

NATIONAL POLICE CHECKING SERVICE (NPCS) AUDIT AND COMPLIANCE GUIDELINES

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1. BACKGROUND

- 1.1 A mandatory requirement for accessing the National Police Checking Service (“NPCS”) is that all accredited users must participate in the Audit and Compliance program, as coordinated by the CrimTrac Background Checking Services (“BCS”) Audit and Compliance team.

2. PURPOSE OF GUIDELINES

- 2.1 The purpose of the NPCS Audit and Compliance guidelines is to establish the framework that governs all NPCS Audit and Compliance activities.
- 2.2 The guidelines are subject to continuous improvement practices and amendments may be made from time to time, as directed by CrimTrac.

3. VERSION CONTROL AND CHANGE HISTORY

Version Control	Date effective	Approved by	Amendment
2	06/09/2010	Michelle Pallas	Commencement of new guidelines

4. APPLICATION AND SCOPE

- 4.1 The guidelines apply to all accredited users, their customers, and members of the CrimTrac Audit and Compliance Team.

5. DEFINITIONS

Accredited User	means an agency approved by CrimTrac and the Australian Police Services to access the NPCS through CrimTrac in accordance with the document <i>Accreditation Procedures to Access the NPCS</i> . This definition includes references to 'Accredited Agency/Agencies' and 'Accredited "broker" Agency/Agencies'.
Audit and Compliance Team	means the Audit and Compliance Team established within Background Checking Services at CrimTrac.
Customer	means a client of the Accredited User to whom the Accredited User provides the NPCS on behalf of CrimTrac.

6. ROLES AND RESPONSIBILITIES

6.1 CrimTrac Audit and Compliance team

- a. The Audit and Compliance team and the Governance Team are dually responsible for the implementation of these guidelines.
- b. The Audit and Compliance team will undertake the Audit and Compliance program to confirm that accredited users are maintaining agreed standards as per their MOU / Contract.
- c. The Audit and Compliance team are responsible for:
 - (i) the implementation and management of the Audit and Compliance program;
 - (ii) developing, maintaining, monitoring and reporting tools to effectively track and communicate outcomes and recommendations from the Audit and Compliance program; and
 - (iii) reporting, as required, to the CrimTrac Board of Management ("BoM"), CrimTrac Audit Committee, CrimTrac Governance team and other stakeholders (e.g. police services)

7. NPCS AUDIT AND COMPLIANCE PROGRAM

7.1 Guiding Principles

- a. An effective Audit and Compliance program is a fundamental aspect of risk mitigation;
- b. In keeping with CrimTrac's Risk Management Framework and broader Quality and Compliance principles, the NPCS Audit and Compliance program focuses on managing business risks and aims to promote a culture of continuous improvement.
- c. The Audit and Compliance program is subject to continuous improvement practices and may change from time to time, as directed by CrimTrac.

7.2 The Purpose of the NPCS Audit and Compliance Program

7.2.1 The purpose of the Audit and Compliance program is to ensure that:

- a. CrimTrac is satisfied that accredited users (and, where appropriate, their respective "customers") are meeting their contractual obligations for the provision of NPCS, as outlined in the Memorandum of Understanding ("MOU") or Contract;
- b. The Audit and Compliance process remains transparent, with a focus on risk management, quality assurance and best practice, under the guidance of the CrimTrac Governance team and the Audit Committee;
- c. There is a capacity for accredited users to take remedial action in a timely manner, to the satisfaction of CrimTrac; and
- d. Assessment of compliance remains evidence-based, which may require an onsite visit by CrimTrac (or CrimTrac authorised representative), for the purpose of auditing the accredited user, including any satellite offices, and / or any customers it is providing NPCS to.

7.3 Audit and Compliance Schedule

- 7.3.1 The Audit and Compliance program is scheduled annually, with a minimum triennial rotation for each agency. This ensures the Audit and Compliance program is effective, cyclical and cost efficient.
- 7.3.2 As a Commonwealth Agency, CrimTrac may use its discretion to engage an external audit service provider or the Australian National Audit Office for provision of Audit and Compliance program activities.
- 7.3.3 CrimTrac staff facilitating the Audit and Compliance program are appropriately trained to undertake such activities.

