

RISK MANAGEMENT POLICY



1. POLICY OBJECTIVE

The Department of Primary Industries and Regions (PIRSA) is committed to effectively managing its risks. The integration of a Risk Management Framework into strategic and operational processes supports PIRSA to make informed decisions and meet its strategic priorities.

The objective of this policy is to establish the mandatory requirements PIRSA must adhere to in order to demonstrate effective risk management of its strategic and operational risks.

2. SCOPE

This policy applies to all PIRSA employees including contractors, consultants, volunteers and any other persons acting on PIRSA's behalf.

3. POLICY DETAILS

3.1 *Risk Culture*

PIRSA is committed to promoting a positive risk culture across the organisation, driven from the top, by the Chief Executive and Executive Leadership Team. PIRSA recognises that a strong risk culture helps to deliver better decision making and strategic and operational outcomes.

PIRSA will implement effective risk management through a three lines of defence model, which clearly assigns responsibility and ownership for risks. Refer to the Risk Management Framework for further information on the three lines of defence within PIRSA.

Risk should be considered at all stages of business activity and integrated into organisational culture, decision-making, policies, systems and processes. This includes:

- Policy development.
- Strategic planning.

Further information:

Policy Owner: Nazneen Aibara, Manager, Risk and Assurance
Contact Email: nazneen.aibara@sa.gov.au
Responsible Executive: Executive Director, Corporate Services

Effective: 14/04/2023
Next review: 14/04/2026
Version: 2.8
Page Number: 1 of 7

POLICY ID NUMBER: GO P 012

- Project delivery.
- Emergency management and response.
- Responding and recovering from adverse events.
- Procurement and contract management.
- Grants management.
- Asset and facilities management.
- Performance reviews.
- Internal audit and assurance reviews.
- Business improvement initiatives.

PIRSA will maintain a dedicated and appropriately resourced risk management function to support the implementation of this policy.

Staff will be appropriately trained to ensure they can perform their risk management responsibilities.

3.2 *Risk Appetite Statement*

PIRSA is responsible for delivering four strategic priorities to achieve its objective of advancing the prosperity of South Australia's primary industries and regions. Failure to manage risks associated with these strategic priorities can lead to operational failures, adverse financial impacts and reputational damage.

Risk appetite is the level of risk that PIRSA is prepared to accept in pursuing its strategic objectives and corporate goals. By understanding and setting risk appetite, PIRSA can provide greater certainty and improved service to key stakeholders, employees and the Minister.

PIRSA is committed to establishing a risk appetite statement, which clearly details the level of risk tolerance for each strategic risk. The risk appetite will be expressed as a rating, with a clear description justifying the level.

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Version: 2.8
Page Number: 2 of 7

POLICY ID NUMBER: GO P 012

3.3 *Climate Risk*

Climate change represents both an increased threat and opportunity to primary industries and regions and has an impact on PIRSA's operations and strategic priorities.

Climate related strategic risks and opportunities that may impact on PIRSA's strategic and corporate priorities will be considered and integrated into the risk management process, both at the strategic and operational levels.

3.4 *Review and Monitoring*

In order to ensure risks and risk treatment strategies remain current, relevant and reflect operations, PIRSA is committed to monitoring its risks.

Divisions are responsible for evaluating their risk environments, implementing appropriate treatment plans, and monitoring the effectiveness of these controls and treatments

Strategic Risk Register

The strategic risk register will be formally reviewed by the Executive Leadership Team on an annual basis. Risk appetite levels will be reviewed as part of the strategic risk review. This process will be facilitated by the Risk and Assurance team.

Divisional Risk Registers

Each division is required to perform quarterly reviews of divisional registers. The review should focus on new risks, the effectiveness of risk controls, progress with the implementation of risk treatment plans, and any deteriorating risk factors.

Risk reviews should also consider climate related risks, such as physical risks (extreme weather, damage to assets and infrastructure, service disruptions), transition risks (strategy, policy changes, community expectations, technological innovation) and legal risks (litigation, regulatory enforcement).

Risk register updates will be presented to the Risk and Performance Committee at quarterly meetings.

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Page Number: 3 of 7

POLICY ID NUMBER: GO P 012

3.5 Risk Treatment

Risk treatment is critical in ensuring that risks are managed within PIRSA's tolerable level of acceptance. Risks outside this level pose a threat to achieving strategic and operational priorities and can reveal gaps or weaknesses in organisational processes, indicating that existing controls are not sufficient or effective enough to address the risk to an acceptable level.

A documented risk treatment plan must be in place for all risks with a controlled risk rating of **high or extreme**.

Refer to Section 3.3 of the Risk Management Procedure for further detail on risk treatment.

