



Chief Executive Financial Instruction No. 9

Managing Risk and Accountability

Document Information

Audience

All Staff

Version

2017-1

Effective Date

24 July 2017

Document revised by

Joey Lee
A/g Financial Controller
10 July 2017

Document endorsed by

Neil Bulless
Interim Chief Executive Officer (CEO)
31 July 2017

EXECUTIVE SUMMARY

The CEO of the Suburban Land Agency (the Agency) is responsible for managing risk across the Agency.

The Agency has a number of Risk Management Plans (RMPs).

The Agency's Board and persons engage on an executive contract (Directors) regularly monitor the SLA Strategic RMP.

The Board's Audit and Risk Committee reviews and monitors the effectiveness of the Agency's risk management strategy.

The Business Operations Manager (BOM) reviews annually the RMP and maintains the Agency's Risk Register.

Directors annually confirm that Branch risks have been effectively managed.

The BOM has responsibility to identify and quantify all insurable risks and to ensure that appropriate cover is taken out with the ACT Insurance Authority (ACTIA).

The Governance team of Environment, Planning and Sustainable Development Directorate (EPSDD) provides support in terms of implementation, oversight and monitoring of RMPs.

The Agency's staff can make confidential reports of suspected fraud, acts or omissions or corruption to the Senior Executive Responsible for Business Integrity Risk (SERBIR).



Contents

This instruction contains the following sections:

1. Obligations under this Instruction
2. Overview of Risk Management
3. Instructions for Risk Management
4. Instructions for Insurance
5. Instructions for Fraud Control

1. Obligations under this Instruction

1.1 Overview

This instruction defines the Agency's policy in relation to management of risk and internal accountability.

It is issued in accordance with the provisions of the *Financial Management Act 1996 (FMA)* and the *City Renewal Authority and Suburban Land Agency Act 2017 (CRASLA Act)*.

1.2 Compliance

All staff should comply with these instructions and are accountable for risk management and other activities in relation to insurance issues.

Managers and staff are therefore accountable to the CEO for the fulfilment of their responsibilities under these instructions. Non-compliance will be taken as a serious matter and may result in disciplinary action or be reflected in management performance reviews.

This instruction should be read in conjunction with other information on Corporate/Risk Management sections on the Agency's intranet; and also in conjunction with other Chief Executive Financial Instructions (CEFIs).

2. Overview of Risk Management

2.1 Background

Risk Management is an essential element of good corporate governance and sound management practice.

The effective management of risks enables staff and managers to achieve outcomes by providing a systematic method to make informed decisions. This includes a broad analysis that identifies potential threats to the Agency in achieving its core business objectives and also identifies opportunities for continuous business improvement.

The ongoing management of risk is integral to achieving the Agency's strategic corporate objectives and to maintain risk at an acceptable level. The Agency manages risk in accordance the Australian/New Zealand Standard AS/NZS ISO 31000:2009 and the Agency's Risk Management Framework and Policy Statement.

2.2 Policy Objective

The objectives of the establishment of a comprehensive and systematic approach to assessing and managing risks are to:

- develop and sustain a mature risk management culture throughout the Agency;
- achieve efficiency, effectiveness, economy, continuity and compliance to protect the interest of clients and stakeholders;
- create an environment where all staff, contractors / service providers will assume responsibilities for managing risks;



- ensure greater openness and transparency in decision making and that ongoing business processes will be aligned with the best practice standards and methods;
- ensure the implementation of a RMP for the ongoing mitigation of risks in the Agency as recorded in the Risk Register; and
- ensure resources and business capabilities are identified for effective operation.

2.3 Responsibilities of the Agency's Management and Staff

The Agency has a number of RMPs and Risk Registers. There are RMP's for Corporate and Strategic Risks; Estate Development and Project Risks; Financial Risks; Procurement and Probity as well as Fraud and Corruption Risks.

The Agency's Board and Executives regularly monitor the strategic risk register including the effective implementation of risk mitigation strategies. The Board also conducts regular reviews of other significant risks.

The Board's Audit and Risk Committee (the Committee) has the responsibility for reviewing and monitoring the effectiveness of the Agency's risk management framework. The Committee undertakes an annual review of the Agency's Risk Management Framework and Policy Statement and the RMPs, and provides an annual report to the Board summarising its risk management review and monitoring activities. The Committee also indicates whether, in its opinion, based on its activities, any significant business risks remain at an unacceptable high level.

The CEO is responsible for managing risks across the Agency and is responsible with the support of Directors and staff. The CEO is also responsible for the implementation of the RMPs throughout the Agency.

At least once a year, the Agency's Directors are required to confirm that risks in their Divisions have been effectively managed and specifically, that the internal control structure and other treatments adopted to manage those risks have operated effectively.

Staff and managers are required to understand the nature of risks in their Divisions and systematically identify, analyse, evaluate, treat, monitor and review those risks.

2.4 Risk Register

The Director of Governance, Compliance and Legal maintains the Risk Register within EPSDD, which lists the Agency's major business risks; the controls already in place to manage identified risks; the planned treatment to reduce the impact of each risk; the person who is responsible for implementing the treatment of the risk mitigation measures; and who is responsible for monitoring implementation of required action.

Directors are required to regularly review items that they are responsible for in the Risk Register and to confirm that the risks are effectively managed.