7.4 Six-Step Process

7.4.1 The Audit and Compliance program is a six-step process:

- (a) **Pre-Audit Questionnaire** – all accredited agencies are required to complete the questionnaire annually and return it within the requested timeframe, along with all requested documentation. Failure to comply with this requirement may result in accredited agencies being selected for audit;
- (b) **Paper Audit** – accredited agencies are selected for the annual audit. The responses to the questionnaire and provided documentation are audited to identify potential compliance issues and risks;
- (c) **Agency Engagement / Fact Finding** – selected accredited agencies are engaged to collect missing information, obtain clarification and address documentation and procedural issues;
- (d) **Risk Assessment** – using a Risk Assessment Matrix, CrimTrac will undertake a risk assessment of each agency being audited;
- (e) **Findings / Corrective Actions** – all accredited agencies are provided with an executive summary, including a brief synopsis of identified critical issues. Minor procedural and documentation issues will be resolved at the ‘Agency Engagement / Fact Finding’ stage;
- (f) **Agency Site Visit** – CrimTrac will use the Risk Assessment and Agency executive summary to identify those accredited agencies that CrimTrac considers need to be visited. Accredited agencies will be selected for a site visit where:
 - (i) The implementation of remedial measures relating to critical compliance issues need to be sighted and confirmed (usually where the compliance issue puts the accredited agency at a high level of risk);
 - (ii) The accredited agency has been identified as having a substantial level of risk and CrimTrac considers that a site visit is necessary; and / or
 - (iii) The accredited agency has not satisfactorily implemented remedial measures, as requested by CrimTrac, and CrimTrac considers that a site visit is necessary.

7.5 Selection for Audits

7.5.1 Agencies are selected for inclusion in the annual audit schedule for the following reasons:

- (a) **Triennial audit rotation** – all accredited agencies will be audited at least once every three years;
- (b) **First year audit** – all newly accredited agencies will be audited in their first year of NPCS operation;
- (c) **Non-responsiveness** – CrimTrac requires agencies to provide timely responses, particularly with reference to returning the completed Pre-Audit Questionnaire.

Timeframes for responses will be clearly indicated to agencies at the time of the request. Failure to respond to a request (and two additional reminders), may lead to the accredited agency being subjected to further actions, as specified by CrimTrac, such as, but not limited to; interviews, audit, sanctions on provision of service, or cessation of service;

- (d) **Assessed as at risk** – where the Audit and Compliance team perceives or becomes aware of a compliance issue or risk, the accredited agency may be included in the audit schedule.

7.6 Responsibilities of Authorised Officers

7.6.1 The Authorised Officer of each accredited agency is responsible for:

- (a) Receiving notifications relating to the Audit and Compliance program;
- (b) Responding in a timely manner to requests for information / documentation associated with the Audit and Compliance program; and
- (c) The timely resolution of all compliance issues and risks identified as a result of the Audit and Compliance program.

7.6.2 The Authorised Officer of an accredited “broker” agency is responsible for:

- (a) Receiving notifications relating to the Audit and Compliance program;
- (b) Responding in a timely manner to requests for information / documentation associated with the Audit and Compliance program, including requests relating to the agency’s customers; and
- (c) The timely resolution of all compliance issues and risks relating to the agency’s customers, identified as a result of the Audit and Compliance program.

7.7 Escalation and Sanctions

7.7.1 Agency site visits should take place prior to any implementation of sanctions, such as suspension or cessation of service. There may be instances where CrimTrac has a need to escalate an issue or implement sanctions on an accredited agency, without a site visit.

7.7.2 CrimTrac’s Authorised Officer, as identified in the MOU / Contract, retains the authority to implement sanctions or authorise cessation of service on an accredited agency.

7.8 Finalisation of Compliance Audits

7.8.1 CrimTrac will work with accredited agencies to finalise compliance issues and risks identified as a result of the Audit and Compliance program, including the provision of assistance and advice (where feasible) on best practice, procedural solutions, quality assurance measures, risk mitigation and corrective actions.

- 7.8.2 CrimTrac will not finalise an accredited agency's Compliance Audit file until all compliance issues and risks have been resolved / mitigated.
- 7.8.3 It is the responsibility of the accredited agency to analyse any advice given by CrimTrac and obtain legal advice where necessary.
- 7.8.4 Where an accredited agency has satisfied the requirements of the Audit and Compliance program, and has resolved all identified issues / risks, CrimTrac will:
- (a) Communicate to the Authorised Officer that the accredited agency's Compliance Audit file is closed, and
 - (b) Issue a Certificate of Compliance to the accredited agency's Authorised Officer.

8. REFERENCES TO RELATED DOCUMENTATION

- 8.1 The following documents are referenced in or relate to these guidelines:
- (a) COMTEM001 – Pre-Audit Questionnaire;
 - (b) COMTEM002 – Agency Audit Checklist;
 - (c) COMREF001 – Audit Rotation Schedule; and
 - (d) COMPRO001 – Agency Compliance Review Process – High Level.