

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

POLICY STATEMENT 56

RISK MANAGEMENT

1. OBJECTIVE

DEC recognises that risk management is an integral part of sound management practice and is committed to an organisational culture that ensures risk management is embedded in all DEC's activities and business processes.

2. SCOPE

Risk is inherent in DEC activities and services. All DEC personnel are responsible for managing the risks that relate to their particular area of work. Risks should be managed in a way that derives the best outcome for DEC and its stakeholders.

3. CONTEXT

The aim of this policy is not to eliminate risk. It is to assist DEC personnel to identify, analyse, prioritise and manage risks involved in all DEC's activities and services to maximise opportunities and minimise adverse consequences. Effective risk management requires:

- identifying and taking opportunities to improve performance as well as taking action to avoid or reduce the chances of something going wrong;
- a systematic process that can be used when making decisions to improve the effectiveness and efficiency of performance;
- forward thinking and active approaches to management;
- effective communication;
- accountability in decision making; and,
- balance between the cost of managing risk and anticipated benefits.

4. STANDARDS

- Ensure Corporate Executive and senior management are in a position to make informed business decisions based on risk assessment;
- Risks are able to be identified, prioritised and managed in a coordinated and effective manner;
- Strategic planning processes are improved as a result of a structured consideration of risk;

- Sound business opportunities that benefit DEC are identified, without exposing the department to unacceptable levels of risk;
- Compliance with relevant legislation;
- DEC resources are safeguarded (i.e. people, finance, property and reputation).

5. LEGISLATIVE BASE

The risk management function in the Department will be compliant with the *Financial Management Act 2006*, the *Financial Management Regulations 2007* and Treasurer's Instructions.

6. POLICY

The department will evaluate potential benefits alongside potential risks as a routine part of its operational, administrative and business planning and service processes. Where the balance of advantage favours a particular activity or initiative, the identified risks will be planned for, monitored and managed, taking account of broader departmental objectives and priorities.

Risks will normally be identified, evaluated and managed by responsible officers and reported in accordance with the department's decision making processes. Risks will be assessed with reference to DEC's strategic priorities, taking into account the likelihood of the risk occurring, its potential impact and the range of implications it may have for the department.

Where an unacceptable risk is identified, relevant DEC staff with management responsibilities in areas that may be affected will be informed of it and will be required to take action, as required to address the matter, and inform staff or other persons within their area of responsibility about the matter.

7. POLICY IMPLEMENTATION STRATEGIES

- The Director General and Corporate Executive are responsible for the implementation and maintenance of sound risk management. In carrying out this responsibility, senior managers should review the adequacy of internal controls to ensure they are operating effectively and are appropriate for achieving corporate goals and objectives. Managers should put in place mechanisms that promote the culture of risk management practices and encourage and empower personnel in the management of risk.
- The Director General and Corporate Executive are responsible for overseeing the development, facilitation and implementation of a risk management culture, framework, strategy and corporate program, and monitoring corporate risk management performance.

- The Audit and Risk Management Committee is responsible for providing corporate assurance on the adequacy of risk management procedures across DEC. The Management Audit Branch assists this through its risk based audit approach, monitoring and review of risk management policies and procedures and control structures and identification of fraud risks.
- The Director Corporate Services is the senior executive responsible for overseeing the development and maintenance of the financial management framework and systems throughout the department.
- Directors are responsible for their division's risk management performance, ensuring appropriate resources for risk management actions are made available and ensuring effective monitoring, reviews and reporting are undertaken.
- Managers at all levels are responsible for creating an environment where managing risk forms the basis for all activities.

8. CUSTODIAN

The Director Corporate Services is the custodian of the risk management policy.

9. DIRECTOR GENERAL APPROVAL

Approved on

...15 July 2011...

By Keiran McNamara
DIRECTOR GENERAL

Keiran McNamara