



Biodiversity  
Conservation  
Trust

# Governance Framework

November 2021

NSW Biodiversity Conservation Trust

<b>Status</b>	Version 2.0
<b>Approved by</b>	BCT Board
<b>Date of approval</b>	30 November 2021
<b>Expiry/review date</b>	November 2022
<b>Policy sponsor</b>	BCT Chief Executive Officer
<b>Policy owner</b>	BCT Manager, Strategy & Governance
<b>Policy contact</b>	BCT Senior Strategy & Governance Officer
<b>Document location</b>	DOC21/1068800
<b>Superseded documents</b>	CM9: DOC18/282963

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# 1. Purpose

The BCT Governance Framework is designed to assure adequate accountability to our stakeholders and to encourage performance improvement while meeting our obligations and legislative requirements. The purpose of the framework is to assist BCT staff to understand and apply the principles of good governance, and to assess the strengths and weaknesses of current governance practice and improve it.

The BCT's governance arrangements are guided by NSW Government requirements, best practice as identified by the NSW Audit Office's 'Governance Lighthouse – Strategic Early Warning System.'

## 1.1 What is governance?

The NSW Audit Office defines governance as “the high-level frameworks, processes and behaviours established to ensure an entity meets its intended purpose, conforms with legislative and other requirements, and meets the expectations of probity, accountability and transparency. Governance should be enduring, not just something done from time to time”<sup>1</sup>

## 1.2 Why do we need governance?

The NSW Audit Office states that the reason why we need good governance is because doing so, promotes public confidence in government agencies. The better agencies are governed, the better they will perform and the more satisfied the public will be. Sound governance is paramount to service delivery and the economic and efficient use of public money.

## 1.3 Scope and application

This framework applies to all staff, including staff employed in a paid or unpaid capacity and staff employed on a permanent, temporary or casual basis. Accordingly, the framework applies to contractors, consultants, the Board and committee members working with the BCT.

## 1.4 Legal framework

This framework is part of a broader legal and policy framework constituted by:

- [Biodiversity Conservation Act 2016](#)
- [Biodiversity Conservation Regulation 2017](#)
- the [DPIE Code of Ethics and Conduct](#), which clarifies the standards of behaviour expected of employees in the performance of their duties
- the [DPIE Public Interest Disclosure Policy Feb 2021](#).

