

GOVERNANCE POLICY

November 2018

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1 Purpose

The primary purpose of this policy is to map the current governance systems of the Natural Resources Commission (the Commission) that assist the Commissioner to exercise functions prescribed under the *Natural Resources Commission Act 2003*, *Public Finance and Audit Act 1983*, and other relevant legislation

As an independent agency, it is crucial that the Commission is a role model of good governance. The purpose of good governance is to give government and community confidence that investment is cost effective and maximises outcomes while ensuring consistency, rigour and accountability. Good governance enables innovation, development and exploration commensurate with the risks involved.

2 Legislative references

The following legislation are relevant to the governance of the Commission:

- *Annual Reports (Statutory Bodies) Act 1984*
- *Annual Reports (Statutory Bodies) Regulation 2005*
- *Anti-Discrimination Act 1977*
- *Crimes Act 1900*
- *Defamation Act 2005 (NSW)*
- *Disability Services Act 1993*
- *Enterprise Agreement 2012*
- *Environmental Planning and Assessment Act 1979*
- *Forestry Act 2012*
- *Privacy and Personal Information Protection Act 1998*
- *Government Information (Public Access) Act 2009*
- *Government Sector Employment Act 2013*
- *Independent Commission Against Corruption Act 1988*
- *Industrial Relations Act 1996*
- *Local Land Services Act 2013*
- *Natural Resources Commission Act 2003*
- *Work Health and Safety Act 2011*
- *Ombudsmans Act 1974*
- *Protected Disclosures Act 1994.*
- *Public Interest Disclosures Act 2011.*
- *Public Finance and Audit Act 1983 (NSW)*
- *Threatened Species Conservation Act 1995*
- *Water Management Act 2000*

The following clauses of the *Natural Resources Act 2003* (NRC Act) are directly relevant to this policy:

- (a) Clause 3, which outlines that the object of the NRC Act is to establish an independent body with broad investigating and reporting functions.
- (b) Clause 6, which establishes the Commission as a body corporate and confirms that the Commissioner exercises the functions of the Commission directly, or can grant authority for actions to be done on behalf of the Commission or in the name of the Commission.
- (c) Clause 7, which formally grants the Commissioner the functions conferred by the NRC Act or any other Act.
- (d) Clause 8, which allows the Commissioner to appoint Assistant Commissioners to assist as required, including carrying out any functions of the Commission that the Commissioner chooses to formally delegate under Clause 17.
- (e) Clause 11, which explains that the Commission is not subject to Ministerial control in respect of the preparation and contents of any advice, but in other respects is subject to the control and direction of the Minister.
- (f) Clause 12, which explains the Commission's general function to provide Government with independent advice on natural resource management.
- (g) Clause 13, which specifies some more detailed functions.
- (h) Clause 15, which outlines the transparent reporting requirements of the Commission.

The Commission's governance is also guided by:

- The Performance Standard for Local Land Services (the Standard)
- Audit Office guides
- Financial Reporting Code for Budget Dependent General Government Sector Agencies
- Premier's Circulars
- Premier's Memorandums
- Treasury Circulars
- Treasury Directions
- Shared NRC Internal Audit Charter.

3 Definitions

Governance is "the interactions among structures, processes and traditions that determine how power and responsibilities are exercised, how decisions are taken, and how citizens or other stakeholders have their say".¹

'**Good governance**' is governance in accordance with widely accepted principles² which for the purposes of this policy are the policy principles listed in the next section.

¹ Graham, Amos, & Plumtre 2003, *Governance Principles for Protected Areas*. The Fifth World Conference on Parks Congress, Durban, SA.

² Davidson et al, 2006. *Governance Principles for Regional NRM*. Report to Land & Water Australia, UTAS, Hobart

4 Policy principles

The Commission is committed to:

- having structured and transparent systems of governance that reinforce the independence of decision-making and underpin performance of its functions
- adhering to legislative mandates in decision making
- creating a culture of open communication, innovation, fairness and integrity
- best practice public sector management, including efficient use of public investment, clear accountabilities and delegations
- being held accountable to the Premier, Ministers and the wider community of NSW for appropriate management, financial probity, legislative compliance and progress towards organisational goals
- evaluating, auditing and continually improving performance
- being valued as a creditable, independent advisor by the Premier, Ministers and external stakeholders.

Good governance establishes processes and behaviours to achieve organisational goals, comply with all relevant laws and regulations, and satisfy community expectations. It promotes collaboration, and alignment of knowledge, skills and performance to organisational needs.

Good, adaptive governance is collaborative, inclusive and flexible, enabling innovation, agility and decision-making commensurate with the risks involved and the requirements of a dynamic environment.

Ultimately, good governance gives government and the community confidence that investment is cost effective, compliant and delivers best possible outcomes while ensuring consistency and rigour. Future governance will need to maintain opportunities for innovation while ensuring effective leadership and consistent quality of services.

