

Implementing 'Better Practice' Inspections

**A Playbook for regulators to design and optimise compliance
monitoring inspections to become digitally ready**

Overview

This Playbook has three parts

Overview of this Playbook

- 1** This section outlines the context for this Playbook, its purpose, the benefits it will provide and how to use it to adopt 'better practice' compliance monitoring inspections in preparation for digital reform.

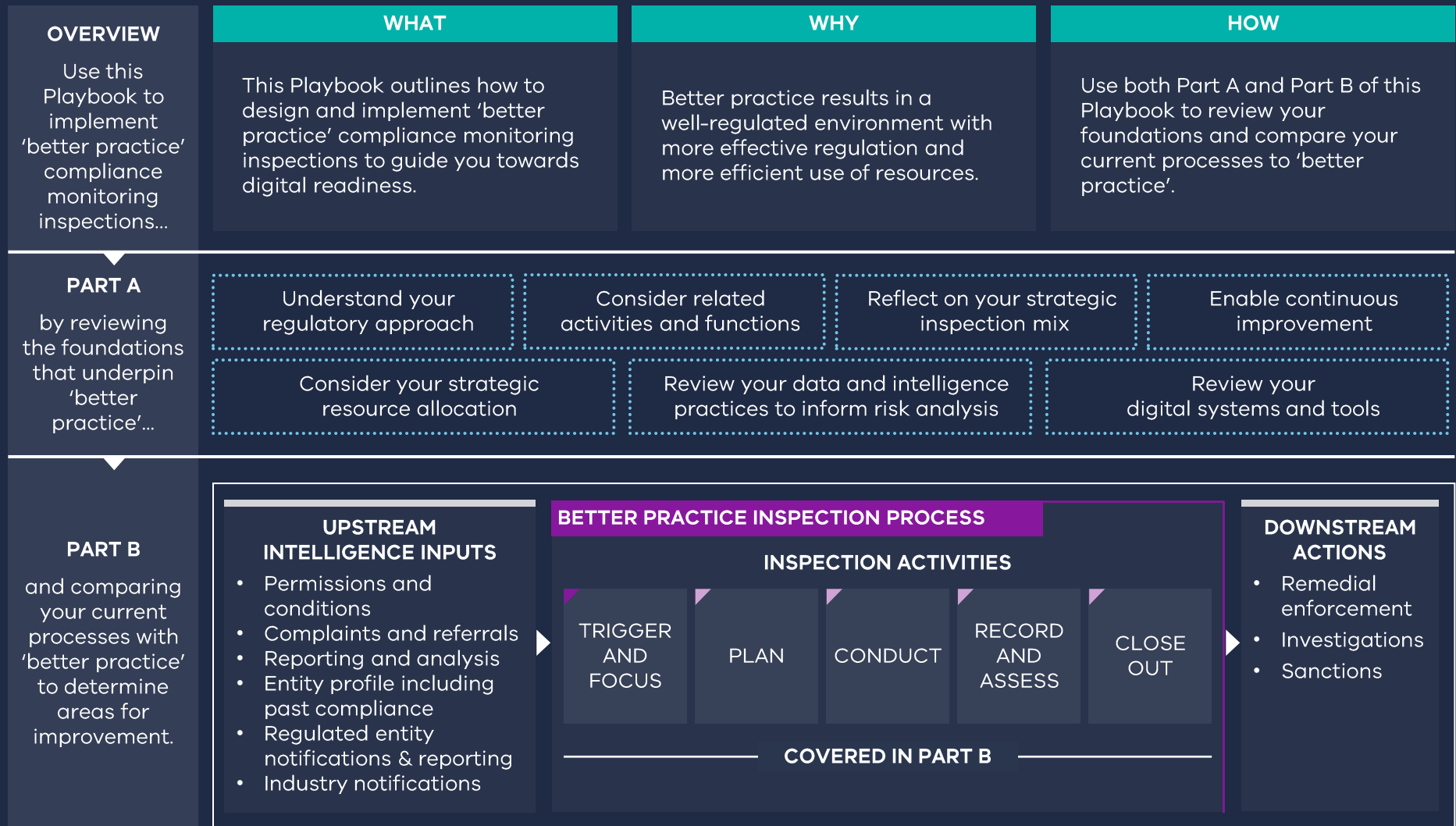
Part A: Review the foundations of your compliance monitoring practice

- 2** Primarily for executives and managers responsible for strategy and compliance operations – Consider your regulatory approach, inspection mix and enablers to establish a baseline understanding. Use this to inform and support better practice compliance monitoring inspections.