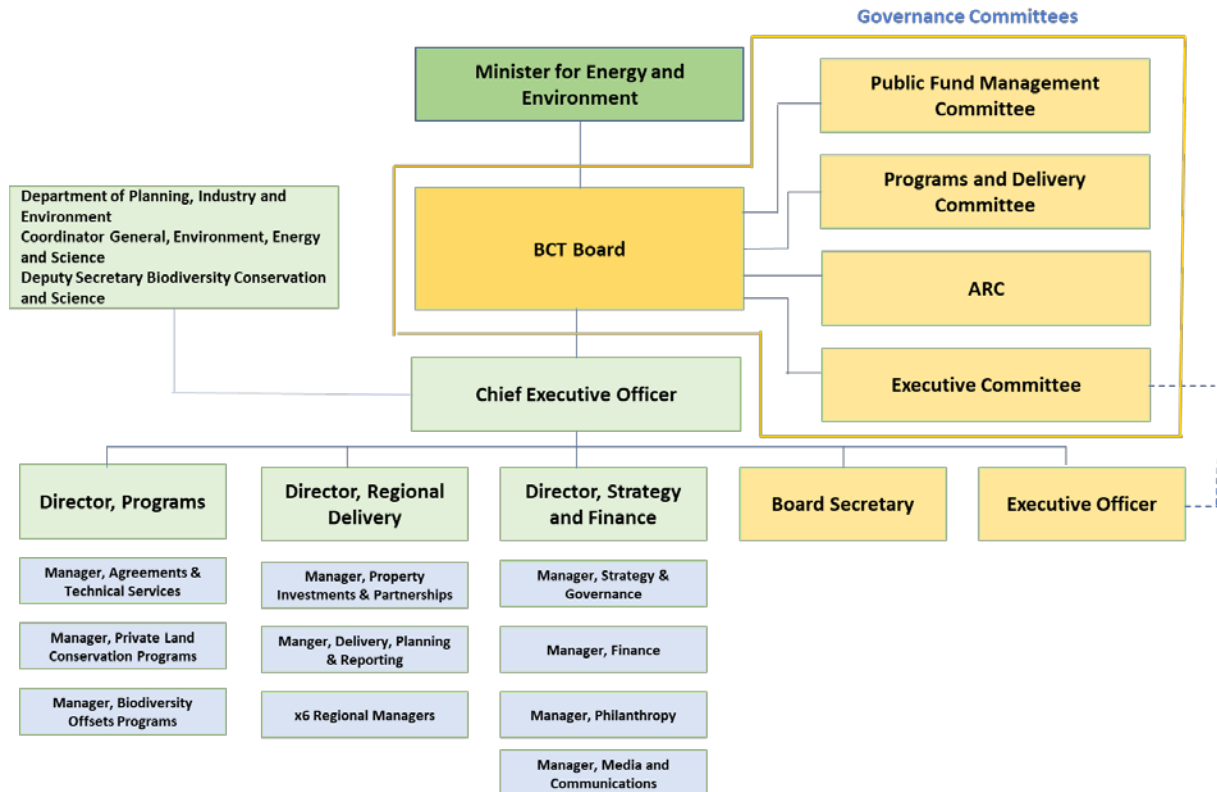
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<sup>1</sup> <https://www.audit.nsw.gov.au/our-work/resources/governance-lighthouse>

## 2. Governance structure

### 2.1 Structure

The BCT governance structure consists of the BCT Board and BCT Executive Committee comprising the BCT Chief Executive Officer, the Director Programs, the Director Regional Delivery and the Director Strategy and Finance. The Board is appointed by, and accountable to, the Minister for Energy and Environment. The BCT governance structure is shown below:



### 2.2 BCT Board

The BCT Board is directly accountable to the Minister and operates in accordance with the [Biodiversity Conservation Act 2016](#), the [Biodiversity Conservation Regulation 2017](#), and the [Biodiversity Conservation \(Savings and Transitional\) Regulation 2017](#).

The Board ensures compliance with a comprehensive governance framework and is constituted under [Part 10.3 of the Biodiversity Conservation Act 2016](#). The Board must consist of no fewer than five and no more than 11 members appointed by the Minister.

The functions of the Board are set out in the [Board Charter](#). They encompass communications and stakeholder engagement, business planning, performance monitoring, evaluation and reporting, audit and risk management, financial management, policy and program design, and governance and conformance.

All Board members are provided with an induction and offered development opportunities. The names, skills and length of service of each member is disclosed in the BCT Annual Report and outlined on the BCT website.

## 2.3 Governance Committees

The work of the BCT is governed by five bodies that are referred to as the BCT's "Governance Committees": the Board, the Audit and Risk Committee (ARC), the Programs and Delivery Committee (PDC), the Public Fund Management Committee (PFMC) and the Executive Committee. Consistent with governance principles established in the Governance Lighthouse, each of the BCT's Governance Committees operates in accordance with Charter documents governing their specific and independent operation.

## 2.4 Audit and Risk Committee (ARC)

The Audit and Risk Committee (ARC) provides independent assistance to the Board by monitoring, reviewing and providing advice on governance, financial management, risk management, conformance, internal and external audit, and external accountability. Representatives from the Audit Office of NSW and the BCT's internal auditors regularly attend meetings. The functions of the ARC are set out in the [ARC Charter](#).

## 2.5 Programs and Delivery Committee (PDC)

The Programs and Delivery Committee (PDC) provides advice to the Board by considering BCT management recommendations on program design and planning, program delivery and BCT performance. The PDC is composed of no fewer than three and no more than five members appointed by the Board from among the Board's own membership. The functions of the PDC are set out in the [PDC Charter](#).

