

# Governance Framework



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## Policy Statement

The Library Council of NSW through the State Library of NSW carries out its functions, responsibilities and obligations in accordance with the *Library Act 1939* and other relevant legislation and government policy.

The Audit Office of NSW defines good governance as

“those high level processes and behaviours that ensure an agency performs by achieving its intended purposes and conforms by complying with all relevant laws, codes and directions and meets community expectations of probity, accountability and transparency. Governance should be enduring, not just something done from time to time.”

Good governance has two main requirements:

**Performance** – how governance arrangements contribute to overall organisational performance and the successful delivery of services and programs and aim to:

- Improve results through the effective use of performance information
- Improve service delivery through the efficient and effective use of resources
- Enhance the client experience through continuous improvement.

**Accountability** – how governance arrangements are designed and operate to:

- Fulfil legislative and government policy obligations
- Ensure confidence in our decisions and actions through clear procedures, roles and responsibilities
- Act impartially and ethically to meet community expectations of probity, integrity and openness.

The State Library is committed to the principles and practice of good governance in planning and managing services and operations; encouraging stakeholder and community participation and meets government requirements and community expectations through rigorous policy and compliance.

## Governance Model

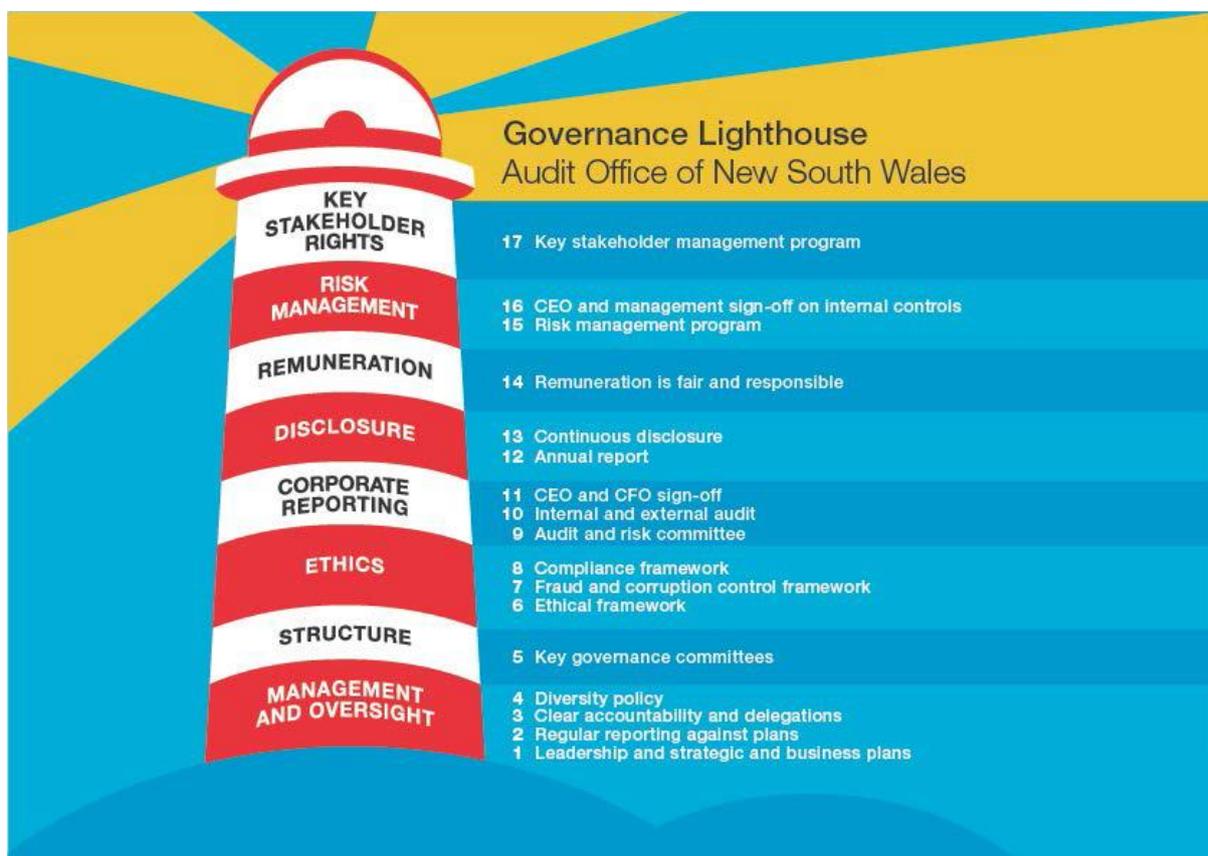
The Library has adopted a distributed governance control model, wherein each Division is accountable for effective management of the governance activities for which it has lead responsibility, including identifying, monitoring, mitigating and reporting on performance and compliance, and for promoting a proactive and responsive governance culture.