Part B: Designing better practice compliance monitoring inspection processes

- 3** Primarily for managers and reform officers responsible for reform and compliance operations – Assess your compliance monitoring inspection processes against 'better practice'. Use this section and the tools provided to identify and implement opportunities to move towards better practice to prepare for digital reform.

This Playbook discusses 'better practice' compliance monitoring inspections in two parts



This Playbook will help regulators adopt 'better practice' compliance monitoring inspections

This Playbook will help you to design and implement 'better practice' compliance monitoring inspections (inspections). Through repeatable processes and a range of tools it will guide you to improved regulatory processes and practices in preparation for digital reform.

Better practice results in more effective regulation and more efficient use of resources for regulators. Better practice will ensure a well-regulated environment and improved experience for stakeholders.

Why should you implement 'better practice' inspections?

BENEFITS FOR YOU

- ✓ Better regulatory outcomes from targeted and risk-proportionate inspections
- ✓ More efficient and effective inspections from streamlined standard processes
- ✓ Greater consistency in information collection and use to inform intelligence and risk analysis
- ✓ Improved support for inspectors to conduct inspections and make informed decisions
- ✓ More effective integration between teams and with other regulatory functions
- ✓ Better definition of your business rules and digital needs to discuss with potential digital service providers.

BENEFITS FOR REGULATED ENTITIES

- ✓ Greater transparency of expectations and confidence in fair treatment
- ✓ Clearer direction and understanding of justification for inspection outcomes
- ✓ Improved experience, with reduced compliance burden for low-risk, willingly compliant entities

BENEFITS FOR CONSUMERS AND PUBLIC

- ✓ Safer communities benefiting from well-regulated industries
- ✓ Greater transparency and confidence in the Victorian regulatory system

This Playbook has been developed for '**you**'.

'**You**' may be a leader, manager, officer or specialist in a regulator tasked with improving the effectiveness and approach to inspections or progressing digital reform.

This Playbook will make you '**digitally ready**'.

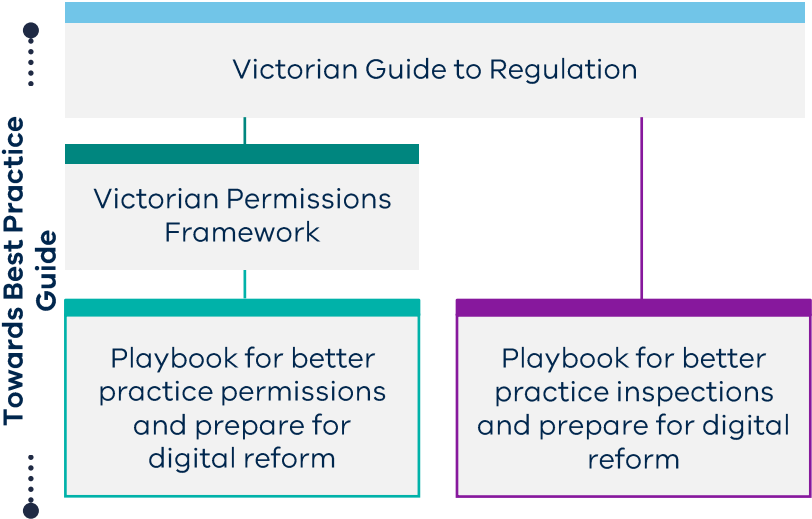
'Digital Readiness' means being prepared to plan for digital reform of inspections and to adopt new technology effectively.

Better practice will enable you to optimise inspections using your current systems and maximise the value from digitisation. Regulators who are digitally ready will also have an informed view on which processes should be prioritised for digitisation.

This Playbook can be used alongside other tools including the [Towards Best Practice](#) guides and the [Better Practice Permissions Playbook](#).

Note: for the purpose of this Playbook, "Inspections" refers to compliance monitoring inspections, including in-field inspections, desktop assessments, and remote inspections.