## 2.6 Public Fund Management Committee (PFMC)

The Public Fund Management Committee (PFMC) is responsible for managing the BCT Public Fund in accordance with the requirements of the [Biodiversity Conservation Act 2016](#), on a not-for-profit basis.

## 2.7 Executive Committee

The BCT Executive Committee is a key leadership forum to inform decision-making by the BCT's leadership team. Some decision-making powers are delegated from the Minister, Board or Chief Executive Officer to the Executive Committee. The BCT Executive Committee therefore works as a group to inform and support all members in the exercise of each member's own authority and responsibilities. Resolutions of the BCT Executive Committee are consistent with formal delegations for decision-making.

# 3. Reporting and Planning

## 3.1 Business Plan

Section 10.7(1) of the [Biodiversity Conservation Act 2016](#) states that the BCT must conduct activities in accordance with a Business Plan. The [Biodiversity Conservation Regulation 2017](#) prescribes certain content to be included in the BCT Business Plan.

In August 2021, the BCT's second Business Plan ([the BCT Business Plan 2021-2025](#)) was approved by the Minister and subsequently published on the BCT website. The Business Plan defines the BCT's purpose and vision and its strategic goals. It also defines the governance arrangements in place to aid the BCT's achievement of its strategic goals, including arrangements for managing risk.

### 3.2 Reporting

As a public agency, the BCT recognises that it is accountable. It also recognises that public reporting on performance is central to accountability.

The BCT is required to prepare and submit an annual report to the Minister in accordance with the *Annual Reports (Statutory Bodies) Act 1984*. The *Biodiversity Conservation Regulation 2017* prescribes certain content to be included in the BCT's Annual Report; specifically, on its progress in reporting against the goals set out in its Business Plan and on actions undertaken to implement the plans in its Business Plan.

In addition to the Annual Report, the BCT maintains an electronic public register of private land conservation agreements on the BCT website. It also reports periodically (quarterly) on its conservation outcomes in the BCT's Understory newsletter to landholders.

## 4. Delegations

The Minister has signed the following:

- An instrument of Delegation of Ministerial Functions under the former *Public Finance and Audit Act 1983*, now the *Government Sector Finance Act 2018* (financial delegations).

An instrument of Delegation of Ministerial Functions under the Act (administrative delegations). On behalf of the BCT Board, the Chair has signed the following:

- An instrument of Delegation of Functions of the NSW BCT (administrative delegations).
- A protocol governing the exercise of the BCT Board's administrative delegations and the Minister's financial delegations by officers of DPIE and the NSW BCT (officers).

## 5. Financial Management

The BCT operates in accordance with the provisions of the *Government Sector Finance Act 2018* and the *Biodiversity Conservation Act 2016*. The BCT prepares and updates its budget on a regular basis, (at least annually and as frequently as required, e.g. quarterly). Any proposed adjustments to the budget must be considered by the ARC and approved by the Board. Any adjustments approved by the Board are submitted to NSW Treasury as parameter and technical adjustments for consideration by the NSW Government Cabinet Standing Committee on Expenditure Review (ERC).

Some points of note:

- i. BCT's Finance, Funds and Investment Unit prepares monthly finance reports for consideration by the BCT Executive Committee.
- ii. BCT's Finance, Funds and Investment unit prepares quarterly reports on financial management and funds and investment management for consideration by the BCT ARC and Board.
- iii. BCT's Manager, Finance is appointed as the BCT's Chief Financial Officer and provides assistance to the Executive and the BCT Board.

- iv. BCT is supported by DPIE finance and decision support divisions in areas such as financial transactions and administration, and preparation of financial statements.

## 6. Risk Management

The BCT has appointed a Chief Risk Officer (CRO) to coordinate risk management in the organisation. The Board maintains a Risk Appetite Statement to guide decision-making. A Risk Management Policy and Framework, along with a range of risk assessment tools has also recently been redeveloped to help guide staff.