The State Librarian & Chief Executive, advised by the Executive Committee, is responsible for oversight of the effectiveness of this model of operation and reporting progress to the Library Council through the Audit and Risk Committee.

### Governance Framework

The Governance Framework is designed to enable and support our corporate vision, purpose, and business objectives. Our approach to governance recognises the linkages between our strategic and operational planning and performance management processes, risk management and accountability frameworks.

The governance framework is based on the eight good governance principles of the Audit Office of NSW *Governance Lighthouse*<sup>1</sup> as illustrated in the following diagram:



<sup>1</sup> Audit Office of NSW, Governance lighthouse – Strategic early warning system, [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au)

## Governance Principles

The Library's strategies and policy response to ensure and promote good governance are detailed according to each of the governance principles. The components are outlined below.

Principles	Values	Components
1. <b>Management and oversight</b>		Leadership and strategic and business plans
	Accountability	Regular reporting against plans
	Service	Clear accountability against delegations Diversity policy
2. <b>Structure</b>	Accountability	Library Council of NSW Audit and Risk Committee State Library of NSW
	Integrity Service Trust	Ethical framework
		Fraud and corruption control framework
Compliance framework		
4. <b>Corporate reporting</b>	Accountability	Audit and Risk Committee
	Service	Internal and external audit Sign-off of financial statements
5. <b>Disclosure</b>	Integrity	Annual reports and continuous disclosure
	Accountability	
6. <b>Remuneration</b>		Remuneration is fair and responsible
7. <b>Risk management</b>	Accountability	Risk management program
		Compliance with Digital Information Security Policy
		Sign-off on adequacy of internal controls
8. <b>Key stakeholder rights</b>	Service	Stakeholder engagement

### 1. Lay solid foundations for management and oversight – accountability and service *Leadership and strategic and business plans*

The Library Council with the State Librarian & Chief Executive and the Directors provide leadership to the State Library and the NSW Public Library Network in the delivery of library and information services to the people of NSW. The Library's strategic plan, endorsed by the Library Council, sets the direction for divisional and branch business plans, and executive performance agreements.

Senior management engages with staff in setting priorities and communicating strategic objectives and operational requirements. The Directors and managers present corporate priorities and issues at staff forums and meetings and provide opportunities for staff to participate in planning.

Planning is aligned to the budget cycle and includes workforce and financial planning to confirm corporate strategic priorities within the constraints of available resources. Strategic priorities are developed further through the:

- Risk register in the Business Risk Map
- ICT Strategic Plan
- Strategic Asset Management Plan
- Government initiatives and priorities.

The *Project Management Framework* provides detailed guidance for project managers on planning and managing projects, including risk management, scheduling, evaluation, communication and reporting. The principles support sound planning and a consistent approach to project management.