5 Commission’s governance model

5.1 Key decision-making structures and relationships

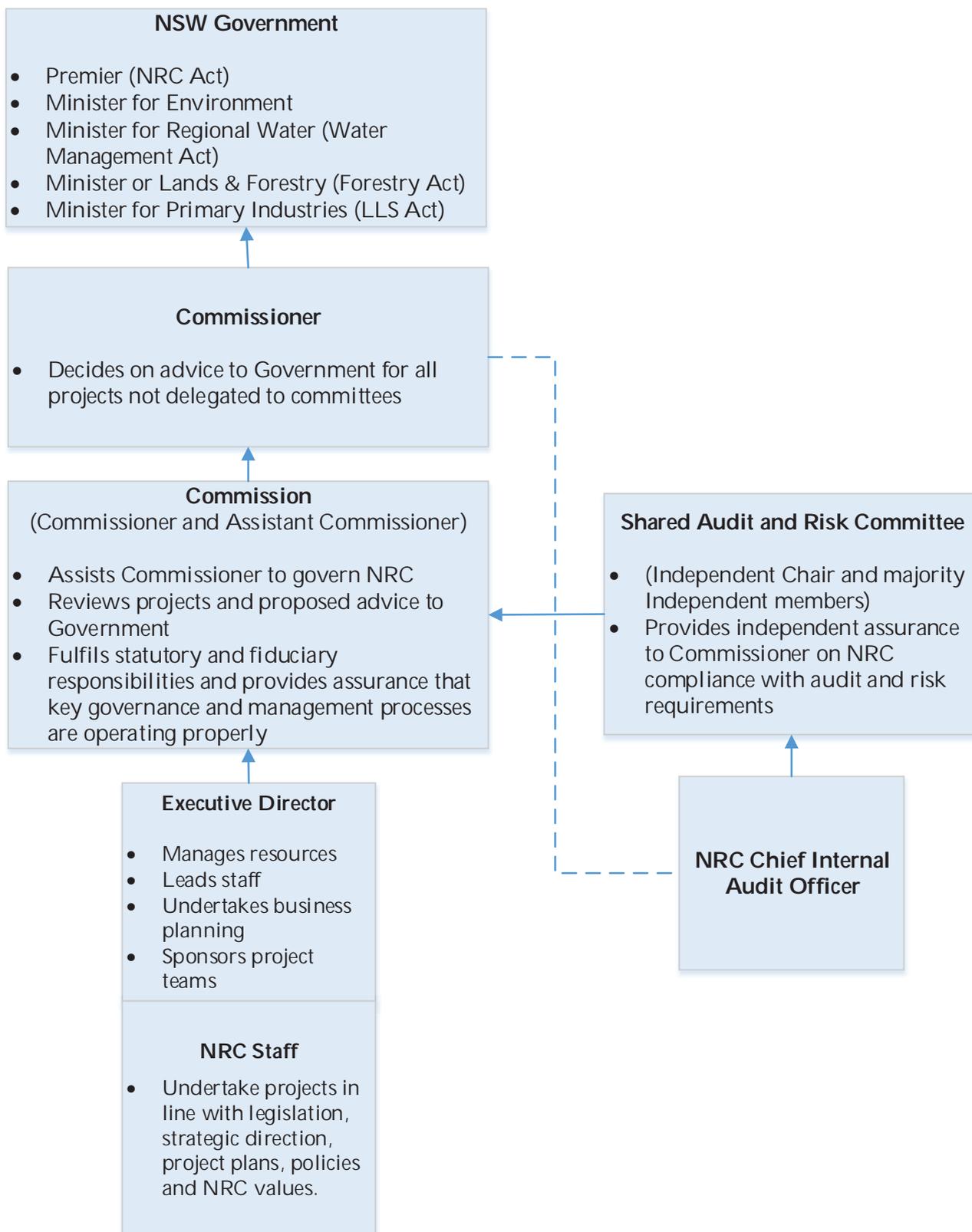


Figure 1: Decision-making structure and relationships

5.2 Key roles, responsibilities and accountabilities

5.2.1 The Commissioner

The Commissioner is appointed by the Governor of NSW for a period of up to five years and is accountable to the Premier for the exercise of all functions assigned to the Commission as a body corporate by the *Natural Resources Commission Act 2003* as amended in October 2018 (Section 2) including good governance of the Commission.

The Commissioner is supported in the exercise of those functions by the advice of the Commission (see section 5.3), by the Executive Director and staff of the Commission, and in audit and risk matters by additional independent advice from the shared Audit and Risk Committee (see **Section 5.5**).

The Commissioner chairs meetings of the Commission while the shared Audit and Risk Committee is chaired by an external independent Chair.

The Commissioner's chief governance responsibilities include:

- ensuring that the Commission's exercise of authority complies with legislative mandates, is independent of the Government and is consistent with the *NSW Standard for Quality NRM*
- ensuring that the roles of Commission members and executive are clear, understood and these position holders are equipped with the skills and experience to fulfil their duties diligently
- fostering a climate that promotes good governance, ethical behaviour and clear accountability
- setting the Commission's strategic priorities and approving strategic plans for the conduct of NRC's statutory obligations
- reviewing progress against strategic goals.