The BCT actively encourages a culture of risk identification and management and maintains risk registers at both the enterprise and operational levels. The BCT management provide quarterly risk management reports to the ARC and Board.

## 7. Conformance framework and register

The BCT has developed a Conformance framework and register. The BCT's commitment to and processes for achieving conformance with all applicable laws, regulations and government requirements are set out in the Conformance framework. It reports on its success in achieving conformance in the Conformance register.

Conformance reporting is provided to the ARC and Board quarterly. Where the BCT reports that it is only partially conforming or not with any of its core obligations in the register, the ARC and Board will recommend strategies to correct anomalies as appropriate.

## 8. Auditing

The BCT has appointed a Chief Audit Executive responsible for managing its internal audit functions. The internal audit function is provided an independent specialist audit services provider. The internal auditor develops a Strategic Internal Audit Plan (SIAP) and carries out audits of the BCT's systems using a risk-based audit methodology. The risk register is the foundation for all audits.

The internal auditor is responsible to the ARC and is charged with the responsibility for completing the agreed program of independent reviews of the major risk areas. The audit program is constructed having regard for the major risks of the business and the time since the last review was carried out on these risks. The internal auditor reviews risks that have been identified, tests controls, and follows up to confirm that mitigation initiatives and recommendations have been implemented.

External audits are conducted by the NSW Audit Office. The CEO has signed a Client Service Plan (CM9: DOC18/201059-1) with the Audit Office to guide the external audit process.



## 9. Governance policies

Staff at the BCT are employed by DPIE under the [Government Sector Employment Act 2013](#). DPIE provides cluster corporate services under a Service Partnership Agreement, allowing the BCT to adopt cluster governance policies and procedures as they apply to BCT operations.

The Board has noted DPIE policies that apply to the corporate services provided to the BCT by DPIE and has formally adopted relevant governance policies from the former Office of Environment and Heritage (OEH). The BCT will consider additional governance policies and procedures for BCT operations as required.

## 10. Communications and Engagement

The BCT has established a Communications Strategy, identifying stakeholder interests and the various channels to reach stakeholders. Principal communication channels include the BCT website and regular BCT newsletter, (Understory) which is published three times a year. The BCT has also established various formal or informal regional communication and engagement plans focused on the specific geographical community needs. The BCT provides communication and engagement reports to every BCT Board meeting. The development of an Education Strategy is also underway.

In addition to the above, the BCT has also established a Landholder Support Program, which specifies the regional support services that will be provided to landholders. An Aboriginal Engagement Working Group and a Customer and Landholder Feedback Committee also exists to improve engagement. The BCT's commitment to customer service is articulated in the [BCT's Customer Service Charter](#).

## 11. Status of BCT Governance against the NSW Audit Office Lighthouse

The BCT Governance Framework is measured against 8 principles and 17 components of the NSW Audit Office Governance Lighthouse as follows:



The Governance Lighthouse is a strategic early warning system. It provides practical advice on how to implement successful governance. The principles and components are based on the ASX ‘Corporate Governance Principles and Recommendations’ and draw from other publications such as the Australian National Audit Office ‘Public Sector Governance – Strengthening Risk Management Policy for the NSW Public Sector.’

The guide also takes into account the 3rd edition of the ASX ‘Corporate Governance Principles and Recommendations’, and the Australian National Audit Office ‘Public Sector Governance – Strengthening Performance through Good Governance, Better Practice Guide.’