### **Regular reporting against plans**

The State Librarian & Chief Executive has a performance agreement with the Minister for the Arts and reports to the Library Council on progress against the key performance indicators in the strategic plan. Each Director's performance agreement includes their divisional and personal priorities for strategic and operational results, which are reviewed regularly.

Monthly highlights / progress against the strategic plan are reported monthly to the Executive Committee and bi-monthly to the Library Council. Annual highlights are reported to the Executive Committee and the Library Council and published in the Annual Report. Periodic reporting to central agencies is provided as required against specific plans and compliance requirements, such as financial reporting to NSW Treasury and workforce reports to the Public Service Commission.

The performance of the Library Council is reported in the Annual Report and all members of the Council and its committees adopt the *Library Council Charter* and the *Code of Conduct of the Library Council of NSW*. The Council also evaluates its performance as a governing board.

NSW Treasury *Internal Audit and Risk Management Policy for the NSW Public Sector* (TPP15-03) requires a performance review mechanism to be established to review and report on the performance of the Audit and Risk Committee as a whole, the performance of the chair and members annually, and an independent assessment of the internal audit function once every 5 years by a qualified, independent assessor against the Treasury Policy and the relevant professional standards.

### **Clear accountability and delegations**

The Library Council determines appropriate delegation of its responsibilities to the State Librarian & Chief Executive.

The Library has complying Delegations of Authority which are endorsed by Library Council and approved by the Minister for the Arts. These include the Instrument of Financial Delegations, Human Resources and Administrative Delegations.

The delegations are monitored, with relevant staff advised of their delegations and reporting accountabilities. The delegations are also applied to procurement and contract management. The *Financial Delegations Policy*, the *Delegations of the Library Council of NSW* and the *Procurement Policy* are published on the website.

Staff compliance requirements are outlined in the *Legislative Compliance Policy* and *Legislative Compliance Register*. Staff role descriptions define the relevant capability requirements and the limits and extent of decision making, accountability and control. All policy documents describe the responsibilities of staff, managers and others.

### **Diversity policy**

Commitment to diversity is fundamental to the Library’s service delivery strategies and internal operations. Specialist services for people with a disability, Aboriginal and Torres Strait Islander peoples, young people and people from culturally and linguistically diverse backgrounds are provided directly from the State Library and through NSW public libraries. The exhibitions and events program also promotes access to the Library’s diverse collections.

Employment policies and practices support workforce diversity and are monitored to ensure relevant policies and procedures are in place. The Library Council’s Indigenous Advisory Board provides specialist advice on services and programs for Aboriginal and Torres Strait Islander peoples and the culturally sensitive management of the collections. The CALD (Cultural and Linguistic Diversity) Advisory Board advises on services and programs for culturally and linguistically diverse communities.

Diversity policy outcomes are monitored by the Executive Committee and reported in the Annual Report.

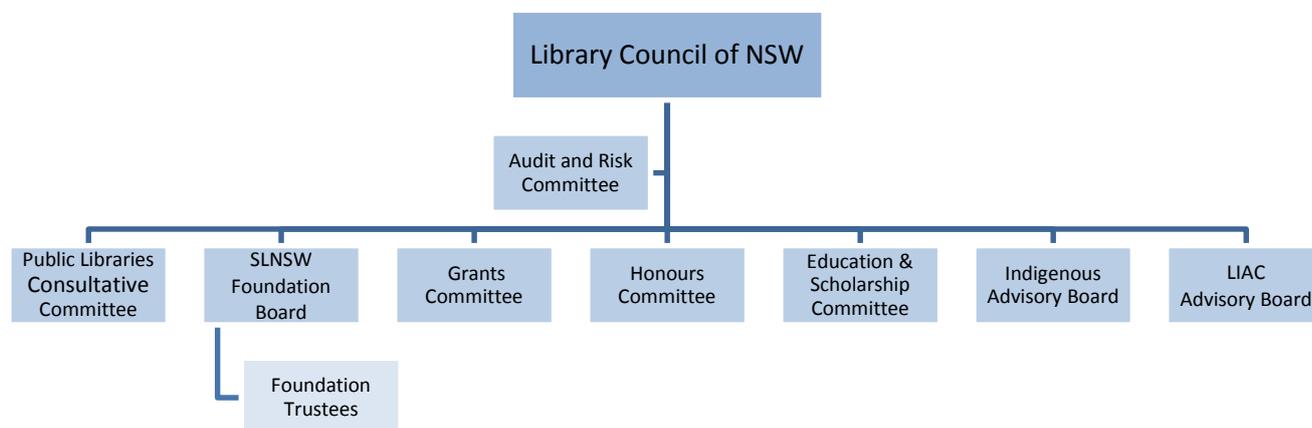
## 2. Structure to add value – accountability

