



MEDIA RELEASE

PUBLIC ACCOUNTS COMMITTEE TABLES REPORT ON RISK MANAGEMENT

The Public Accounts Committee will table its report on risk management in the New South Wales Public Sector today, announced the Committee Chairman, Matt Brown MP.

The inquiry followed up issues raised in the Auditor-General's Performance Audit of 2002 called *Managing Risk in the NSW Public Sector*. It examined how well agencies were progressing towards best practice risk management by surveying 29 agencies.

"Risk Management" means the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.

"As the most basic level, risk management is important because of what can happen if risks aren't managed properly. Last year the Committee found that poor risk management led to the loss of \$41 million in potential revenue during the relocation of the Infringement Processing Bureau," said Mr Brown.

"However, the New South Wales public sector has managed risks positively to prevent disruption or loss of public funds from Y2K and to ensure the smooth implementation of the Goods and Services Tax.

"Effective risk management also means maximising opportunities. Typically, the public sector, both in Australia and overseas, has been a risk averse environment. More business-focussed agencies tend to manage risks better," said Mr Brown.

The Committee found that agencies were making progress towards best practice but that gaps remain. Not all agencies have risk management plans, business continuity or disaster recovery plans. The Committee thought that training should be more widespread so that more officers are able to identify and manage opportunities. Communication and monitoring should also be improved.

The Committee noted that, while there are no requirements for agencies to have enterprise-wide risk management plans conforming with the current standards, the guidance provided by the Treasury is based on outmoded standards.

The Committee makes five recommendations about how central agencies should strengthen the requirements for effective enterprise-wide risk management and improve the guidance available to agencies.