

# VCGLR Corporate Governance Framework <sup>Version 3.0</sup>

## 1 Introduction

The Victorian Commission for Gambling and Liquor Regulation (VCGLR) is the independent statutory authority that administers Victoria’s liquor and gambling laws. The VCGLR is responsible for liquor and gambling licensing and undertakes compliance activities to prevent and detect breaches. The VCGLR also informs and educates industry and the public about regulatory practices and requirements.

## 2 Purpose

The VCGLR Corporate Governance Framework [the Framework] is designed to provide a sound basis for decision making, to define mechanisms for accountability and to support the achievement of organisational goals.

## 3 Corporate governance overview

The VCGLR is managed in a transparent, accountable and responsible way through effective corporate governance which is defined as how the Commission manages the performance of its functions and operations. The following diagram shows how the Framework’s principles and practices enable the Commission to achieve good governance.

**Figure 1 VCGLR Governance Framework**



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## 4 Corporate governance principles

The *Public Administration Act 2004* (PA Act) and the Code of Conduct for Victorian Public Sector Employees 2015 (VPS Code of Conduct) provide the basis for the corporate governance principles of the VCGLR. It is the responsibility of all VCGLR employees to ensure that their conduct demonstrates:

- **responsiveness** by providing frank, impartial and timely advice to the Government and high quality services to the Victorian community and identifying and promoting best practice
- **integrity** by being honest, open and transparent in their dealings, using powers responsibly, reporting improper conduct, avoiding any real or apparent conflicts of interest and striving to earn and sustain public trust of a high level
- **impartiality** by making decisions and providing advice on merit and without bias, caprice, favouritism or self-interest, acting fairly by objectively considering all relevant facts and fair criteria and implementing Government policies and programs equitably
- **accountability** by working to clear objectives in a transparent manner, accepting responsibility for their decisions and actions, seeking to achieve best use of resources and submitting themselves to appropriate scrutiny
- **respect** for colleagues, other public officials and members of the Victorian community by treating them fairly and objectively, ensuring freedom from discrimination, harassment and bullying and using their views to improve outcomes on an ongoing basis
- **leadership** by actively implementing, promoting and supporting these values
- **commitment to human rights** by providing advice consistent with the Charter of Human Rights and Responsibilities and actively implementing, promoting and supporting human rights.

## 5 Governance practices

The corporate governance principles of the VCGLR are delivered by the following key corporate governance practices:

- accountable management
- ethical decision making
- productive stakeholder engagement
- proficient planning, delivery and robust performance management
- effective management of risk and opportunity
- embedded compliance and internal controls
- responsible information management.

## 6 Governance practices implementation

Governance practices are implemented through a comprehensive set of frameworks and the governance structure.

### 6.1 Accountable management

The VCGLR is a statutory authority within the Department of Justice and Regulation (DJR) portfolio. It is managed under the provisions of the *Public Administration Act 2004* and the *Victorian Commission for Gambling and Liquor Regulation Act 2011*.

#### Charters

Roles and responsibilities are clearly defined in a set of charters for the Commission and its Committees, Internal Audit and the Executive.