Principle	Component	Status
1. Management and Oversight	1. Leadership and strategic and business plans	<ul style="list-style-type: none"> <li>In August 2021, the BCT’s second Business Plan was approved by the Minister and published on the BCT website.</li> </ul>
	2. Regular reporting against plans	<ul style="list-style-type: none"> <li>The BCT provides quarterly performance reports to the Board.</li> <li>The BCT is required to prepare an Annual Report to be tabled in Parliament by the Minister.</li> </ul>

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Principle	Component	Status
	3. Clear accountability and delegations	<ul style="list-style-type: none"> <li>• The functions of the Minister, the Board and the BCT are specified in the <i>Biodiversity Conservation Act 2016</i>.</li> <li>• The BCT has a clear accountability structure as depicted on page.5.</li> <li>• All staff have role descriptions, and performance and development agreements.</li> <li>• The BCT has four instruments of delegations, a Board protocol guiding the exercise of those delegations, and in internal staff guideline on the use of delegations.</li> <li>• The Board has approved a Board Charter that specifies the role of the Board and related entities. The Charter commits the Board to periodic evaluation.</li> <li>• Board members are subject to written contracts and a code of conduct.</li> <li>• The Board has noted DPIE policies that apply to the corporate services provided to the BCT by DPIE.</li> <li>• The Board has formally adopted or adapted relevant DPIE policies.</li> </ul>
	4. Diversity policy	<ul style="list-style-type: none"> <li>• The BCT has adopted the DPIE Identified and Targeted Positions Policy and is implementing a diversity recruitment plan.</li> <li>• The BCT has also adopted the DPIE:               <ul style="list-style-type: none"> <li>○ Multicultural Plan</li> <li>○ Disability Inclusion Action Plan</li> <li>○ Aboriginal Employment Strategy.</li> </ul> </li> </ul>

Principle	Component	Status
2. Structure	5. Key governance committees	<ul style="list-style-type: none"> <li>• The BCT has established five bodies that are referred to as the BCT’s “governance committees” – the Board, the Audit and Risk Committee (ARC), the Programs and Delivery Committee (PDC), the Public Fund Management Committee (PFMC) and the Executive Committee. All committees have charters and report to the Board after each meeting.</li> <li>• The BCT is governed by a Board of eight independent members.</li> <li>• The Board has a register of disclosures of interests, which is a standing agenda item on Board and committee meetings.</li> <li>• The Board is supported by a Board Secretary.</li> <li>• The names, skills and length of service of each member is disclosed in the BCT’s Annual Report.</li> <li>• Board members are provided with an induction and offered development opportunities.</li> <li>• The Board has approved an internal audit charter.</li> <li>• The Board regularly approves a rolling internal audit plan.</li> <li>• The BCT commissions an internal auditor provider.</li> <li>• The BCT has appointed a Chief Audit Executive and a Chief Risk Officer.</li> </ul>
3. Ethics	6. Ethical framework	<ul style="list-style-type: none"> <li>• BCT staff are public servants bound by the ethical framework established by the <i>Government Sector Employment Act 2013</i>.</li> <li>• The BCT has developed a culture vision and roadmap, which articulates the culture, values and behaviour that the BCT expects.</li> <li>• BCT staff are required to adhere to the Office of Environment and Heritage (OEH) code of conduct as approved from time-to-time by the Chief Executive of OEH and available on the internal website. BCT staff are also required to attest compliance with the DPIE code of ethics and conduct.</li> <li>• BCT staff are bound by a series of other OEH policies, including in relation to engagement with the Minister, engaging with the media, and scientific rigour.</li> </ul>
	7. Fraud and corruption control framework	<ul style="list-style-type: none"> <li>• The Board has a Fraud Control Policy in place and a commitment to develop an implementation plan.</li> </ul>
	8. Compliance Framework	<ul style="list-style-type: none"> <li>• The ARC is responsible for overseeing the BCT conformance with legal and government policy obligations.</li> <li>• The BCT develop a conformance framework and plan, and a quarterly conformance reporting system.</li> </ul>

