



# Sample Risk Management Implementation Strategy

## Objective

To enable the <<agency name>> to identify, assess, treat, monitor and report on risks consistent with an agency-wide risk management approach.

Strategies to achieve this objective are:

1. To develop and implement an agency-wide risk management process for the identification and management of risks.
2. To promote the <<agency name>> risk management approach through education and awareness sessions.
3. To identify options for the ongoing management of risks throughout the agency.

## Background

The primary purpose of a structured risk management approach is to have a transparent process which demonstrates management's decision making regarding the acceptant/non-acceptance of risks.

Risk is defined in AS/NZS ISO 3100:2009 as "The effect of uncertainty on objectives". It is measured in times of likelihood and consequences.

Managers should consider the possibility of risks occurring and should apply risk treatment options to ensure that the uncertainty of their agency meeting its objectives will be avoided, reduced, removed or modified and/or retained.

Good risk management contributes to the achievement of <<agency name>> objectives through the continuous review of its processes and systems. Risk management needs to be integrated with <<agency name>> governance framework and become a part of its planning processes, at both the operational and strategic level.



## Steps in implementation

### 1. Support of Senior Management

The process of risk management assists decision makers to make informed choices, identify priorities and select the most appropriate action. Development of an organisational risk management philosophy and awareness of risk at senior levels.

The Accountable Officer or Authority shall ensure that there are procedures in place for the periodic identification, assessment and treatment of risks inherent in the operations of the department or statutory authority, together with suitable risk management policies and practices, and that these are documented in the accounting manual or other relevant policy manuals.

#### Strategy

- **Leadership Commitment**  
It is understood that the CEO has committed the agency to the implementation of risk management
- **Sponsor**  
It is proposed that <<job title>> sponsor the initiative and that a Risk Management Coordinator assist him/her to facilitate the process. The sponsor's responsibilities are to ensure that an effective risk management system is established, implemented and maintained, and that the performance of the system is reported to <<agency name>> executive for review and as a basis for improvement.
- **Awareness**  
A briefing will be provided to the corporate executive. This will be extended to include education and training to impart a good understanding of the risk management process, its rationale and program for implementation.
- **Executive Support**  
Communication from the CEO will be requested to notify all executive members of his/her commitment and the need to provide their full support to the process to achieve Treasurer's Instruction 825 compliance and other beneficial outcomes.

### 2. Development of the Risk Management Framework

#### Strategy

- **Policy**  
A suggested policy has been drafted and will be reviewed jointly by the sponsor and Risk Management Coordinator for inclusion of:-
  - Objectives and rationale for managing risk;
  - Links with <<agency name>> strategic and operational plans;
  - The extent and range of issues to which it applies;
  - Guidance on acceptable risk;
  - Responsibilities and accountabilities for managing risks;
  - Support and expertise available;
  - Documentation requirements;
  - Performance review plans.

The final policy will need to be presented to the executive for consideration and endorsement.



- **Risk Reference Tables**

Providing guidance on acceptability of risks will require development of risk reference tables relevant to <<agency name>>. They will address the rating of controls, likelihood, consequences and level of risk for application in the risk management process throughout the agency.

Use of the risk reference tables is critical to provide a uniform measuring standard for risk and the means to aggregate and prioritise risks across the agency as a whole.

The consequences and level of risk tables effectively provides executive and managers with risk acceptance guidance.

Risk reference tables will be developed by the parties reviewing the policy and will similarly be presented to executive for consideration and endorsement.

### 3. Communication/Education

#### Strategy

- **Risk Management Committee**

Formation of a Risk Management Committee, including the sponsor and Risk Management Coordinator to develop, establish and implement arrangement to ensure that managing risk becomes an integral part of planning, management process and general culture of <<agency name>> and to ensure that desired outcomes are achieved.

The Committee will be responsible for:-

- Communicating the policy;
- Raising awareness about managing risks;
- Communications and dialogue about the practical issues in managing risks and application of the policy;
- The acquisition of risk management skills and their development throughout the agency;
- A performance management process;
- A process for recognition, rewards and sanctions;
- Development of the risk management documentation including manual templates, forms and risk register.

The committee will be instrumental in the next three phases.

### 4. Managing Risks at the Strategic Level

#### Strategy

- **Program Development**

The committee will develop and establish a program for managing risks at the strategic level. This will include documentation of the strategic, agency and risk management context and the framework and timetable for the identification and ongoing management of strategic risks.



- **Risk Identification**

This step is to address strategic risks identified in the:

- Strategic performance review
- Stakeholder profile
- External and internal environmental analysis
- SWOT analysis
- Strategy formulation
- Strategy implementation

The identified risks will be assessed and evaluated using the risk reference tables.

- **Risk Prioritisation**

Identified risks will be listed and prioritised by level of risk for executive review and consideration.