### **Library Council of New South Wales**

The Library Council of NSW is the Library’s governing body, constituted under the *Library Act 1939*. There are nine independent non-executive Council members appointed by the Governor for a three year term and may serve a maximum of nine years. Appointments are made in accordance with the Public Service Commission’s *Appointments Standards: Boards and Committees in the NSW Public Sector*.<sup>2</sup>

The *Charter of the Library Council of NSW* provides guidance on the Council’s objectives, powers and authorities, duties (as prescribed in the Library Act) responsibilities and proceedings and the roles and responsibilities of members.

The Council has a number of committees and advisory boards to assist it in exercising its authority and achieving its objectives. The Standing Committees of the Council are as follows:



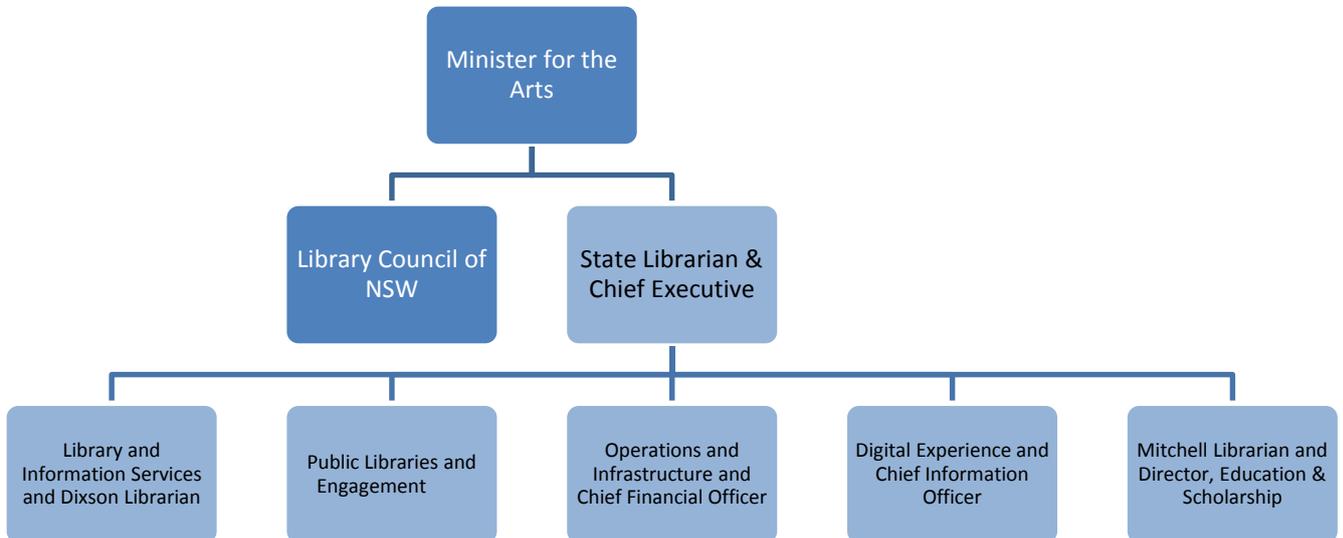
The State Librarian & Chief Executive is the Secretary to the Council, has the right to participate in all of its meetings and is subject to direction by the Council and the NSW Minister for the Arts.