5.2.2 Assistant Commissioners

Assistant Commissioners are members of the Commission and may from time-to-time be delegated authority by the Commissioner to decide on direct advice to Government.

Appointments are made by the Commissioner with concurrence of the Premier for a period of up to five years. These appointments are skills-based.

Assistant Commissioners are individually responsible for:

- providing advice to the Commissioner to assist him in his governance of the Commission
- providing advice to the Commissioner as members of the Commission on the quality and credibility of Commission's recommendations
- undertaking any duly delegated powers in accordance with legislation and the instrument of the delegation
- interacting with stakeholders to promote the Commission and discern perspectives.

5.2.3 Executive Director

The Executive Director is responsible for day-to-day leadership of programs and administrative and financial affairs of the Commission.

The Executive Director is appointed by the powers delegated under the *Government Sector Employment Act 2013* from the Cluster Secretary to the Commissioner. The Executive Director is accountable directly to the Commissioner and works with all members of the Commission, including Assistant Commissioners when appointed, to provide robust, strategic and balanced advice to the Commissioner.

Specific responsibilities of the Executive Director include:

- supporting the Commissioner to create a culture of good governance
- supporting the Commissioner to set strategic priorities and develop and approve strategic plans
- developing and approving Commission policies and program plans
- establishing and extending systems that drive management excellence
- managing the Commission's staff to implement approved strategic plans, develop project charters and conduct projects
- advising the Commissioner on the Commission's proposed advice to Government and strategic directions
- preparing the strategic plan and reviewing budgetary plans for Treasury.

5.2.4 Director Corporate Services

The Director Corporate Services (DCS) is the secretary to Commission and to the shared Audit and Risk Committee, and leads day-to-day corporate governance planning, implementation, financial management, audit and reporting activities within the Commission office.

The DCS has regular interactions with the Commissioner but is accountable to the Executive Director and responsible for:

- preparing drafts of statutory reports, including budgetary plans for Treasury and the Annual Report
- maintaining the Commission's Risk Management Policy and Framework, and Risk Register
- liaising with internal and external auditors and government watchdogs
- preparing budgetary plans for Treasury
- providing professional development opportunities including induction activities where appropriate for members of the Commission and the Audit and Risk Management Committee to effectively discharge their duties.

5.2.5 Director, Programs

Directors are accountable to the Executive Director and responsible for the day-to-day management of agreed programs, the development and implementation of project charters, including risk identification and management plans for project related risks and for quality advice to the Executive Director, and when required by the Executive Director, to the Commission.

5.3 Conflict of interest

All interests are to be recorded in the Commission's interest register kept by the Director Corporate Services. The Commission is to determine the nature and severity of the conflict and apply management actions accordingly with the preferred position being that any person who has a perceived or real conflict to be absent from discussions and decision making on the relevant

issues, unless the Commission decides otherwise. The Director Corporate Services is to advise on management of potential conflicts of interest and can take external advice where necessary.

5.3.1 Related party disclosures - Key Management Personnel (KMP)

"A KMP is a person who has the authority and responsibility for planning, directing and controlling the activities of the reporting entity, directly or indirectly, including any director (whether executive or otherwise) (AASB 124 para 9)."

KMP's for the Commission have been identified as the Commissioner, Assistant Commissioners and the Executive Director.

The Secretariat maintains and records all persons defined as KMP for the Commission and ensures that the annual declarations are distributed and retained for audit and reporting purposes.

5.4 Membership and function of the Commission

The membership of the Commission comprises the Commissioner who chairs the meetings and any appointed Assistant Commissioners. The Executive Director attends all Commission meetings to present to the Commission. The Director Corporate Services is the secretary to the Commission meeting.

The Commissioner alone has the power to govern the Commission and approve advice to Government. However, the Commissioner has established the Commission as a forum to provide him with a robust decision-making environment where alternate views can be debated and his clear decisions can be minuted and communicated.

The purpose of the Commission as a forum is to support the Commissioner to make decisions in his roles of governing the Commission and approving advice to be sent to Government. Specifically, the Commission's functions include considering and providing advice to the Commissioner on:

- governance of the Commission
- natural resource management issues and the Commission's project-based work including:
 - project charters
 - feedback on projects at major milestones identified in project charters
 - reports for public release including draft reports that are either released publicly or provided widely to stakeholders for consultation.
- strategic planning and emerging issues (that may also be raised by staff via the Executive Director who will present these at a Commission meeting).

The Commission meets as required, which typically is monthly for financial reporting and bi-monthly for all other matters. Formal Commission papers are prepared by staff, based on an agenda approved by the Executive Director, and minutes of meetings are kept. Papers and minutes for Commission meetings are "Commission in Confidence". Commissioners and staff attending Commission meetings maintain the confidentiality of discussions and papers.

Commission meetings are held in a style that engenders informed and robust debate to minimise 'groupthink' tendencies.