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Principle	Component	Status
4. Corporate reporting	9. Audit and Risk Committee	<ul style="list-style-type: none"> <li>The BCT has established the ARC, consistent with <i>Treasury Circular internal audit and risk management policy for the NSW Public Sector</i> (TPP20-08).</li> <li>The ARC Charter assigns responsibility to the ARC to advise the Board on financial management, funds and investment management, risk, conformance, internal audit and external audit.</li> <li>The internal and external auditors are invited to attend all meetings.</li> </ul>
	10. Internal and external audit	<ul style="list-style-type: none"> <li>The Board has approved an internal audit charter.</li> <li>The Board regularly approves an internal audit plan.</li> <li>The BCT commissions an internal auditor provider.</li> <li>The BCT has appointed a Chief Audit Executive and a Chief Risk Officer.</li> <li>The NSW Audit Office conducts financial audits and may conduct external performance audits.</li> </ul>
	11. CEO and CFO sign-off of financial report	<ul style="list-style-type: none"> <li>The BCT has appointed a Chief Financial Officer.</li> <li>The CEO and the CFO will attest to the accuracy of the BCT financial statements.</li> </ul>
5. Disclosure	12. Annual Report	<ul style="list-style-type: none"> <li>The BCT is required to prepare an Annual Report to be tabled in Parliament by the Minister.</li> </ul>
	13. Continuous disclosure	<ul style="list-style-type: none"> <li>The BCT Business Plan is available on the BCT website.</li> <li>The BCT Annual Report is available on the BCT website and provides performance and expenditure information.</li> <li>The BCT discloses performance information on the BCT website.</li> <li>The BCT proactively releases information relevant to the public via the BCT website, social media, media releases, web-based publications, brochures, factsheets and reports.</li> <li>The BCT makes information publicly available in accordance with the <i>Government Information (Public Access) Information Act 2009</i>, <i>Biodiversity Conservation Act 2016</i> and regulations.</li> <li>The BCT Executive reviews performance reports against strategic goals monthly and reports on performance to the BCT Board quarterly.</li> <li>The BCT maintains a public register of private land conservation agreements.</li> </ul>
6. Remuneration	14. Remuneration is fair and responsible	<ul style="list-style-type: none"> <li>The Board's remuneration is consistent with the classification and remuneration framework for NSW Government Boards and Committees and falls within <i>Group A: Boards of Governance Primary Entities Level 3 (criteria A3-ii and iii)</i>, as approved by the</li> </ul>

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Principle	Component	Status
		<p>NSW Public Service Commissioner and Cabinet.</p> <ul style="list-style-type: none"> <li>• Staff of the BCT are remunerated in accordance with the OEH Crown Employees Award.</li> </ul>
7. Risk management	15. Risk Management Policy in place	<ul style="list-style-type: none"> <li>• The BCT has established a Risk Management Framework and Methodology including a Risk Appetite Statement and Risk Management Policy.</li> <li>• The BCT provides quarterly risk management reports to the ARC.</li> </ul>
	16. CEO and management sign-off on internal controls	<ul style="list-style-type: none"> <li>• The DPIE <i>Finance Policy Manual</i> outlines policies, procedures and processes to ensure effectiveness and efficiency of operations, reliability of financial reporting, compliance with laws and regulations.</li> <li>• The BCT (and DPIE as service provider) will comply with <i>Certifying the Effectiveness of Internal Controls Over Financial Information (TPP17-06)</i>:</li> <li>• The Minister has made an instrument of financial delegations. Guidelines on the use of these delegations have been communicated to BCT staff.</li> <li>• The CEO and Executive Committee regularly review key risks and controls and sign-off on controls required following internal audits outcomes per TPP 20-08.</li> <li>• The CFO will provide the CEO, ARC, BCT Board and NSW Treasury with an annual letter of certification as to the effectiveness of the system of internal controls over financial management. This is supported by an Internal Control Questionnaire as well consideration of certifications provided by management and DPIE cluster services.</li> </ul>
8. Key Stakeholder Rights	17. Key Stakeholder Management Program	<ul style="list-style-type: none"> <li>• The BCT has a Stakeholder Management Plan, a Communications Strategy and a Customer Service Charter.</li> </ul>