3. Instructions for Risk Management

3.1 Strategy

The CEO is to ensure that a risk management strategy is developed and updated on a regular basis.

The risk management cycle should align with the Agency's business planning cycle.

All risk assessments should be formally documented and retained to support the content of the Risk Registers.

3.2 Compliance

Non-compliance with these procedures may result in the Agency's having an increased and unacceptable exposure to significant risks.

Managers and staff are therefore accountable to the Chief Executive Officer (CEO) for the fulfilment of their responsibilities under these instructions. Non-compliance will be taken as a serious matter and may result in disciplinary action or be reflected in management performance reviews.

3.3 Increased or new risks

Staff and managers are to advise Executive Directors of any increased or new risk that may arise from:

- new activities or projects;
- changed activities; or
- changes in levels of activities.

4. Instructions for Insurance

4.1 Strategy

The Agency must provide the ACTIA, who is the ACT Government's insurer, with all information and data necessary to ensure appropriate cover of the Agency's insurable risks.

4.2 Accountabilities and Responsibilities

The EPSDD Director of Governance, Compliance and Legal has responsibility to:

- identify and quantify all insurable risks to ensure that appropriate cover is taken out;
- advise any changes in insurable risks to ACTIA; and
- provide accurate information to ACTIA.

Directors are responsible for:

- providing copies of all indemnities and guarantees to Finance within 3 working days of sign-off; and
- the provision of other information to Finance as requested.

4.3 Duty of Disclosure

It is a condition of cover that the Agency advises ACTIA of every matter that is known, or could reasonably be expected to be known, relevant to ACTIA's decision to offer cover. Failure to comply with this duty of disclosure may result in ACTIA reducing its liability in respect of any claim affected by the non-disclosure. The Agency also has a continuing duty to disclose all relevant matters to ACTIA.

4.4 Identifying Insurable Risks

Each year ACTIA sends the Agency an insurance application for the renewal of insurance. This application must be accurately completed, detailing all the Agency's insurable risks and



be returned to ACTIA, so that the insurance premium can be calculated. The Director of Finance is responsible for completing the application.

4.5 Risk Management

To minimize the insurance premium and to ensure proper insurance coverage, the Agency must ensure that it is implementing fully its risk management strategy.

4.6 Contractors and Consultants

Contracts entered into by the Agency should provide for insurance and indemnity from vendors, contractors and sub-contractors indemnifying the Territory or the Agency.

The Services (Consultant) Agreement Template is used for all services contracts and contains such insurance and indemnity clauses. Any questions regarding the template or related legal matters are to be checked with ACT Government Procurement.

4.7 Reporting Incidents for a Claim

All incidents of a potential liability nature must be recorded by the Agency for its own risk management purposes and should be notified to ACTIA in due course. Early notification of a claim or otherwise, an event or a loss that is likely to give rise to a claim is crucial to the ability of ACTIA to protect the Agency's interests and minimise any subsequent loss, even if, at the time of notification, there has been no claim from a third party.

4.8 Indemnity arrangements

Staff are not permitted to approve indemnity arrangements against potential losses that might arise from the Agency's use of property or personnel from other organisations (non-government), unless based on appropriate authorisation from the CEO.

4.9 Admission of liability

Staff must refrain from making any statement to possible claimants or witnesses to an incident, or taking any action, that could be construed as an admission of liability.

5. Instructions for Fraud Control

5.1 Agency responsibility

The CEO is accountable to the Board and the Minister for the full and effective implementation of a fraud prevention policy.

The Board's Audit and Risk Committee has a key role in ensuring that the Fraud and Corruption Control Plan is reviewed annually.

Management is responsible for ensuring that recommendations on fraud control are implemented in a timely and effective manner.

5.2 Definition

Fraud is defined as:

"Inducing a course of action by deceit or other dishonest conduct, involving acts or omissions or the making of false statements, orally or in writing, with the object of obtaining money or other benefit from, or of evading a liability to, the Territory."

5.3 Types of fraud

Common types of fraud risks with which the Agency is concerned are:

- deceit/deception;
- breach of confidence;
- advantage gained by unfair means; and
- misuse of monies or assets, including information.



5.3 Fraud & Corruption Prevention Plan

The Agency's Fraud & Corruption Prevention Plan is located on the Agency's intranet.

5.5 Agency's Commitment

The Agency is committed to implementing strategies to combat fraud or the cover-up of fraud (including inaction), as part of good management practice.

5.6 Staff awareness

The Agency is committed to maintaining and improving staff awareness of the need to minimise exposure to fraud. This is achieved primarily by making available fraud awareness training to all staff and induction sessions for new staff.

5.7 Reporting

Staff members reporting suspected fraudulent conduct are assured of confidentiality and protection against intimidation and discrimination.

The Agency has a designated officer, called the SERBIR (Senior Executive Responsible for Business Integrity Risk), to whom confidential reports of suspected fraud, acts of omission or corruption can be reported.

5.8 Disciplinary action

Appropriate disciplinary action will be taken against any staff member who:

- participates in fraudulent activities;
- participates in attempts to cover-up fraud;
- does not report fraud of which they are aware;
- discriminates against staff members who have reported suspected fraudulent activities; or
- does not cooperate in the investigation of suspected fraudulent activities.