

WGEA Risk Management Policy

16 June 2016

Publication details

Document reference	WGEA-2016-OP05	Version number	1.1
Released for publication by (sign)		Appointment	WGEA Director
Date	16/6/2016		

Amendment details

Version	Amendment detail	Edited By
1.0	Original	Operations
1.1	Amendment	Operations
1.2	Amendment	Helen Conway
2.0	Amended to align with Commonwealth Risk Management Policy	Operations

Contents

1. Background	4
2. Related Resources	4
3. Approach	4
4. Risk appetite and risk tolerance	5
5. Potential risks	5
6. Risk management process	5
7. Management structure and governance	8
8. Maintaining risk management capability	8
9. Monitoring and review	8
Appendix A	9
Risk Analysis & Evaluation Framework	9
Appendix B	11
Risk Identification & Analysis Worksheet	11

1. Background

This Risk Management Policy outlines how the Agency manages risk.

Terms and definitions used throughout this policy are as outlined in AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines which describe risk as the ‘effect of uncertainty on objectives’ and risk management as the ‘coordinated activities to direct and control an organisation with regard to risk’.

2. Related Resources

- WGEA-2013-OP05 – WGEA Risk Register
- WGEA-2013-OP03 – WGEA Business Continuity Plan
- WGEA-2013-OP04 – WGEA Fraud Control Plan
- WGEA-2013-OP06 – WGEA Protective Security Policy
- AS/NZS ISO 31000:2009 Risk management – Principles and Guidelines
- Commonwealth Risk Management Policy.

3. Approach

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) framework requires that the accountable authority of a Commonwealth entity must establish and maintain appropriate systems and internal controls for the oversight and management of risk. Commonwealth entities are encouraged to engage with risk in a positive and transparent way to achieve strategic objectives whilst limiting unnecessary red tape.

The Agency complies with the nine elements of the Commonwealth Risk Management Policy:

- Establishing a risk management policy;
- Establishing a risk management framework;
- Defining responsibility for managing risk;
- Embedding systematic risk management into business processes;
- Developing a positive risk culture;
- Communicating and consulting about risk;
- Understanding and managing shared risk;
- Maintaining risk management capability; and
- Reviewing and continuously improving the management of risk.

The Workplace Gender Equality Agency is charged with promoting and improving gender equality in Australian workplaces with a vision for women and men to be equally represented, valued and rewarded in the workplace. We achieve this through the provision of advice and assistance to employers and the assessment and measurement of workplace data.

Risk management is a key business process and an essential component of management within the Agency. The Agency takes an enterprise risk management approach that is structured, disciplined and integrated which facilitates the management of key risks. Risks are considered on a portfolio basis across the Agency with a focus on risk optimisation.

Risk is viewed in the context of the business strategy and management of risk is facilitated by:

- ensuring that risks faced by the Agency are understood and managed
- promoting an Agency approach to risk management, including a common risk language
- instilling an awareness of risk in management and staff to ensure that risk is considered in decision making and is an essential factor of all project planning
- creating an environment where all Agency staff assume responsibility for managing risk
- ensuring that risks to the Agency are appropriately monitored through formal documentation and review
- ensuring transparency in decision-making and ongoing risk management processes
- operating within the parameters of the risk appetite agreed by the Management team

The Agency promotes a positive risk culture by being open and proactive in managing risk and by considering both threat and opportunity.

4. Risk appetite and risk tolerance

As a government agency, our risk appetite is generally low. This is particularly so in relation to the Agency's regulatory role. However, the Agency may have a higher tolerance for risk in its role as an influencer and educator. The Agency must operate within government rules and regulations including the *Public Governance, Performance and Accountability Act 2013*, *Public Service Act 1999*, *Commonwealth Procurement Rules 2012* and *APS Values and Code of Conduct*. When assessing risk, the Agency considers the government culture and the external operating environment to determine how risk will be managed.