This Playbook is a 'how to' guide to implement 'better practice' inspections

 <h2>SUPPORTING VICTORIAN REGULATION</h2>	<p>This Playbook is part of Victoria's broader approach to better practice regulation.</p> <p>This Playbook is one of several Victorian Government frameworks and principles guiding 'better practice' regulation. Regulators should view this guidance together with the Better Practice Permissions Playbook to prepare for digital reform.</p> <p>This Playbook was developed in line with the then principles of good regulatory practice set out in Better Regulation Victoria's <i>Towards best practice guidance</i>. This Playbook will address principles 4-7, 9 and 10. Regulators are expected to have a clear view of their regulatory strategy as per principles 1-3 and ways of working with peers as per principle 8.</p>				
 <h2>USE CASES</h2>	<p>You will be able to use this Playbook in different reform contexts including:</p>	<p>To assess how digitally ready your practices and processes are currently.</p>	<p>To implement improved practices and processes and prepare for digital reform.</p>	<p>To periodically or routinely review regulatory practices and processes.</p>	<p>To implement inspection processes that are 'better practice' as a new regulator.</p>
 <h2>OUTPUT</h2>	<p>Use this Playbook and the supporting tools to develop a set of actions to implement better practice inspection processes. Implementation of this Playbook will result in a well-functioning, purpose driven, efficient inspection program.</p> <p>Through this Playbook you will identify and justify opportunities for digital reform, supported by documented rules and processes that align with better practice.</p>				

This Playbook is a 'how to' guide to implement 'better practice' inspections



HOW TO USE THIS PLAYBOOK

This Playbook can be used to assess your current inspection practices against 'better practice', and to develop clear business rules, before undertaking digital reform.

It will take you through a three-step process to review your current inspection processes, identify where they are not better practice, and implement changes before digital reform. This Playbook provides simple tools, including templates and frameworks that support you to implement better practice.

PART A

Primarily for executives and managers responsible for strategy and compliance operations

REVIEW YOUR STRATEGY

Conduct a high-level review of your current practices and processes to ensure your regulatory foundations are in place

Ensure you have a comprehensive understanding of your regulatory approach, inspection mix, and enablers.

Critically review your regulatory approach, inspections mix and enablers to ensure they align with and enable better practice inspection processes.

Use this section to inform your assessment of inspection processes in Part B. Review your existing systems and practices and identify where change is needed.

PART B

Primarily for executives and managers responsible for designing and implementing improvements to compliance operations and digital reform

IDENTIFY

Identify where your inspection processes are not better practice

Work through the 'better practice' inspection process and compare it to your current practices, identifying areas for improvement.

Outline how each of these areas for improvement could be addressed to implement better practice.

IMPLEMENT

Undergo targeted process redesign to implement better practice

Document business rules and prioritise opportunities, actions and enablers to implement better practice considering the value received proportionate to effort. Plan your implementation and conduct process reform to establish better practice inspections. Use the Playbook tools to assist.

This Playbook defines 'better practice' inspections with a set of ten criteria (1/2)

The ten better practice criteria outlined below guide this playbook and supports the implementation of better practice inspection programs. While this Playbook focuses on inspections, application of these principles across your broader regulatory activities will support you to improve the effectiveness and efficiency of your regulatory performance.

Consider these as you work through this Playbook to interrogate your current practices and identify opportunities to apply better practice to your inspection processes. Account for the 'digital considerations' to prepare and best enable your processes for future digitisation.

BETTER PRACTICE CRITERIA		DIGITAL CONSIDERATIONS
1	All available regulatory tools and actions are considered to select the appropriate response to non-compliance proportionate to risk.	Officers are equipped with appropriate knowledge to exercise powers, and inspection observations are captured in systems to help to generate notices, reports, directions, escalations etc, as appropriate.
2	Regulators allocate and target effort proportionate to an assessment of risk.	Records of the inspection include when non-compliances are observed and their significance, and the tool or response selected by the officer.
4	Information collection, storage and access follows consistent processes and supports sophisticated intelligence and risk analysis.	'Upstream' processes collect appropriate inputs for compliance monitoring programs; systems for recording inspections account for downstream uses.
3	Where appropriate, risk assessment considers an ongoing view of entity compliance history and broader factors.	Inspection records may capture observations of regulated entity behaviours or engagement. Officers can access information on regulated entity history
5	The burden on compliant and willing entities is minimised, while regulatory effectiveness is maintained or strengthened.	The design of inspection programs and inspection scope is informed by data, including field data, about the compliance posture and performance of the regulated entity.

This Playbook defines 'better practice' inspections with a set of ten criteria (2/2)

The ten better practice criteria outlined below guide this playbook and supports the implementation of better practice inspection programs. While this Playbook focuses on inspections, application of these principles across your broader regulatory activities will support you to improve the effectiveness and efficiency of your regulatory performance.