The Director, Programs or the Executive Director may provide brief verbal updates on programs/projects to the Commission members if the work is not being specifically considered at a Commission meeting.

The Commission carefully considers cross-scale influences and impacts before advising on strategic interventions including consideration of risks. The Commission is committed to considering project recommendations and strategic directions holistically in the environmental, economic and social interests of NSW and to maximise multiple benefits across these domains.

Commission meeting participants disclose any interests at meetings.

5.5 Establishment and function of committees

The Commissioner may establish formal Committees under the NRC Act and delegate authority to decide on referrals of a more technical and non-strategic nature that requires a short-term response. An Assistant Commissioner or the Commissioner must be a member of each Committee.

There are currently no such Committees.

At the time of the Committee's establishment the Commissioner will determine whether or not the Committee's advice will be referred to the Commissioner prior to being provided to the referring Minister or agency.

5.6 Audit and Risk Committee (ARC)

The Commission participates in a shared audit committee arrangement with the Department of Premier and Cabinet (DPC) under the arrangements outlined in TP12-04. The independent chair and members of the shared DPC ARC oversee and perform the duties of Commission ARC. DPC appoints the Chief Audit Executive (CAE) who supports all entities overseen by the committee.

The ARC is an integral component of the Commission's corporate governance arrangements, and has the specific objective of providing an independent risk and audit review mechanism for the Commissioner.

The ARC has the following responsibilities, and as set out in the ARC charter:

In relation to risk:

- review whether management has in place a current and appropriate enterprise risk management process, and associated procedures for effective identification and management of the Commission's financial and business risks, including fraud and corruption
- review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects and undertakings
- review the impact of the Commission's risk management process on its control environment and insurance arrangements
- review whether a sound and effective approach has been followed in establishing the Commission's business continuity arrangements, including whether disaster recovery plans have been tested periodically
- review the Commission's fraud control systems and satisfy itself that the Commission has appropriate processes and systems in place to capture and effectively investigate fraud related information

In relation to internal control:

- review whether Commission's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisors, is sound and effective
- review whether the Commission has in place relevant policies and procedures, and that these are periodically reviewed and updated
- determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with
- review whether appropriate policies and procedures are in place for the management and exercise of delegations
- consider how management identifies any required changes to the design or implementation of internal controls
- internal and external audit entities attend the ARC meetings regularly and have standing invitations
- review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

5.7 Delegations and approvals

The Commissioner has formally prepared instruments of delegation for the appointment, employment and termination of staff in accordance with the *Government Sector Employment Act 2013*.

The Premier has formally approved financial delegations to the Commissioner, the Executive Director, Director Corporate Services and the Director Programs, in accordance with *Public Finance and Audit Act 1983*.

The Treasurer has formally approved the Commission's credit cards and total limit in accordance with *Public Finance and Audit Act 1983*.

5.8 Cluster arrangements

The Commission as an independent Commission is not subject to Ministerial control or direction in its advice, recommendations or reports to Government.

The Commission is however subject to Ministerial control communicated either directly by the Premier or through the Secretary of Department of Premier and Cabinet for its scope of works beyond its specific legislative functions, for its budget and proper management of its resources.

The Commissioner and the Executive Director meet regularly with the Secretary of DPC for:

- overall accountability purposes,
- on a no surprises basis, to discuss the Commission's work program and any emerging issues
- coordinating any whole-of-government initiatives, such as corporate services.

The Commission accesses identified corporate services within the DPC cluster in the interests of efficiency and effectiveness.

The Commission's budget is received as a grant from DPC in its role as the cluster's principal department. Other funds on a cost recovery basis may be received from individual agencies or Treasury. The Commission operates under Treasury's Financial Management Framework.

6 Good governance within the adaptive management cycle

The Commission is strongly committed to ongoing monitoring and evaluation of its performance as part of the adaptive management cycle. Monitoring and evaluation occurs at a number of levels: The Commission accepts that achieving good governance requires attention to the policy principles outlined in **Section 4** and specifically to the Standard at all phases of the adaptive management cycle (**Figure 2**). Good governance requires consideration of each of the seven components in each phase of the cycle, to identify appropriate actions particular to that phase of the cycle. It also requires having well considered guiding documentation in place supported by structured systems and ongoing reinforcement of agreed values to ensure consistency in the application of documented policies, codes and procedures. The Commission is committed to ongoing review and improvement of its performance and organisational culture.



Figure 2: Components of the Standard underpin adaptive management at all scales

6.1 Planning

The following plans are the key guiding plans of the Commission. Planning is an ongoing dynamic activity and the Commission is responsible for not just the outputs and outcomes of planning but the process for making planning decisions. Governance of planning is about improving our planning decisions and processes so they:

- lead to achievement of desired results
- reflect the components of the Standard

- are aligned to the Commission's mandates and resources
- promote accountability, transparency and ethical decision-making
- support innovation, learning and responsiveness to change.