#### Delegations

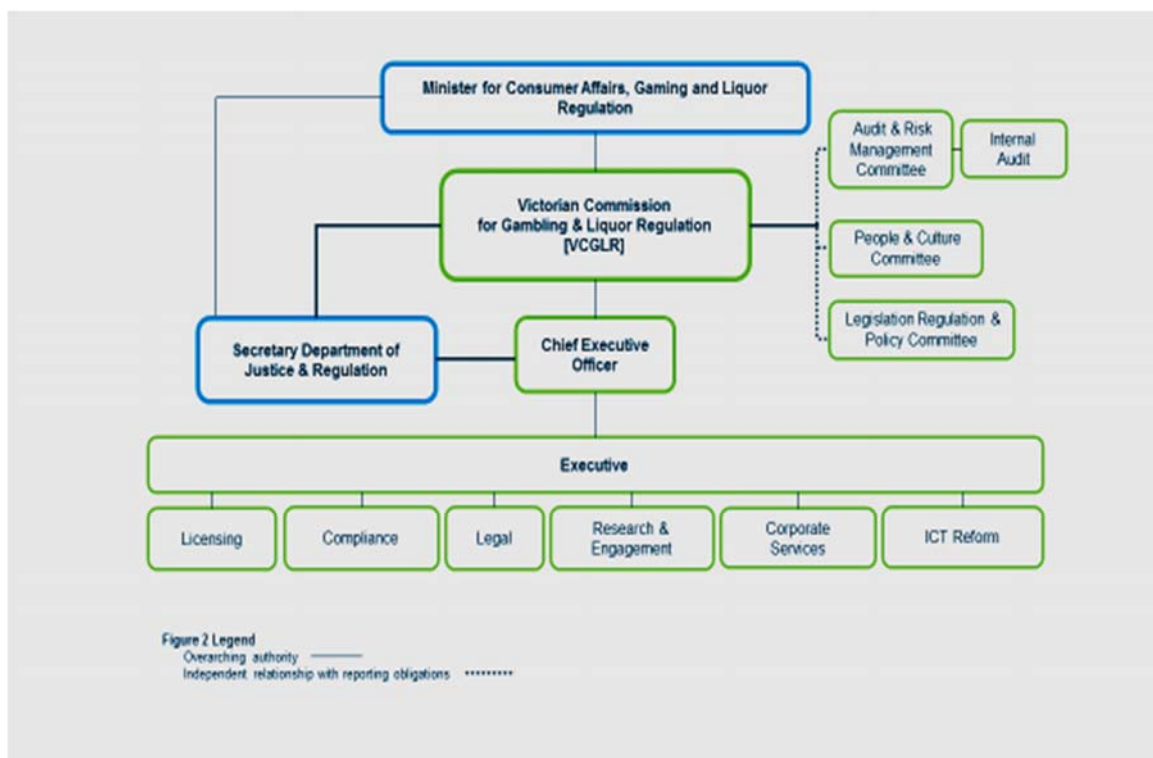
The Commission exercises its powers under its establishing legislation, through delegations of some its powers, duties and functions to a single Commissioner or group of Commissioners. The Commission also delegates operational approvals under gambling and liquor regulation to various positions within the organisation.

The Commission establishes and maintains authorisations covering the creation of financial obligations.

The VCGLR Chair has employment powers conferred on him/her by enabling legislations and makes employment delegations to particular positions within the organisation. Registers and instruments which document these delegations are reviewed at least annually.

#### Governance Structure

The following figure details the VCGLR Governance Structure.



- **Portfolio Minister** The Commission is accountable to the Minister who in turn is responsible to the Parliament for how the VCGLR exercises its functions. The Commission is obliged to

comply with the lawful directions of the Minister as well as the Minister for Finance and the Premier and provide to the Minister all requested information (unless prohibited by law), of any major risks to effective operations or conflict of interest breaches by Commissioners.

- **Secretary DJR** The Department has an advisory role to the Minister including advising on the performance of portfolio agencies. Liaison with the Secretary on significant policy, operational and administrative matters is usually conducted by the CEO. However the Chair, on behalf of the Commission, also liaises directly or leads discussions.
- **Commission** The role of the Commissioners involves statutory decision making under gambling and liquor laws. The Commission also performs the functions of a 'board' of a public sector body and is accountable to the Minister for the VCGLR's overall strategy, governance and performance.
- **Commission Committees** The Commission is supported in its role by a number of advisory Committees which report directly to it. They are the:
  - **Audit and Risk Management (ARM) Committee** established in accordance with the 2016 Directions. The Committee assists the Commission in reviewing the effectiveness of financial management, internal and external audit activities, risk management, compliance requirements and the effectiveness of the internal control environment. The VCGLR maintains an independent and outsourced **Internal Audit** function which is accountable to the ARM Committee.
  - **People and Culture (P&C) Committee** advises the Commission on the development of P&C practices that are legally compliant, aligned with the VCGLR strategic priorities and assists the Chair in his role as the public service body head.
  - **Legislation, Regulation and Policy (LRP) Committee** advises the Commission on legislation, regulation and policy matters to assist the Commission to effectively fulfil its regulatory obligations and improve the way it regulates.
- **Chief Executive Officer (CEO)** The role of the CEO is to manage the day to day activities of the VCGLR and to be responsible to the Commission for overall performance.
- **Executive** The Commission delegates general responsibility for the operations and management of the VCGLR to the CEO and the Executive. They are accountable to the Commission and fulfil this responsibility through the provision of reports, briefings and presentations to the Commission on a regular basis.