The Audit and Risk Committee provides independent oversight and expert advice to the Library Council and the Executive Committee on the Library’s governance processes, risk management and control frameworks and external accountability obligations. In accordance with policy requirements the Library’s Chief Audit Executive has an independent reporting line to the Audit and Risk Committee in addition to the officer’s role as a Library employee.

<sup>2</sup> Public Service Commission. Appointments Standards- Boards and Committees in the NSW Public Sector (P2013\_001), July 2013. [www.psc.nsw.gov.au](http://www.psc.nsw.gov.au)

### **State Library of New South Wales**

The Library's Executive team, comprising the State Librarian & Chief Executive and Directors, is responsible for leadership and management of the Library, including ensuring the effective implementation of the governance model. The current reporting structure is shown in the following diagram.



The Executive Committee has established a range of committees which operate within and across divisions to assist it in exercising its authority, including monitoring performance and compliance to provide assurance that progress is being made towards business objectives, within the strategic plan and the risk management framework.

Each committee has established terms of reference or a charter, under which its purpose and authority, accountabilities and reporting requirements are defined. The number, function and composition of committees are reviewed annually or in conjunction with changes to corporate priorities and government imperatives. Temporary committees may be formed from time to time to respond to specific areas of focus, such as major projects, risk areas or key government initiatives.

### **3. Act ethically and responsibly – integrity, service and trust**

The Library's core values and beliefs are: Integrity, Accountability, Trust, Equity of access, Service and Innovation and engagement, which are consistent with the Government sector core values<sup>3</sup> and the elements of good governance.

#### ***Ethical framework***

Staff receive regular updates and reminders of the *Code of Ethics and Conduct*, which is embedded in the organisational culture and promoted through Library blogs, emails, staff meetings and regular all staff forums. All new staff sign the *Code of Ethics and Conduct* and ethics training is included in the learning and development program.

Members of the Library Council and its committees are bound by the *Code of Conduct of the Library Council of NSW*.

#### ***Fraud and corruption control framework***

The Library has zero tolerance for fraud and corrupt conduct. Relevant policies are the *Fraud and Corruption Prevention Policy* in addition to the *Code of Ethics and Conduct*. The *Public Interest*

<sup>3</sup> Government Sector Employment Act 2013, Part 2 Ethical framework for the government sector. [www.psc.nsw.gov.au](http://www.psc.nsw.gov.au)

*Disclosure Policy* and procedures provide protections for staff who identify and report public interest disclosures as defined by the *Public Interest Disclosure Act 1994*.

The Learning and Development Program includes training and awareness raising in ethical behaviour, fraud and corruption, meeting the requirements of the *Government Sector Employment Act 2013*.

#### **Compliance framework**

The *Legislative Compliance Register* details the range of legislation with which the Library and staff must comply. The *Legislative Compliance Policy* describes roles and responsibilities for legislative compliance and the reporting requirements for specific legislation and Government policy. Directors and managers make an annual attestation confirming compliance with the Policy and the implementation of the legislation and policy for which they have lead responsibility.

The *Policy Management Guidelines* provide guidance on the development, management and evaluation of policy documents and the review and approval process under a distributed governance model where policy owners are responsible for managing the policy process within their area of expertise.

#### **4. Safeguard integrity in corporate reporting – accountability and service**

##### **Audit and Risk Committee**

The Library Council's Audit and Risk Committee meets all of the requirements of the NSW Treasury *Internal Audit and Risk Management Policy for the NSW Public Sector* (TPP15-03). The Committee comprises three independent members appointed under the *Prequalification Scheme: Audit and Risk Committees*. Its responsibilities are outlined in the Committee Charter and through a comprehensive Annual Audit and Risk Committee Work Plan which enables the Committee to provide oversight over finance, external audit, internal audit, governance, risk, Work Health & Safety and related areas.