6.1.1 Strategic Plan

The Commission's Strategic Plan is a critical governance document. It sets out the strategic direction for the Commission and sets clear expectations of the level of performance against which the Commission is held accountable.

The Strategic Plan sets out the Commission's vision, goals, values, together with its overall approach. The Business Plan contains details of the intended results, strategies and performance indicators. It outlines who we work with and how we collaborate, engage and influence a variety of people in the provision of our advice. It necessarily reflects the limits of governing legislation affecting the Commission as an independent agency responsive to referrals from the Premier.

The Commissioner in conjunction with the Executive Director reviews, provides input and approves the Strategic Plan. The Executive Director is responsible for preparing a draft of the Commission's Strategic Plan and develops the plan in consultation with direction from the Commissioner regarding the vision for the Commission.

Simultaneously, the Business Plan is reviewed and updated with the performance results for each six month period and is submitted to the Commissioner for review and comment.

The Commission assists the Commissioner in being satisfied that the Executive Director is appropriately managing the resource implications of the plan and ensuring they are compatible with the Commission's budget and financial plans.

The plan is reviewed formally at least every six months, by the Executive Director and the management team for submission to the Commissioner for approval. In practice strategic planning is a continual process informed by frequent debriefings, adaptive review of project and program performance, and scanning of emerging issues, opportunities and risks.

6.1.2 Project management

The Commission prepares advice, and responds to terms of reference, using a well-defined project management system.

Governance of the strategic direction of the Commission projects is defined by the Commission's Project Management System, which requires that project charters and plans clearly identify links to the Commission's Strategic Plan.

6.1.3 Engagement

The Commission provides quality, objective and practical advice to government by engaging and influencing a variety of people and organisations by:

- actively listening to diverse groups
- engaging stakeholders in defining the problem, the process for resolution and the solution
- synthesising input and understanding the underlying issues
- building on available expertise, initiatives and momentum
- formulating practical solutions which others will be willing to implement

Depending on the nature of the issue, the Commission transparently informs, consults, involves or collaborates with the community, industry and governments.

6.1.4 Internal audit function

Internal audit charter

The Commission's internal audit function is governed by the Internal Audit Charter.

Internal audit plan

The Internal Audit Plan is a three-year schedule of priority areas to be subject to an internal audit. This plan is informed by risk assessments conducted by the Internal Auditors in conjunction with management annually. The shared ARC reviews the internal audit coverage and annual work plan, ensuring the plan is based on the Commission's risk register, and recommends approval of the plan by the Commissioner.

The Commission leverages the broader DPC internal audit plan and participates in a number of internal audits as defined by their internal audit plan. These audits are conducted by the DPC appointed internal auditor as determined. In addition, the Commission contracts out specialised internal audits to various outsourced providers.

6.1.5 External audit function

The Commission is subject to external audit by the Audit Office of NSW, under Section 45F of *Public Finance and Audit Act 1983*.

6.1.6 Risk management

Risk management is fundamental to good corporate governance as it gives management a way to deal with uncertainty.

The Commission has developed an enterprise wide Risk Management Policy and Framework which sets out a methodology for ensuring that risk management is an integral element of the management practices and systems of the Commission.

The Commission is committed to the identification and management of risks and opportunities associated with the achievement of the Commission's functions and strategic objectives. This includes risk to the organisation, risks to program success and social, ecological and economic risks associated with the Commission activities and interventions.

The Commission is responsible for advising the Commissioner on strategic, external risks within strategic planning. All members of the Commission staff and the Commission are responsible for identifying and managing risks as they pertain to their decision-making. The Commissioner ensures that the conduct of Commission meetings is conducive to receiving the best possible advice from the Assistant Commissioner and the Executive Director. This is an important risk identification and minimisation process.

Every six months the risk management framework and enterprise wide risk registers are revised and updated. The Commissioner is responsible for setting the organisation's risk appetite.

6.2 Implementation

Implementation of good governance is an ongoing activity that is shaped by all aspects of this policy. Further policies that guide implementation are set out below, followed by key processes that promote our accountability to Government and the community.

6.2.1 Code of Ethics and Conduct

The Code of Ethics and Conduct applies to all members of the Commission and all staff of the Commission.

The Code clarifies the conduct expected in the performance of duties, thereby maintaining public trust and confidence in the independence and professionalism of the Commission. The Code supplements the guidance available from other Commission policies.

The Commissioner has overall responsibility for overseeing implementation of the Code of Conduct. However, in practice, the Executive Director and Director Corporate Services monitor staff compliance while the Audit and Risk Management Committee monitors review of this policy.

Annually all staff are required to read the Code of Conduct and record evidence in their performance plan acknowledging this.

6.2.2 Implementation of management policies and procedures

The Commission has developed a suite of management policies to clearly set out our objectives and expectations for maximizing public value, ethical behaviour and legislative compliance covering financial management, human resources, administration, procurement, property, assets, conduct, complaints, privacy, information management, technology and communications. Several of these policies also have procedural documents attached to them.

