



RISK MANAGEMENT POLICY

COR078

OVERVIEW

The Department of Treasury and Finance (the Department) is committed to implementing the principles of the South Australian Government’s Risk Management Policy.

OBJECTIVE

The objective of this policy is to provide a risk management framework specific to the Department’s business and organisational context. An effective risk management framework assists the Department to manage the effect of uncertainty on the achievement of its objectives.

SCOPE

All employees, executive, contractors and branches of the Department have an obligation to support the identification, management and mitigation of risk. It is also acknowledged that some statutory authorities are serviced by DTF employees and where relevant those entities’ risk management policies and practices should reflect the intent of this policy.

DEFINITIONS<sup>1</sup>

Table with 2 columns: Term and Definition. Rows include Risk, Risk Management, Risk Assessment, Risk Identification, Risk Appetite (Attitude), Risk Analysis, Risk Evaluation, Risk Treatment, and Consequence.

<sup>1</sup> Definitions from AS/NZS ISO 31000:2009 Risk management – Principles and guidelines (not including risk appetite)

**LEGISLATIVE BASE**

The South Australian Government's Risk Management Policy Statement requires Public Sector Chief Executives to be accountable to their Ministers for the development and implementation of a risk management framework. The design of the framework is to reflect the principles and processes outlined in the Risk Management Standard AS/NZS ISO 31000:2009 *Risk management – Principles and guidelines*.

Treasurer's Instruction 2 'Financial Management' issued pursuant to the *Public Finance and Audit Act 1987* prescribes the:

*Chief Executive must ensure that the policies, procedures and systems required by this instruction are properly documented. Unless otherwise required by a Treasurer's instruction, legislation or other authority, documentation must be reviewed on a regular basis, revised where necessary and be readily available to all relevant officers of the authority.*

**POLICY**

The Department:

- will maintain a structured approach to risk management by establishing and promulgating a Risk Management Framework;
- recognises risk management is an integral function of effective service delivery and not an isolated activity;
- will manage strategic and operational risks especially where these risks may affect the achievement of Departmental objectives, State's finances, community wellbeing or the prudent management of resources;
- will tailor the risk management process commensurate to the size and complexity of the activity being analysed; and
- will provide appropriate training and support to ensure all employees are appropriately skilled or can easily access resources to check and improve controls, monitor risks and communicate effectively to management and stakeholders to ensure risk information is a fundamental consideration in decision making and planning.

A strong risk management culture and practices will assist the Department to:

- comply with legal and regulatory requirements;
- improve decision making and planning;
- improve operational effectiveness and efficiency;
- minimise the impact of adverse events; and
- assist in the attainment of whole of government economic, social and environmental objectives.

**The Risk Management Framework**

The Department's Risk Management Framework comprises the following documents and tools:

- Risk Management Policy
- Risk Management Procedure
- Risk Management Prompt Sheet
- Risk Management Rating Matrix
- Risk Register

**RESPONSIBILITIES****Under Treasurer (Chief Executive) and Chief Operating Officer**

The Under Treasurer and Chief Operating Officer are accountable for the development and implementation of a risk management framework and practices within the Department that reflect the principles and processes outlined in AS/NZS ISO 31000:2009. The accountability for risk management extends to the agency's contribution to the attainment of the whole of Government economic, social and environmental objectives stated in South Australia's Strategic Plan.

**Audit and Risk Committee**

The Audit and Risk Committee Terms of Reference require it to:

- Oversee the development and promulgation of appropriate policies and procedures for risk management;
- Oversee the regular assessment of risks facing the Department achieving its organisational objectives; and
- Provide advice to the Under Treasurer on any emerging issues.

**Risk and Audit Services**

Risk and Audit Services is responsible for:

- Assisting the Under Treasurer, management and the Audit and Risk Committee in the effective discharge of their responsibilities relating to risk management, governance and internal controls;
- Coordinating the preparation of the Departmental Consolidated Risk Register and reporting to the Audit and Risk Committee and Under Treasurer; and
- Evaluating and reporting on the effectiveness of risk management and internal controls.

**Executive and Management (including Branch Heads)**

Risk management is a core responsibility for all executive and management. Suitable risk management activities will be incorporated into business planning and operations. The scope of these activities will include:

- setting the 'risk appetite' for the Branch;
- undertaking a Branch Risk Assessment at least annually;
- maintaining an up to date Branch Risk Register and forwarding this to RAS annually for the preparation of the departmental Consolidated Risk Register and reporting any further high or extreme risks that emerge during the year to RAS;
- ensuring risk assessment is integrated into planning and all other activities of the Branch including significant proposals and cabinet submissions;
- identifying and assessing risks;
- adopting appropriate risk control techniques;
- monitoring the success of risk mitigation strategies; and
- ensuring appropriate training and guidance is provided to staff (with the assistance of RAS).

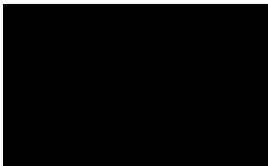
**All Employees and other parties covered by this policy**

All employees, managers, executive, Branch Heads and contractors will:

- proactively identify and manage risk and opportunities at all levels;
- strive towards aligning risk management and strategic, operational and financial planning;
- fully accept accountability for risks, controls, risk treatment and mitigation tasks; and
- demonstrate their commitment to embedding risk management principles and practices into the:
  - organisational culture;
  - decision making processes;
  - business information systems;
  - strategic and operational planning of programs and activities; and
  - business and financial processes.

**RELATED DOCUMENTS**

- AS/NZS ISO 31000:2009 Risk management – Principles and guidelines
- Government of South Australia Risk Management Policy Statement (November 2009)
- Treasurer’s Instruction 2 ‘Financial Management’
- Risk Management Procedure (COR079)



CHIEF OPERATING OFFICER

6 / 12 / 2016