The President of the Library Council, State Librarian & Chief Executive, Director, Operations and Infrastructure & CFO, Chief Audit Executive and the internal and external auditors attend the Committee's meetings, and other senior staff and responsible managers attend by invitation. The Chair attends a meeting of the Library Council after each Committee meeting to report on its deliberations and relevant issues.

##### **Internal and external audit**

Through the Audit and Risk Committee the Library Council oversees the Library's risk management and systems of control, including receiving and monitoring reports of the internal and external auditors.

The State Librarian & Chief Executive, Director, Operations and Infrastructure & CFO and Chief Audit Executive, with the guidance of the Audit and Risk Committee and the Library's risk profile in the *Business Risk Map*, develop the three year internal audit plan which comprises a program of audits to be undertaken by an outsourced internal audit service provider. The internal audit plan is reviewed by the Audit and Risk Committee for approval by the Library Council.

The terms of reference for internal audits and draft internal audit reports are endorsed by the Audit and Risk Committee prior to finalisation. Final copies of the internal audit reports are approved by the Library Council.

Internal audits are completed in line with the plan and audit outcomes and recommendations are reviewed and tracked for implementation in the Internal Audit Issues Register. Responsibility for implementing the recommendations rests with the relevant Director. Updates on the register are reported on a regular basis to the Audit and Risk Committee and Library Council.

External audits are completed by the Audit Office of NSW and include audits of the financial statements of the Library Council of NSW and the State Library of NSW Foundation.

The audit program is integral to the risk management program, which informs the priorities for the internal audit program through the assessment of risk and the effectiveness of existing controls and identified mitigation strategies.

### ***Sign-off of financial statements***

Separate financial statements are prepared for the State Library of NSW Foundation and the Library Council. The Foundation financial statements are included in the consolidated accounts for the Library Council. The financial statements are prepared in accordance with the *Public Finance and Audit Act 1983* and the *Australian Charities and Not-for-profits Commission Act 2012* and satisfactorily comply with the requirements of this legislation.

The Foundation financial statements are signed off by the Director, while the Library Council financial statements are signed off by the Library Council President and one other Council member, on the Audit and Risk Committee's endorsement that the financial reports comply with the appropriate accounting standards and meet requirements of the Audit Office of NSW.

## **5. Make timely and balanced disclosure – integrity and accountability**

### ***Annual Reports and continuous disclosure***

The *State Library of NSW Foundation Annual Report* and *Library Council of NSW Annual Report* are prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*. The Annual Reports meet all statutory obligations and requirements of the NSW Treasury *Annual Reports Checklist* and are submitted to the Minister for the Arts on time.

The Annual Reports include comprehensive key performance measures in terms of inputs and outputs and outcomes indicators, with comparative data over three consecutive years. The audited consolidated financial statements of the Library Council incorporate the Library Council and the Library Foundation financial results and comprehensive information is provided on the allocation of subsidies and grants to NSW public libraries. The Annual Reports are published on the website once tabled in Parliament.

Other significant governance areas requiring disclosure include:

- Privacy management under the *Privacy and Personal Information Protection Act 1998*
- Right to information through the *Government Information (Public Access) Act 1989*, reporting to the NSW Information and Privacy Commission
- Records and information management under the *State Records Act 1980* and the *NSW Government Digital Information Security Policy*
- Public interest disclosures in accordance with the *Public Interest Disclosures Act 1994*, reporting to the NSW Ombudsman.
- Reporting requirements under the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and *Australian Charities and Not-for-profits Commission Regulation 2013 (Cth)*.