A policy register is maintained and all policies are scheduled for update and review over a three year cycle. Compliance with these policies is monitored through the performance management program.

Sign-off of internal controls

The Commissioner has delegated responsibilities for internal controls to:

- the Audit and Risk Committee to oversee compliance by the Commission
- specific roles such as the Executive Director, Director Corporate Services and Director, Programs.

Project management

The Commission is a project-based organisation. Governance of the quality of the Commission projects is defined by the Commission's Project Management System, which clarifies project roles, stages, responsibilities, risks and governance of projects by the Commissioner and the Executive Director.

The Commission does not have any day-to-day involvement in a project. However, the Commissioner must be briefed and is responsible for making decisions at various stages of a project. At the commencement of a project, the project team will brief the Commission on the approach they intend to take to the project and seek the Commission's input, review and approval. Any changes to the project direction must be formally presented to the Commission for sign-off and approval.

Quality assurance

The Executive Director is responsible for ensuring that a diversity of quality assurance methods are applied, learnt from and are periodically reviewed, with the results being shared with the Commissioner.

The Commission applies a range of quality assurance methods to ensure its advice is timely, robust, objective, and of the highest quality. These methods include but are not limited to project scoping, use of problem solving systems, performance excellence systems, stakeholder engagement, knowledge management, rigorous internal and external peer review, use of project steering committees, expert panels, use of consultants and academics, debriefs, evaluations and reviews.

6.2.3 Reporting obligations and arrangements

Transparent reporting is a key part of the Commission's accountability within government, to the Premier and to the wider NRM community. In accordance with Clause 15 of the *NRC Act*, the Commission is to provide the Minister with reports on the exercise of its functions and responses to specific terms of reference. Each such report is to be made public within a reasonable time after it is provided to the Minister.

The Commission is also committed to reporting that improves decision-making both within the Commission and externally. The Commission is also subject to the requirements of transparency through the *Government Information (Public Access) Act 2009*.

Commission meetings

The Commission meets a minimum of monthly for financial reporting and bimonthly to discuss the business of the Commission, and records all decisions and notates all briefs provided through the secretariat minutes. These minutes may include:-

- strategic decisions
- budget review and approval
- ARC endorsements
- approval for project direction as requested
- notation of presentations made to the Commission
- approval of Commission policies and procedures.

Annual reports

The purpose of the Annual Report is to transparently report on the Commission's achievements and performance in each financial year, in accordance with the *Annual Reports (Statutory Bodies) Act 1985* and Treasury circulars and directions. The report is to be submitted to the Premier no later than as defined by the annual NSW Treasury guidelines and is tabled in Parliament. The Annual Report is published on the Commission website following tabling in Parliament, and distributed to a limited number of interested parties in paper form.

The Commission staff are responsible for compiling the Annual Report for consideration and approval by the Commissioner.

6.2.4 Collection and use of knowledge

Use of best available knowledge is central to the performance of the Commission functions. The Commission uses a multi-dimensional strategy for applying best available knowledge to its decision making in a structured and transparent manner.

The Commission establishes project-specific technical review panels to support major projects. Panels are selected from leading academics, practitioners and thinkers. Their primary role is review and provision of feedback on projects at major milestones

Technical review panels also help Commission project teams to stretch their thinking, access the latest science and knowledge, and provide expert judgement to help teams and the Commission bridge knowledge gaps.

Staff recruitment, selection processes and position descriptions are designed to ensure people with appropriate skills are employed. The Commission team members, through their individual project plans and their performance development plans, are required to build expertise, access best available knowledge and share it within and across teams. The Commission is committed to supporting staff to maintain professional memberships, research scientific publications, attend relevant conferences and training events, network with peers, engage in debriefings, coordinate specific consultancies and convene expert panels.

Project teams use peer reviewers to provide advice on whether the Commission's work represents best practice, and how to make improvements. Project teams are strongly encouraged to invite external peer reviewers to attend Commission meetings.

New NSW Government circulars, memoranda, policies and legislative requirements are discussed in managers meetings and the Audit and Risk Committee to ensure the Commission's compliance is current. Extensive networks within both the public and private sectors are fostered to inform strategic planning, decision making and corporate governance.

6.2.5 Opportunities for collaboration

The Commission relies on collaboration to successfully exercise many of its functions. Collaboration is critical to maximising gains from our advice, tapping into the best available knowledge, achieving multiple benefits across scales and minimising costs. The project management system ensures project teams consider opportunities for collaboration on each project. However, the Commission recognises that as an independent agency collaboration may also introduce potential for a conflict of roles and could in some circumstances compromise our independence. Opportunities for collaboration are therefore carefully assessed in relation to potential benefits, potential for conflict and fit with our legislative functions.

6.2.6 Community engagement

Engagement with key stakeholders is an essential part of Commission business. However as an independent agency, the Commission's engagement requires careful consideration and is often one step removed from the general community except where the Commission undertakes specific referrals from the Premier that impact directly on the public.