## Organisational structure

The VCGLR undertakes regular reviews of its organisational structure to ensure that it is aligned with its strategic priorities. The organisational chart has clear reporting lines and is supported with position descriptions which are reviewed annually.

## 6.2 Ethical decision making

As the VCGLR is responsible for ensuring high standards of integrity and probity in the conduct of the industries it regulates, it is critical that its own operations are conducted transparently and with the highest standard of accountability, integrity and probity. The VCGLR Integrity Framework provides an integrated governance approach to enhancing integrity within the VCGLR and exposing and preventing corruption and fraud.

- **Culture** programs support the VCGLR to generate its own high standards, norms and internal controls. These include:
  - **ethical standards** defined in codes of conduct and the VCGLR values statement
  - the **policy framework** to provide a comprehensive platform to support the culture of integrity
  - **culture support** activities to encourage staff to accept personal responsibility for behaving according to VCGLR values and in the public interest including an annual culture survey, the Workplace Culture Committee and a rewards and recognition program
  - **employee awareness** of integrity related matters through training, induction and communications

- **ethical compliance certification** by employees through the Performance Development Plan process
- **Operational strategies** mitigate against factors that encourage or allow behaviour that damages integrity. These include:
  - **risk management** practices which take an organisational wide approach to manage the integrity risk profile
  - **internal controls** including frameworks for procurement and contract management, financial management and information management to target activities that can be vulnerable to misconduct
  - **delegations** including regulatory, employment and financial
  - **prevention measures** including supplier vetting, protected information declarations, client and community awareness program, the Fraud and Corruption Control Policy and the annual Integrity Framework Implementation Plan.
- **Management environment** integrates corruption and fraud resistance as an established component of operations. This is achieved through:
  - **central oversight** and high level ownership for misconduct, corruption, fraud and theft resistance
  - **commitment** by the Executive and line management is embedded in performance development plans
  - **accountability** which is ensured through delegations, organisational structure, position descriptions and standard operating procedures
  - **detection** encompassed into the existing internal control and assurance programs and include audits by the Victorian Auditor General's Office (VAGO) and the Internal Auditors
  - a **response** approach which is governed by processes for reporting and investigating misconduct.

### 6.3 Productive stakeholder management

**VCGLR Stakeholder Engagement Framework** establishes the VCGLR's approach to stakeholder management. It is supported by the annual VCGLR Stakeholder Engagement Strategy which details the VCGLR's key stakeholders and key activities. The framework and strategy are augmented by communication policies and guidelines, periodic industry surveys, customer service standards and complaints management processes.

**VCGLR Digital Strategy** consolidates and builds on digital awareness, governance and engagement activities. It aims for digital communication to become the preferred method of interaction with the VCGLR for stakeholders.

### 6.4 Proficient planning, delivery and robust performance management

VCGLR Planning and Performance Review Framework ensures effective operations and efficient use of resources through a comprehensive strategic planning process. Environmental scanning is conducted. The three year Corporate Plan sets the long-term direction of the organisation. It details the key priorities for the coming three years and the annual business planning process develops initiatives to deliver against each priority.

An integrated and cascading set of plans and key performance indicators comprising the annual Business Plan, Divisional Plans and Performance Development Plans (PDP) are formulated.

Workforce, Information Communication Technology (ICT), Education, Digital and Compliance Division Future State Strategies and plans are also developed. VCGLR has a three year financial plan linked to its Corporate Plan.

The Commission operates management information and accounting systems to enable review of its financial and non-financial performance against budgets and its plans.

## 6.5 Effective management of risk and opportunity

To achieve its outcomes and outputs efficiently and effectively, the VCGLR must make decisions that involve some degree of risk. The VCGLR has implemented a **Risk Management Framework** which sets out the arrangements for designing, implementing, monitoring, reviewing and continuously improving the risk management framework. It is consistent with the applicable Australian Standard and aims to meet the mandatory requirements of the Victorian Government Risk Management Framework (VGRMF).