5. Potential risks

Potential risks for the Agency can be categorised into 5 main areas:

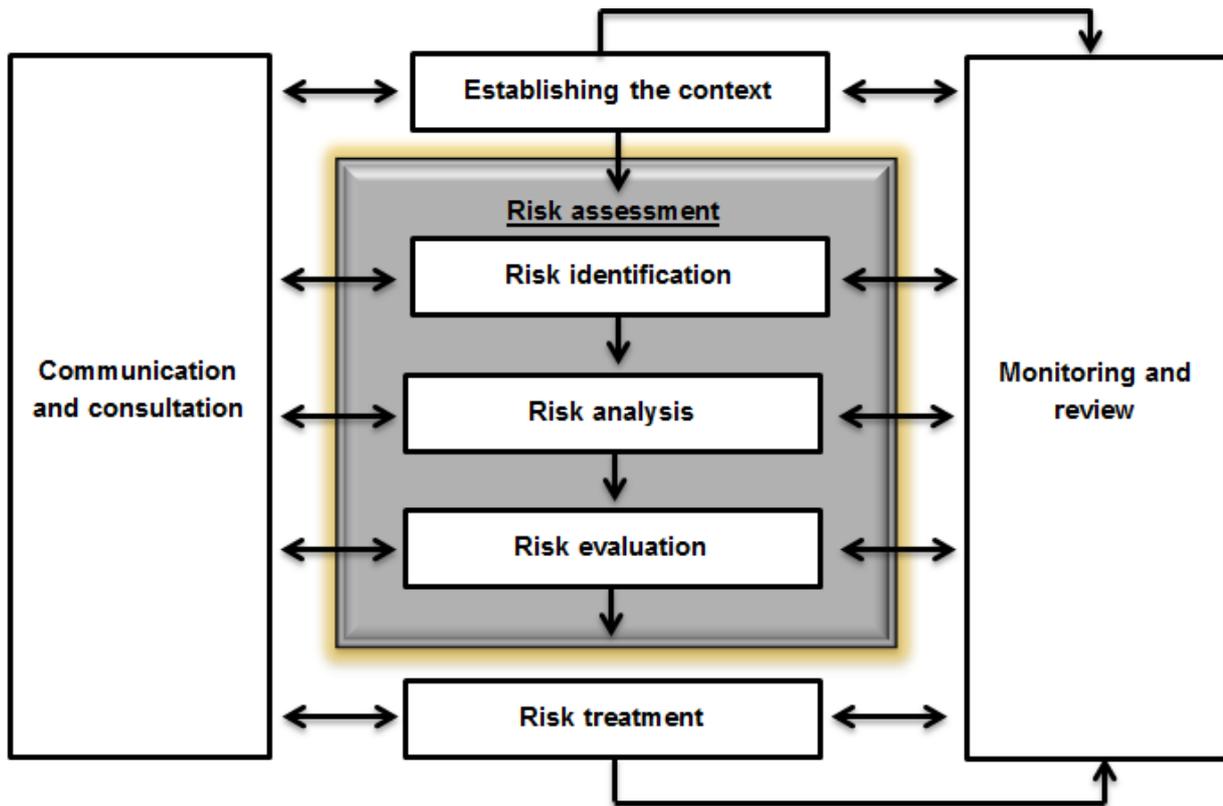
- political
- business processes and systems
- financial
- people
- reputational / licence to operate

Each of these is outlined as risk categories in **Appendix A: Risk Analysis and Evaluation Framework**.

6. Risk management process

There are six steps in the risk management process adopted by the Agency:

- establish the context
- identify risks
- analyse risks
- evaluate risks
- treat risks
- monitor and review



6.1 Establish the context

- Define the external and internal parameters to be taken into account when managing risk
 - External context can include:
 - ✓ cultural, social, political, legal, regulatory, financial factors
 - ✓ key drivers and trends having impact on the objectives of the Agency
 - ✓ relationships with, and perceptions and values of, external stakeholders
 - Internal context can include:
 - ✓ governance, organisational structure, roles and accountabilities
 - ✓ policies, objectives and associated strategies
 - ✓ capabilities
 - ✓ information system (formal & informal)
 - ✓ relationships with, and perceptions and values of, internal stakeholders
 - ✓ agency culture

6.2 Risk identification

- The process of finding, recognising and describing risk:
 - sources of risk
 - events
 - their cause and potential consequences
- The aim is to generate a list of risk-based events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives.