Unless constrained by terms of reference, each review has an inbuilt and transparent formal process for the calling and review of public submissions. The Commission also engages with Local Land Services, state and federal government agencies, peak stakeholder groups and others to maximise the quality of advice that is provided to Government. The frequency and nature of such engagement is driven by the needs of each individual project and is determined through the project management system.

At the Commission level, the Commissioner and Assistant Commissioners are expected to maintain a healthy diversity of links with community groups. Strong links are also maintained with knowledge communities and there is meaningful engagement with researchers and others through formal and interactive Commission meetings.

The Commission seeks regular feedback from stakeholders to monitor the effectiveness of its engagement with stakeholders throughout projects.

All Commission reports are placed on our website after being submitted to the Minister in accordance with the NRC Act. This Governance Policy, like other significant Commission internal documents, will also be placed on the Commission's website to promote engagement and transparency.

6.2.7 Information management

The Commission has developed and implemented an information security policy, a record keeping policy and an electronic document management system (TRIM) that complies with government policy and the Australian standard on records management.

The Director Corporate Services continually reviews the Commission's information management needs and the team analyses new information to inform decision making.

The Commission publishes its reports on the web within a reasonable period of time after they have been submitted to Government.

The Commission is subject to the *Government Information Public Access (GIPA) Act 2009*. Inquiries regarding access to NRC records under the Act are made to the Director Corporate Services.

6.2.8 Remuneration

All Staff of the Commission are employed under the *Government Sector Employment Act 2013* as employees of the executive agency "Natural Resources Commission Staff Agency". The Commissioner is the "Head of the Agency".

The remuneration of the Commissioner and Assistant Commissioners is determined by the government's SOORT.

The remuneration of the Public Sector Senior Executives is set by the SOORT determined bands and approved by the Commissioner fairly and responsibly based on performance, achievement of strategic and business plan goals.

The remuneration of non-executive staff is set by the NRC Staff Agency Enterprise Agreement and is approved by the Commissioner or Executive Director fairly and responsibly based on performance, achievement of strategic and business plan goals.

6.2.9 Monitoring and evaluation

Monitoring and evaluation systems are established for reporting on the performance of the Commission in relation to the business plan and Treasury reporting with a focus on the evaluation of intermediate and long term outcomes and achievements against key performance and scorecard indicators.

It is embedded at the project level through the project management system, with criteria for success of the project established at the project charter stage through to evaluation, and a debriefing at the end of the project. Outcomes of project reviews are shared across the team and are incorporated within future strategic and project planning, individual performance and development planning.

The Commission is also involved in the review and evaluation of projects and programs. This leads to feedback to the Commissioner on emerging issues and their consideration as part of strategic level reviews and improvement of current and future project methodologies.

6.3 Audit

Internal audit provides assurance to the Commissioner and the ARC that operational controls properly manage risks, achieve objectives and operate in an efficient, effective and ethical manner.

External audit is carried out by the NSW Audit Office on financial controls and provides assurance to the State, the Commissioner and the ARC that controls properly manage risk and are operating in an efficient, effective and ethical manner.

The Commission is committed to both improvement and innovation in the performance of its functions and to the ongoing improvement of its governance which enables innovation without high risk.

As a key part of the adaptive cycle, implementation of this policy will be audited as part of the internal audit plan.

The Commissioner and the Chief Financial Officer jointly certify that financial records of the Commission and its Staff Agency have been properly maintained, and that the financial statements comply with appropriate accounting standards and give a fair and true view of the Commission's financial performance and position.

7 Policy review

The Executive Director is responsible for the policy review and endorses any changes to the policy for consideration and approval by the Commissioner.

The Commissioner, is responsible for ensuring this policy, like other policies is reviewed within an adaptive cycle of at least every two years. Such reviews will include, where relevant, external personnel to ensure the best available knowledge on governance trends is gathered.

8 Document control

Date approved	21 November 2018
Review period	Biennial
Responsible Officer	Director Corporate Services
Approving Officer	Commissioner
Changes made during the last revision	New policy based on lighthouse approach

Appendix 1: Key governance legislation, policies and processes

The following table outlines the structure, roles, processes and policies used by the Commissioner to execute these responsibilities:

Governance components	Governance responsibilities	Key legislation, policies and processes
Leadership	Positive and ethical culture, promoting leadership and learning across the Commission, communicating internally and externally to encourage high performance with transparent accountability	<p>The Commission develops, maintains and governs its leadership using the:</p> <ul style="list-style-type: none"> ▪ Governance Charter ▪ Code of Ethics and Conduct ▪ Project Management System ▪ team meetings and debriefs ▪ Performance Excellence Process (PEP) to identify and develop leadership qualities.
Management oversight	<p>Setting the Commission's strategic priorities and approving strategic plans for the conduct of Commission's activities</p> <p>Clear reporting, accountable delegations and workforce planning</p>	<p>The Commission develops, maintains and governs its strategic direction using the NRC Strategic Management Cycle.</p> <p>That strategic direction is documented in the NRC Strategic Plan.</p> <p>The strategic alignment of the ongoing work of the Commission is governed through the Commission's Project Management System.</p> <p>That alignment is documented in Project Charters.</p> <p>Responsibility for legislative compliance is established through Instruments of Delegation, Role Descriptions and Contracts of Employment.</p> <p>The Commission's Induction Process explains all policies relevant to accountability, compliance and risk to all new appointments.</p> <p>Managed by the Commission's Policy Register.</p> <p>Workforce plan explains the Commission's approach to work force diversity.</p>