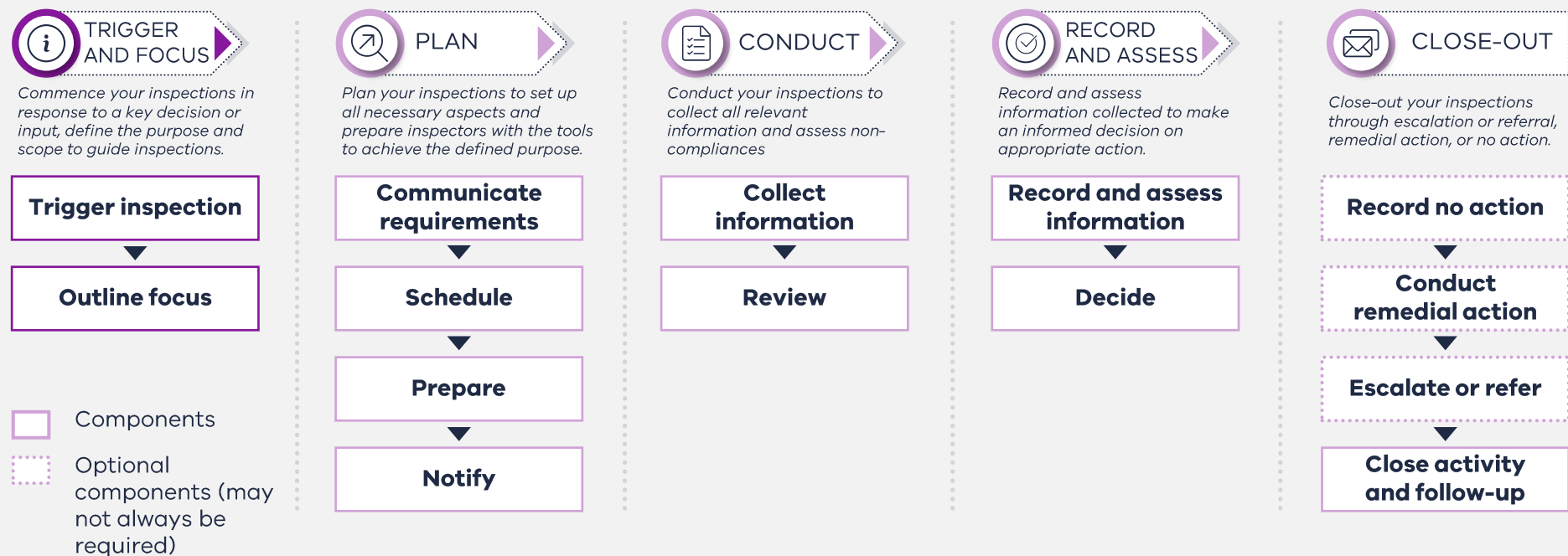
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BETTER PRACTICE CRITERIA		DIGITAL CONSIDERATIONS
6	Where possible, inspections follow standardised, repeatable processes, as aligned to the better practice inspection process.	The regulator accounts for where officers have discretion in selecting responses and systems help to capture these decisions (e.g. to educate or enforce), given the type and focus of inspections.
7	Inspectors have received enough guidance or training to use all relevant information and tools to make informed decisions.	Systems are designed in context of other work instructions, guidance or policies, and help to capture and report on key decisions or regulatory actions made in line with these.
8	Inspection purpose and approach guides inspectors and informs decision-making as appropriate.	The inspection 'task' contains sufficient information to guide the officer as to the objectives and approach to the inspection.
9	Regulators provide transparency by conveying reasons for decision and adhering to administrative law.	Record keeping ensures sufficient capture of key procedural requirements such as exercising powers of entry, and outputs such as notice templates are clear and accurate.
10	Digital tools are used to streamline workflows and reduce manual involvement.	The capture of information helps to streamline the generation of 'downstream' activities and outputs (e.g. reports, notices or escalations), with appropriate standards of evidence and data capture.

The Better Practice Inspections Framework

The Better Practice Inspections Framework is made up of 5 common stages: Trigger, Focus, Plan, Conduct, Record and Assess, and Close-out. This Playbook provides you with guidance to assess your current practices and processes across the five stages and supports you to conduct a targeted process redesign to prepare for digital reform. While the framework is intended to cover all inspections, not all components or stages might be relevant to your inspections process and some stages might be conducted at the same time (such as record and assess, and close-out). Assess components that are relevant to your regulatory context.

The five process stages comprise individual components, each of which is described in detail in Part B.



This Playbook will assist you to become digitally ready and to consider where you are on the journey to digitisation

Regulators are at different points in their journey to digital better practice. View the diagram below to identify where you currently sit along this journey, considering each dimension. **Implementing this Playbook will bring you to the digitally ready stage.**