6.3 Risk analysis

- Consideration of the causes and sources of risk, positive and negative consequences and likelihood of consequences occurring
- Analysis of existing controls and their effectiveness and efficiency
- Determination of whether they are acceptable or unacceptable risks
- Determination of impact or damage to the Agency if the risk becomes a reality

6.4 Risk evaluation

- Risk evaluation assists the Agency in making decisions based on the outcome of risk analysis. The Agency evaluates which risks need treatment and then prioritises each of them for treatment.

Refer to **Appendix A: Risk Analysis and Evaluation Framework** for the risk analysis matrix, risk level descriptors and likelihood criteria used by the Agency in analysing and evaluating risk.

6.5 Risk treatment

- The Agency selects one or more options for modifying risk and implements those options. Treatment options include:
 - avoiding the risk by not starting or continuing with an activity
 - taking or increasing the risk in order to pursue an opportunity
 - removing the risk source
 - changing the likelihood
 - sharing the risk with another party
 - retaining the risk by informed decision
- Treatment is a cyclical process:
 - assess a risk treatment
 - decide whether residual risk levels are tolerable
 - if not tolerable, generate a new risk treatment
 - assess the effectiveness of that treatment
- The Agency risk register includes the risk category and descriptor, likelihood of risk occurring, the consequence of the risk, the risk level, the risk owner and the risk treatment.

Refer to **Appendix B: Risk Identification & Analysis Worksheet** for documentation of the identification, analysis and treatment decisions.

6.6 Communicating and consulting about risk

- A consultative team approach to risk within the Agency assists with:
 - establishing the context appropriately
 - ensuring that the interests of stakeholders are understood and considered
 - ensuring that risks are adequately identified
 - bringing together different areas of expertise for analysing risks
 - ensuring that different views are appropriately considered when defining risk criteria and in evaluating risks
 - securing endorsement and support for a treatment plan
 - enhancing appropriate change management during the risk management process
 - developing an appropriate communication plan
- The WGEA Risk Management Policy is published on the website for the benefit of external stakeholders and discussion of risk forms part of the stakeholder engagement for all Agency projects.

7. Management structure and governance

- The Director is responsible for the overall management of risk within the Agency
- Operations are responsible for centralised oversight of the risk system
- The Executive Management team is responsible for establishing the Agency's risk appetite and tolerance, conducting an annual risk review as part of the Agency's strategic review and reviewing and monitoring Agency-wide risks on a regular basis
- Managers are responsible for applying the Agency risk management policy and practices in their areas of responsibility
- Each business unit is responsible for reviewing and monitoring its business unit risks quarterly
- The Agency's Audit Committee provides independent oversight of the risk system.
- All Agency project plans must include risk identification and assessment

Effective risk management is a requirement of all Agency staff. Agency staff are accountable for identifying and actively managing risks within their day-to-day work. In specific terms this means:

- Management and staff need to be familiar with the application of this policy in business activities
- Managers need to support and encourage Agency staff in managing risks in the workplace, and in documenting risk identification and treatments so that appropriate audit trails are maintained
- Managers and staff responsible for Agency compliance activities (for example, PGPA Act, WH&S, protective security, fraud, IT security and procurement) are accountable for ensuring effective management of activities to ensure compliance.

8. Maintaining risk management capability

- The Agency provides guidance material on risk identification, assessment and management to staff at induction, through this policy and within governance and project planning tools.
- All Agency staff undertake training in Protective Security on an annual basis and members of the Executive team are required to undertake Comcover training on Risk Management in the Commonwealth.