## **6. Remunerate fairly and responsibly**

### ***Remuneration is fair and responsible***

The Library Council is classified as a board of management (B2) under the Public Service Commission *NSW Government Boards and Committees Classification Framework*<sup>4</sup>. Library Council members and Audit and Risk members are not remunerated but are entitled to payment of expenses incurred on official business, including travel and subsistence allowances in accordance with Treasury and Public Service Commission guidelines.

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<sup>4</sup> Public Service Commission. Classification and remuneration Framework for NSW Government Boards and Committees: Policy and guidelines. (D2012\_005) October 2015 update. [www.psc.nsw.gov.au](http://www.psc.nsw.gov.au)

Senior executive officers and staff are remunerated according to the relevant awards and entitlements under the *Government Sector Employment Act 2013*.

## **7. Recognise and manage risk - (accountability)**

### ***Risk management program***

Risk management establishes a process of identifying, analysing, treating, monitoring and communicating risks. Such risks could either prevent the achievement of the Library's objectives or provide the opportunity for extra benefits to be realised.<sup>5</sup>

The State Librarian & Chief Executive is accountable for risk management in accordance with the NSW Treasury *Internal Audit and Risk Management Policy for the NSW Public Sector* (TPP15-03) and a Risk Management Policy and Framework that is consistent with the international risk management standard AS/NZS ISO 31000:2009 has been established and maintained.

The State Librarian & Chief Executive, with the Executive Committee, maintains the Library's *Risk Management Policy and Framework* and the *State Library Business Risk Map* which are consistent with the NSW Treasury *Risk Management Toolkit for the NSW Public Sector* (TPP 12-09) and the requirements of NSW Treasury *Internal Audit and Risk Management Policy for the NSW Public Sector* (TPP15-03).

Risk management is integral to the strategic and business planning process, and to the priorities in the internal audit program. Internal audit findings also influence risk ratings in relation to the effectiveness of controls and mitigation strategies. The Library's risk appetite is assessed and agreed through the six monthly review of the *Business Risk Map* that includes a review of the performance of existing controls and risk mitigation strategies. The Library Council, through the Audit and Risk Committee, oversees the reviews of the *Business Risk Map*.

Effective risk management processes are also required by the *Public Finance and Audit Act 1983* and the *Work Health & Safety Act 2011*. The Library reports on the risk management and insurance arrangements as required by the *Annual Reports (Statutory Bodies) Regulation 2015*. The President of the Library Council is required to provide an Internal Audit and Risk Management Attestation annually to comply with all of the core requirements of TPP 15-03.

The *Business Continuity Management Plan* ensures that the Library is able to deliver essential services following a disruptive event. The Plan is monitored and tested to keep it up-to-date and so that key staff are aware of their responsibilities if the Plan needed to be activated. The key elements of the Plan relate to the safety and welfare of people; preservation of the collections; continuity of services, and the Library's reputation and compliance.

The *Project Management Framework* includes risk assessment and management criteria, and all projects have a risk register that is documented during the planning phase, monitored during program development and reviewed at the project execution or completion stage.

### ***Compliance with Digital Information Security Policy***

The Library has an Information Security Management System (ISMS) based on a comprehensive assessment of the risk to digital information and digital information systems. The ISMS meets the requirements of the *NSW Government Digital Information Security Policy* version 2.0 (OFS 2015-05) and is consistent with NSW Treasury *Internal Audit and Risk Management Policy for the NSW Public Sector* (TPP15-03), international risk management standard AS/NZS ISO 31000:2009 and international Information Technology – Security Techniques - ISMS requirements ISO 27001:2013.

The Library conducts an annual risk assessment of the ISMS and reports to the Audit and Risk Committee on compliance with OFS 2015-05. This forms the basis of the annual Attestation

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<sup>5</sup> Standards Australia, Risk Management – Principles and guidelines (AS/NZS ISO 31000:2009)

Statement to the Digital Information Security Policy by the State Librarian & Chief Executive in the Library Council Annual Report.