3.6 Reporting

Regular risk reporting will be conducted by Risk and Assurance to improve the quality of information between stakeholders, and facilitating risk based decision making.

| Stakeholder | Frequency |
|-----------------------------------|----------------------------------|
| Chief Executive | At least quarterly |
| Risk and Performance Committee | Quarterly (standing agenda item) |
| Finance Committee | Monthly (Risk and Audit Update) |
| Other PIRSA Governance Committees | As required |
| Executive Leadership Team | At least quarterly |

4. ROLES AND RESPONSIBILITIES

| Role | Responsibilities |
|-----------------|--|
| Chief Executive | <ul style="list-style-type: none">Approve this policy. |

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Version: 2.8
Page Number: 4 of 7

POLICY ID NUMBER: GO P 012

| Role | Responsibilities |
|--------------------------------|--|
| | <ul style="list-style-type: none"> • Ensure a dedicated risk management function is established, maintained and appropriately resourced within the agency. • Approve the strategic risk register. • Approve the Risk Appetite Statement. • Promote a strong risk culture to embed risk management in the agency. |
| Executive Directors | <ul style="list-style-type: none"> • Risk owners for strategic risks, responsible for risk mitigation within acceptable appetite levels and regular review and monitoring. • Approve divisional risk registers and ensure these are reviewed and updated on at least a quarterly basis. • Ensure risks are identified, assessed, treated, reported and monitored with consideration given to the impact of risks on internal and external stakeholders. • Promote a strong risk culture within divisions to embed risk management in the agency. |
| Risk and Performance Committee | <ul style="list-style-type: none"> • High level oversight of the Risk Management Framework, Policy and Procedure, and how these are implemented across PIRSA. • Provide assurance to the Chief Executive that the Risk Management Framework, Policy and Procedure remain fit for purpose, relevant and robust. • Provide oversight over PIRSA's strategic and operational risks. |
| Risk and Assurance | <ul style="list-style-type: none"> • Responsible for the design and implementation of this policy. • Review and update this policy in line with PPGS rating. • Oversee implementation of the risk management framework across PIRSA and provide technical advice to divisions as required. • Assist PIRSA in developing its risk appetite. |

Further information:

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Version: 2.8
Page Number: 5 of 7

POLICY ID NUMBER: GO P 012

| Role | Responsibilities |
|------|--|
| | <ul style="list-style-type: none">• Provide risk reporting to Executive Leadership Team, Risk and Performance Committee and other PIRSA governance committees as required.• Provide risk training and awareness.• Co-ordinate annual PIRSA Strategic Risk Register review.• Co-ordinate quarterly divisional risk register reviews.• Co-ordinate reporting on strategic and divisional risk controls and treatment plans with risk owners.• Ensure compliance with <u>AS/NZS ISO 31000 International Standard on Risk Management – Principles and Guidelines</u>. |

5. DOCUMENT INFORMATION

RISK ASSESSMENT

| Date | Risk Rating | Risk Assessment Evaluation |
|------------|-------------|-------------------------------|
| 05/04/2023 | High | To be reviewed every 3 years. |

REVISION RECORD

| Date | Version | Revision description |
|------------|---------|---|
| 05/11/2012 | 0.2 | Transcribing of content to meet PIRSA style guide requirements. |
| 31/12/2012 | 0.3 | Update to policy following consultation. |
| 29/01/2013 | 0.4 | Update for capture in Objective. |
| 23/04/2013 | 1.0 | Policy approved by PIRSA Executive. |
| 22/08/2014 | 1.1 | Inclusion of ref to fraud and corruption, WHS&IM and protective security policies. |
| 02/12/2014 | 1.2 | Policy updates approved by the Chief Executive. |
| 29/06/2017 | 2.0 | Removal of division risk management statements & Appendix B Diagram 1; new ref to Promapp. |
| 26/11/2017 | 2.1 | Remove ref to Promapp, defined roles & responsibilities statements. Minor amendments to diagrams. |
| 29/01/2018 | 2.2 | Remove duplication and align to the Risk Management Framework approved by the Chief Executive. |

Further information:

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Next review: 14/04/2026
Version: 2.8
Page Number: 6 of 7

POLICY ID NUMBER: GO P 012

REVISION RECORD

| Date | Version | Revision description |
|------------|---------|---|
| 08/2019 | 2.3 | Routine policy review and movement to new template Addition of reference to Risk Console Minor updates to annual timetable Addition of the likelihood and consequence tables from procedure |
| 17/06/2022 | 2.4 | Policy review to align with the current approach Align with the SA Risk Management Guide and Treasurer's Instruction 2 Remove references to the process and procedural detail addressed in the Risk Management Procedure Incorporate feedback received from the internal stakeholders and the Risk and Performance Committee |
| 27/02/2023 | 2.5 | Policy rewritten and revised following establishment of new Risk and Assurance function. Assessed in line with new PPGS requirements and placed in new PPGS template. |
| 27/03/2023 | 2.6 | Draft policy updated following consultation |
| 14/04/2023 | 2.7 | Policy endorsed by ELT, pending minor changes which have been incorporated. |
| 11/05/2023 | 2.8 | Policy presented to the Risk and Performance Committee. No suggested changes. |

DOCUMENT CONTROL

| | | | | | |
|-------------------|--------------------|--------------------|---------------------|------------------------|-------------|
| PPGS Owner | Risk and Assurance | PPGS Risk | High | Review Cycle: | 3 Years |
| Workgroup: | | Rating | | | |
| PPGS Owner | Nazneen Aibara | PPGS | Executive Director, | Objective | A122115 |
| Name: | | Executive: | Corporate Services | Document No: | |
| PPGS Owner | Manager, Risk and | Date | 14 April 2023 | Status: | Approved |
| Title: | Assurance | Approved: | | | |
| PPGS Owner | nazneen.aibara | Next Review | 14 April 2026 | Security | 02 Official |
| Email: | @sa.gov.au | Date: | | Classification: | |

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