- **Treatment of Risks**

Risks will be treated in accordance with priorities, existing management processes and by the officers indicated by the level of risk. Treatment plans will be developed and actioned according to priorities.

## 5. Managing Risks at Business Unit Level: Divisional, Program, Project and Team

### Strategy

- **Program Development**

The committee will develop and establish a program to manage operational risks, including insurable risks, at these levels following the same core process as above and integrating with planning and management activities.

- **Risk Identification Workshops**

Workshops will be scheduled and facilitated by the agency, to identify, assess and evaluate risks using the risk reference tables.

- **Risk Aggregation and Prioritisation**

Risks identified will be aggregated into prioritised lists according to agency structure and arranged in descending level of risk and adequacy of existing controls rating with risk acceptance decisions.

- **Treatment of Risks**

Risks will be treated in accordance with priorities, existing management processes and by the officers indicated by the level or risk. Treatment plans will be developed and actioned according to priorities.

- **Risk Register**

A register will be created to hold the risk listings, decisions and treatment summaries including strategic risks from Step 4.



## 6. Monitoring and Review

### Strategy

- **Development of Indicators**

The committee will develop and apply appropriate mechanisms and indicators to ensure the ongoing review of risks to satisfy agency and Treasurer's Instruction 825 requirements. They will also ensure by monitoring and review that the risk management process is efficient and effective in meeting the objectives set out in the policy. Appropriate frequencies of monitoring will be determined.

- **Risk Reporting**

The committee will need to receive risk documentation and participate in the risk management process to ensure its efficiency and effectiveness. It will maintain the <<agency name>> risk register and ensure working papers and trails are preserved for audit purposes.

- **Whole of Agency Reviews**

The committee will recommend to executive appropriate frequencies for risk management reviews according to risk criteria, level of risk and possible consequences.

- **Loss Performance and Incident Reporting**

The committee will monitor and review any losses, however financed, or other incidents and make recommendations for improved risk treatment, where appropriate, through existing management structures.

- **Risk Auditing**

The risk management process is a management process which must be audited to verify compliance with Treasurer's Instruction 825 and for reasons of governance and prudence. The agency auditors should perform an annual risk audit to check the application of the risk management process, its adequacy, the treatment of identified risks and the maintenance of the risk register.



### Implementation Schedule - example

Step	What?	How?	When?	Who?
1	Support of senior management	<ul style="list-style-type: none"> <li>Produce briefing paper and implementation plan</li> <li>Briefing to executive</li> <li>Obtain executive sign-off</li> </ul>	Sept 2016	RM Coordinator
2	Development of policy	<ul style="list-style-type: none"> <li>Formation of Risk Management Committee (including documented terms of reference)</li> <li>Draft policy</li> <li>Draft Risk Reference Tables</li> <li>Determine roles and responsibilities</li> <li>Determine individual and corporate KPIs</li> <li>Obtain executive sign-off</li> </ul>	Sept 2016	RM Coordinator and RM Committee
3	Communicating the Policy	<ul style="list-style-type: none"> <li>Arrange RM awareness sessions</li> <li>Distribute policy, procedure and risk reference tables</li> <li>Ensure all managers understand their responsibilities in managing risk – modify JDFs where appropriate</li> </ul>	Oct 2016	RM Coordinator and RM Committee
4	Managing Risks at Strategic Level (Agency)	<ul style="list-style-type: none"> <li>Develop a program plan ie develop a framework and procedure for identifying and managing strategic risks and obtain executive sign-off</li> <li>Identify, assess and prioritise risks as part of strategic planning session.</li> <li>Treat risks – develop risk reduction strategies as part of strategic planning session.</li> <li>Monitor and review risks and risk reduction strategies as part of regular strategic management process</li> </ul>	2016	Executive with assistance from RM Coordinator
5	Managing risks at Business Unit level	<ul style="list-style-type: none"> <li>Develop a program plan ie develop and agree framework and procedure for identifying and managing operational risks and reporting requirements</li> </ul>	Oct 2016	Rm Coordinator and RM Committee endorsed by Executive
		<ul style="list-style-type: none"> <li>Identify, assess and prioritise risks as part of operational planning session or dedicated workshop</li> <li>Treat risks – develop risk reduction strategies as part of strategic planning session</li> </ul>	Oct 2016	Business Unit management team
		<ul style="list-style-type: none"> <li>Develop risk reduction strategies as part of regular operational management process</li> <li>Monitor and review risks and risk reduction strategies as part of regular operational management process</li> <li>Report risks and treatment strategies quarterly to RM committee as required by program plan</li> </ul>	From Oct 2016 monthly – at management meetings	Business Unit management team
6	Risk Auditing	<ul style="list-style-type: none"> <li>Develop and agree an audit plan to ensure the effectiveness of the RM process and the management of key risks</li> </ul>	2016	RM Coordinator/ Executive/Audit
		<ul style="list-style-type: none"> <li>Implement the audit plan</li> </ul>	Annually	Audit Manager