Governance components	Governance responsibilities	Key legislation, policies and processes
Structure	Ensuring that the roles for all appointees to the Commission are clear, understood and that successful appointees are equipped with the skills and experience to fulfil their duties diligently	<p>The <i>Natural Resources Commission Act 2003</i> defines specific roles, functions and responsibilities.</p> <p>The Workforce Plan is used to guide recruitment to roles.</p> <p>Appointment Standards - Boards and Committees in the NSW Public Sector 2013, describe the process for appointing a Commissioner, Assistant Commissioners and other members of the Commission or its committees</p> <p>The Commissioner's appointment is documented in a Minute paper for the Executive Council NSW Public Service Commission.</p> <p><i>Government Sector Employment Regulation 2014</i> and <i>Government Sector Employment Rules 2014</i>, describe the NSW public and government sector recruitment processes.</p> <p>The Commission staff with governance responsibilities have Senior Public Service Executive Contracts of Employment.</p> <p>The Commission's Induction Process provides all policies relevant to governance to all new appointments.</p> <p>Ongoing management of the Commission staff is governed by the Performance Excellence Process.</p> <p>The Shared Audit and Risk Committee Charter sets out the functions and responsibilities of that committee.</p>
Ethics	Fostering a climate that promotes good governance ethical behaviour and provides independent advice	<p>The Commission develops, maintains and governs its cultural values using the Strategic Management Cycle.</p> <p>The Commission's cultural values are documented in the Strategic Plan.</p> <p>The Code of Ethics and Conduct establishes individual responsibilities for ethical behaviour.</p> <p>The Statement of Business Ethics, Policy for Handling External Complaints, Sustainability Policy, Equal Opportunity Policy, Corruption Prevention and Reporting Policy, Multicultural Policy and others also establish individual responsibilities for ethical behaviour.</p> <p>The Commission's Induction Process explains the cultural values and responsibilities for upholding those values, to all new appointments.</p> <p>Performance management of the Commission staff is governed by the Performance Excellence Process.</p>

Governance components	Governance responsibilities	Key legislation, policies and processes
Corporate reporting	<p>Audit - internal and external</p> <p>Quality of advice</p> <p>Accountability of individual performance and compliance</p>	<p>The Internal Audit Charter documents the role of internal audit. The Internal Audit Manual documents how the function is delivered.</p> <p>The <i>Public Finance and Audit Act 1983</i> establishes the external assurance (by Audit Office of NSW) over performance reporting.</p> <p>The Performance Standard for Local Land Services guides the Commission's high quality work.</p> <p>Performance management of the Commission staff is governed by the Performance Excellence Process.</p> <p>The quality of ongoing work of the Commission is governed through the Project Management System, including through the use of peer review.</p> <p>The ongoing quality of policies relating to governance is managed through policy review register.</p>
Disclosure	Accountability and compliance	<p>Clause 11 of the <i>Natural Resources Commission Act 2003</i> outlines the reporting requirements of the Commission to the Minister.</p> <p>The <i>Public Finance and Audit Act 1983</i> directs the Commission in financial reporting in the public sector, including preparing draft statutory reports, including budgetary plans for Treasury</p> <p>The <i>Annual Report Act 1984</i> directs the Commission in preparing draft reports, including specific reporting items and timeframes.</p>
Remuneration	Delegations clearly define responsibilities for employment	<p>NRC Enterprise Agreement</p> <p>Senior Officers Remuneration Tribunal</p> <p>Administrative delegations issued from the Secretary of the Cluster to Commissioner</p> <p>Financial delegations issued from the Premier</p>
Risk Management	Includes best practice public sector management including efficient use of public investment	<p>The legislative compliance, risk management and financial management of ongoing work of the Commission is governed through the Risk Management Framework, Policy and Register support risk governance.</p> <p>The Project Management System also supports risk governance at a project level.</p> <p>Governance is documented in Project Charters.</p> <p>The Shared Audit and Risk Committee provide the Commissioner with independent oversight of the Commission's legislative compliance, risk management and internal audit.</p> <p>The Shared Audit and Risk Committee Charter documents those governance responsibilities.</p> <p>The Legislative Compliance Register supports compliance governance.</p>

Governance components	Governance responsibilities	Key legislation, policies and processes
Engagement	Engaging with agencies, regional bodies and key stakeholders consistent with best practice standards	Performance Standard for Local Land Services. Collaboration Blueprint prepared for the NSW Public Service Commission. International Association for Public Participation.
