
Risk Management Policy (TIPP5.02)

Treasury's¹ role is to provide financial advice to government in support of its goals of achieving and maintaining strong state finances and policy settings which enable a strong economy for NSW.

Risk management is concerned with understanding and managing uncertainty – it covers both opportunities and threats. Treasury recognises that by embedding risk management into all organisational systems and processes, we optimise our ability to meet our organisational objectives.

Treasury maintains a Risk Management Framework based on AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines to support quality and consistency in our approach to risk management and decision making. We record key risk management decisions.

The Framework includes a tailored risk management process to ensure we identify and analyse risks consistently across all functions. It also requires that risk evaluation be linked to practical and cost-effective controls and treatments that are appropriate to our role, and to the level of risk Treasury is willing to bear. It is a waste of resources and effort to try to eliminate all residual risk. Our aim is a mature, consistent risk culture where management effort is balanced to an accurate reflection of our risk appetite.

The Risk Management Framework sits within Treasury's broader policy framework. We incorporate suitable risk management activities in our planning, in the development and implementation of new policies and programs and in our contract and project management.

Risk management is a continuous process that demands awareness and proactive behaviour from all staff, contractors and external service providers to reduce the possibility and impact of risk on our objectives and to improve our ability to respond to opportunities. It is applicable whether these derive from Treasury's actions or whether they impact on it from outside.

¹ "Treasury" is defined throughout this document as all active entities within the Treasury cluster except the Treasury Corporation (TCorp), which has its own provisions.

Risk management is a core responsibility for all Treasury managers. In addition to the assessment of risk, their roles include:

- ensuring our staff have the appropriate capability to perform their risk management roles
- prioritising and scheduling risk control improvements
- reporting to the Executive on the status of risks and controls
- identifying and communicating potential improvements for the Department's risk management practices to the Director of Risk).

All staff are responsible for identifying and managing risk within their work areas. They are also accountable for advising their manager of the existence and assessed impact of the risk and what is being done to manage it.

A table setting out responsibilities at all levels may be found in Treasury's Risk Framework. In undertaking their responsibilities, we expect our staff to understand and be familiar with this Framework, including its risk reporting protocols. We expect our staff to be able to differentiate between those risks that are within their responsibility and authority to manage and those that they should escalate through their management structure for further consideration. Staff who are uncertain should report the risk and seek guidance.

Treasury espouses the "no surprises" principle, thus a manager should be made aware of all risks identified within his or her administration (e.g. in the context of a normal management meeting) even when the staff member has identified existing controls or required treatments and is implementing them.

Treasury's Director of Risk, is available to support managers and staff in undertaking their risk management activities.

A specific type of risk relates to the *Work Health and Safety Act 2011*. All managers, staff, contractors and visitors have responsibilities under this Act to ensure that Treasury provides a safe workplace and a safe environment for visitors. For more detail see Treasury's [Health, Safety and Wellbeing](#) intranet page.

All Treasury committees need to consider relevant risks and their management as a standing item at all meetings. Treasury's Audit and Risk Committee is responsible for reviewing our:

- risk management process and procedures
- risk management strategies for key projects or undertakings
- control environment and insurance arrangements
- legal and regulatory compliance
- business continuity planning arrangements
- fraud and corruption controls and plans.

The Committee also provides advice annually to the Secretary on the content of Treasury's internal audit plan for the forward year. This plan is largely based on identified areas of existing and emerging risk. It also checks the controls on which Treasury heavily depends or which have not been reviewed for some time.

Treasury will publish a summary of its risk management performance in each year's Annual Report. Our challenge into the years ahead is to establish a culture and systems whereby it becomes second nature to integrate risk management into our everyday service delivery operations – and those of our contractors and partners where relevant to our interests. Universal involvement and support is critical to achieving this goal, which in turn will help Treasury achieve its critical objectives.

Some areas of Treasury, in particular the Crown entity and the Long Service Corporation, have specific risk management requirements. The Crown has drafted a risk policy for its treasury functions as an adjunct to this one, while Long Service Corporation came into the Treasury cluster with its own risk policy and framework.

Crown's risks are taken into consideration when establishing and reviewing Treasury's overall Risk Register and Management Plan and when defining Treasury's 3-year and 1-year Audit Plans. It is monitored by Treasury's Audit & Risk Committee. Long Service Corporation has its own Audit & Risk Committee, and its own Risk Register and Audit Plans.

We have developed a common risk vocabulary to use when we talk about risk and risk management, which forms Appendix 3 of our Risk Management Framework. This is also available on the intranet page along with risk management tools, processes and procedures.

Treasury is committed to continually improving its ability to manage risk. We will review this policy and our Risk Management Framework at least annually to ensure that they continue to meet our requirements, and will communicate any significant amendments to users. The independent advice of the Audit and Risk Committee will be sought on each review.

For further information on Treasury's Risk Management Policy, Framework and Process, contact the Director of Risk on extension 3783 or email <mailto:risk@treasury.nsw.gov.au>.

For information on statewide risk and audit policy, or on the Risk Toolkit released in August 2012, contact Financial Management & Accounting Policy Division.

Further information

For further information and assistance contact Director of Risk, [Virginia Tinson](#) ext: 3783.