### ***Sign-off on adequacy of internal controls***

The State Librarian & Chief Executive must ensure there is an effective system of internal controls over the financial and related operations, as required by the NSW Treasury Policy *Certifying the Effectiveness of internal Controls over Financial Information* (TPP 14-05).

The Policy requires the CFO to provide the Library Council with an annual letter of certification as to the effectiveness of the systems of internal control over financial information. The Audit and Risk Committee reviews the CFO Letter of Certification and recommends it to the State Librarian & Chief Executive. A copy of the CFO Certification is provided to NSW Treasury.

The sign off of the internal audit program by the Audit and Risk Committee and the Library Council also attests to the adequacy of internal controls whereby risk assessment and controls may identify internal audit priorities.

The Library also complies with statutory reviews and audits conducted by NSW Treasury under the *Public Authorities (Financial Arrangements) Act 1987* to ensure that internal controls are robust and comply with relevant legislation and *Treasurer's Directions*.

## **8. Respect the rights of key stakeholders - Service Stakeholder engagement**

The Library is committed to effective collaboration and stakeholder engagement to ensure that services are proactive and responsive in meeting the current and future information needs of the people of NSW and the world, while maintaining the documentary heritage of NSW in all its formats.

Service delivery policies and plans aim to provide streamlined access to the collections and services both onsite and remotely, while ensuring the safety and security of clients, staff, the collections, buildings and systems. Exhibitions and public programs enhance access to the collections and optimise the stakeholder experience.

Effective communication is also essential to engagement with internal and external stakeholders. The Library maintains regular communication with all stakeholder groups such as through the website, blogs, public programs, staff meetings and open forums and participation in cross-agency activities in the cultural, educational and wider public sector.

Stakeholder engagement is also encouraged through participation in the research program, annual client surveys, as well as onsite and website feedback opportunities. Stakeholder advisory bodies such as the Public Libraries Consultative Committee, the Mitchell Library Consultative Committee and the LIAC Advisory Board, are highly valued sources of information and advice. Library Council members also represent important community sectors and are a key source of advice. Members of the Foundation Board provide expertise in philanthropy and working with supporters and benefactors.

Client policies are accessible on the website and are reviewed in line with the *Policy Management Guidelines* to ensure they are current and relevant.

### **Responsibilities**

The **State Librarian & Chief Executive** and the **Directors** are responsible for:

- Providing leadership in the implementation and management of the Governance Framework

- Working with the Audit and Risk Committee and the Library Council to monitor the Framework and reporting on performance in line with the guiding principles
- Ensuring that all monitoring, reporting and compliance requirements are met
- Promoting the Framework and the requirements of good governance to managers and staff.

**Managers and staff** are responsible for implementing the good governance principles in their work and areas of control and supporting the development of an ethical governance culture throughout the Library.

### Key legislation and policy

- Library Act 1939
- Government Sector Employment Act 2013
- Public Finance and Audit Act 1983
- Internal Audit and Risk Management Policy for the NSW Public Sector. NSW Treasury Policy and Guidelines Paper (TPP15-03)
- Risk Management Toolkit for the NSW Public Sector. NSW Treasury Policy and Guidelines Paper (TPP 12-09)
- Certifying the Effectiveness of internal Controls over Financial Information. NSW Treasury Policy and guidelines paper (TPP 14-05).
- NSW Government Digital Information Security Policy version 2.0, April 2015. Office of Finance & Services Circular (OFS 2015-05)

### References

1. Audit Office of NSW (2015). Governance lighthouse- a strategic early warning signal. Audit Office, 2015.
2. Australian National Audit Office (2014). Public sector governance: strengthening performance through good governance. Commonwealth of Australia, 2014.
3. Australian Public Service Commission (2007). Building better governance. Commonwealth of Australia, 2007.

### Document history and version control

Version	Date approved	Approved by	Brief description
1.0	13 September 2016	Executive Committee	
1.0	10 October 2016	Audit and Risk Committee	