant control expenditure will be required (e.g. additional control assets) the financial delegations register may be consulted as a guide to assist with the allocation of obligation ownership.

The purpose of controls is to identify and implement a set of response actions that will drive a reduction in the **residual risk** of non-compliance.

Obligation Ownership will be allocated based on the following:

- Directorate: the obligation will be assigned to the directorate that will have primary responsibility for control management
- Organisation Level: the obligation will be assigned at a management level that is commensurate with the level of **Risk** and the level of delegated financial authority that will likely be required to approve any control expenditure and resource allocation

The Obligation Owner must plan, implement and control the processes needed to meet requirements, and to implement control actions that:

- Provide **assurance** that the controls implemented can achieve intended objectives (compliance)
- Prevent, or reduce, undesired effects in accordance with QLDC's **risk appetite** model, as outlined in the [Risk Management Policy](#)
- Achieve continual improvement

Control Planning must consider the **risk** of non-compliance in accordance with the [Risk Management Policy](#) and Control Plans must include the following:

- The objective of the control plan
- The status of controls
- Compliance **risks** (**inherent** and **residual risk** rating in accordance with the [Risk Management Policy](#))
- **Risk Register** references

- Approval of Control plan (based on 'Table 3: Mandatory Requirements relating to risk ownership and **Operational Risk** reporting' of the [Risk Management Policy](#))
- Proposed training and communication of controls, and associated roles and responsibilities

6.6 MONITORING AND REVIEW

All non-compliance with external mandatory obligations will be reported quarterly to the Executive Leadership Team and AFRC. A summary of material non-compliance will be reported 6-monthly via the QLDC Quarterly Report.

Compliance activities, control implementation and **risk** of non-compliance will be reviewed quarterly during regular workshops between Tier3 Managers and the Assurance & Risk Team.

The Assurance & Risk Team will undertake control effectiveness testing, based on **risk**.

6.7 RAISING CONCERNS

In general, normal management reporting lines will be appropriate for reporting a concern regarding noncompliance, or potential non-compliance with obligations. In most instances a satisfactory outcome will be achieved by reporting the alleged non-compliance, or potential non-compliance with the appropriate Manager, General Manager or Assurance and Risk Manager. For volunteers, the Council's contact point should be used for raising a concern.

QLDC's [Protected Disclosures \(Protection of Whistleblowers\) Policy](#) outlines the procedures for disclosing alleged serious wrongdoing.