9. Monitoring and review

- The Agency regularly monitors and reviews Agency-wide risks, risks within business units and project-related risk to ensure risk evaluation is current and up-to-date.
- Considerations include:
 - are the controls effective and efficient?
 - is there new information?
 - analyse lessons learnt from events such as near misses, changes, successes, failures
 - detect changes and review risk treatments
 - identify emerging risks

Appendix A

Risk Analysis & Evaluation Framework

Risk Analysis Matrix

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Extreme
Almost Certain	LOW	MEDIUM	HIGH	EXTREME	EXTREME
Likely	LOW	MEDIUM	HIGH	HIGH	EXTREME
Possible	LOW	MEDIUM	MEDIUM	HIGH	HIGH
Unlikely	LOW	LOW	MEDIUM	MEDIUM	HIGH
Rare	LOW	LOW	LOW	MEDIUM	MEDIUM

Risk Level Descriptors

EXTREME	Executive management need to be informed and involved in the decision making to accept / mitigate the risk
HIGH	Executive management attention needed and management responsibility specified
MEDIUM	Manage by specific monitoring or response procedures
LOW	Manage by routine procedures, unlikely to need specific application of resources

Consequence Criteria

Risk Category	Insignificant	Minor	Moderate	Major	Extreme
People	Minor skills impact	Minor impact to capability	Unavailability of core skills affecting services	Unavailability of critical skills or personnel	Protracted lack of critical skills/ people
	Minor injury	Medical Treatment	Major Injury	Death	Multiple Deaths
Financial	Less than marginal chance of material effect on value of financial assets.	Limited reduction in value of small proportion of financial assets.	Loss of financial assets/temporary reduction in value of significant proportion of financial assets.	Loss of significant proportion of financial assets/ significant reduction in value of financial assets.	Total loss of financial assets/ permanent reduction in value of financial assets.

Reputation / Licence to operate	Internal dissent/ criticism	Criticism from minor community segment. Adverse press coverage.	Criticism from the Government and Public Service.	Local public outrage/ condemnation and high level political criticism.	National public outrage/ condemnation and high level political criticism.
Business process and systems	Minimal impact on non-core business operations. Impact can be dealt with by routine operations.	Some impact on business areas (e.g. delays, systems quality), able to be dealt with at operational level.	Impact on business resulting in reduced performance. Targets are not met. Activity not threatened, but may be subject to significant review or changed operations.	Breakdown of key activities leading to reduction in business performance (e.g. service delays, client dissatisfaction, revenue loss, legislative breaches). Survival of activity threatened.	Critical business failure, preventing performance of core activities. Impact threatens not only the survival of the activity, but Department of Employment itself.

Likelihood Criteria

	Likelihood	Historical Probability
Almost certain	Is expected to occur in most circumstances	Has occurred on an annual basis in WGEA in the past or circumstances are in train that will cause it to happen.
Likely	Will probably occur in most circumstances	Has occurred in the last few years in WGEA or has occurred recently in similar agencies or circumstances have occurred that will cause it to happen in the next few years.
Possible	Might occur at some time	Has occurred at least once in the history of WGEA or is considered to have a limited chance of occurring in the next few years.
Unlikely	Could occur at some time	Has never occurred in WGEA but has occurred infrequently in similar agencies or is considered to have a marginal chance of occurring in the next few years.
Rare	May occur only in exceptional circumstances	Is possible but has not occurred to date in any similar agency and is considered to have very much less than a marginal chance of occurring in the short term.

Appendix B

Risk Identification & Analysis Worksheet

This form is to be used to document Agency decision making in respect to risk identification, analysis and evaluation. For further information on Risk Management, including detailed definitions please refer to the WGEA Risk Management Policy.

Briefly describe the risk identified.

What is the level of impact (please circle one)?

Agency wide

Team level

Project

Individual

What controls are already in place to address this risk?

What additional risk treatment is required?

Using the Risk Analysis Matrix below determine (and circle) the risk rating by assessing Likelihood and Consequence. Provide reasons for your assessment:

Risk Analysis Matrix

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Extreme
Almost Certain	LOW	MEDIUM	HIGH	EXTREME	EXTREME
Likely	LOW	MEDIUM	HIGH	HIGH	EXTREME
Possible	LOW	MEDIUM	MEDIUM	HIGH	HIGH
Unlikely	LOW	LOW	MEDIUM	MEDIUM	HIGH
Rare	LOW	LOW	LOW	MEDIUM	MEDIUM

INFORMATION ON THIS WORKSHEET SHOULD BE USED TO UPDATE THE AGENCY, TEAM OR PROJECT RISK REGISTER AND A COPY RETAINED ON THE AGENCY RISK MANAGEMENT FILE.

COMPLETED BY: _____ DATE: _____