- Risk management is implemented uniformly across the organisation through the development of tailored strategies for the nine categories of corporate risk: strategic, health and safety, financial, ICT, integrity, people management, legal, information management and relationship management. Each strategy utilises the policies, processes and templates of the overarching Risk Management Framework.
- The annual VCGLR Risk Management Plan is an organisation-wide plan outlining the road map for the progressive design, implementation and the enhancement of risk management. Its annual evaluation forms an integral part of the risk management attestation process.
- The Commission attests its compliance with the VGRMF through risk management attestation within the VCGLR Annual Report.
- The VCGLR conducts regular strategic and operational risk assessment and reporting.
- It reviews and tests on a regular basis its business continuity, disaster recovery and emergency management plans.

## 6.6 Embedded compliance and internal controls

The **VCGLR Legal & Regulatory Compliance Management Framework** supports the compliance of the VCGLR with its legal and regulatory obligations to reduce the risk and consequences of compliance failure. The framework comprises the policy, processes and procedures that support compliance management activities. The framework is consistent with the Australian Standard for Compliance Systems. The framework is deployed through a set of specific strategies under the six categories of potential compliance risk: health and safety, governance, financial management, integrity, information management and workforce.

The **VCGLR Procurement and Contract Management Framework** is based on high standards of probity and is consistent with the Victorian Government Purchasing Board (VGPB) principles and guidelines.

The **VCGLR Financial Management Framework** establishes a system of governance and assurance within the VCGLR to ensure the quality and adequacy of financial management, performance and sustainability. The framework details financial management roles and responsibilities, the governance structure, controls for the delivery of goods and services and how the VCGLR meets the compliance requirements of the 2016 Directions). The VCGLR:

- has developed policies and procedures in relation to financial administration and management and to comply with relevant legislation and regulation, professional accounting pronouncements, government policy and standard accounting practice
- has a Financial Management Plan to ensure compliance with the Directions
- has its financial statements audited by VAGO
- undertakes an internal assurance process annually to the ARMC with respect to financial statements, budget and financial performance management and financial management compliance
- prepares the Annual Report of the VCGLR's operations and financial statements according to the Department of Treasury and Finance (DTF) Model Financial Report and the Annual Report is tabled in Parliament each year.

The **Health & Safety Framework** is designed to give the highest level of protection to employees and visitors against risks to their health and safety that is reasonably practicable. The Health and Safety Committee provides oversight. Goals and performance measures are defined and a comprehensive policy framework has been implemented. Risks are assessed, the workplace is inspected and maintained and a strategic approach to communication and training. There are procedures for and testing of emergency management and a first aid response capability is supported.

The **VCGLR Control System** is subject to continuous improvement. The **Three Year Internal Audit Program** is based on those control systems considered higher risk and the core business processes where VCGLR is seeking to improve the internal controls and make processes more efficient.

## 6.7 Responsible information management

VCGLR is committed to openness and transparency through access to its information unless access is restricted for reasons of privacy, public safety, security and law enforcement, public health and compliance with the law.

To comply with its legal and regulatory compliance requirements for information security protection the VCGLR has developed the **Information Security Management Framework**. It describes the systems, processes and policies tailored to VCGLR needs and its information security risk profile and includes:

- utilising its risk management framework to manage security risks
- a comprehensive set of information security policies across the protective data security domains of Governance, Information Security, ICT Security and Physical security
- an access management regime to access VCGLR data including access, password controls and on and off boarding procedures
- clearly defined security obligations supported by training and an awareness program
- a business continuity management program to manage events that affects the confidentiality, integrity and availability of VCGLR data
- mapping and valuing its information assets and applying protective markers
- records management systems and processes
- data sharing arrangements between the VCGLR and other agencies
- managing people's suitability and eligibility to access VCGLR data through pre-employment screening and probity and police checks
- ICT security controls
- applying physical security controls to the access of the building, data centres and communication rooms and various storage rooms and cabinets.

### DOCUMENT PANEL

Version	V3.0
Approved by Executive on	13 June 2017
Approved by Commission on	27 July 2017
Document owner:	Governance & Risk Manager, Legal Services