

**PUBLIC ACCOUNTS COMMITTEE'S INQUIRY INTO RISK MANAGEMENT
QUESTIONNAIRE FOR SELECTED AGENCIES**

This inquiry is a follow-up to the *Auditor-General's Performance Audit - Managing Risk in the NSW Public Sector June 2002*. This questionnaire is predominately based upon the requirements of the Australian/New Zealand Standard *AS/NZS 4360:2004, Risk Management (the Standard)*.

If you have any queries, please contact the Committee secretariat on 9230 2363.

Please complete this survey by 29 April 2005 and fax to the Committee on 9230 3052 or post to:

The Committee Manager
Public Accounts Committee
Parliament of New South Wales
Macquarie St
Sydney NSW 2000

NSW Public Sector Framework

The following have significantly contributed to the development and implementation of risk management within your organisation: *[Circle your response]*

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
• AS/NZS 4360:2004 Risk Management Standard	1	2	3	4	5
• Legislation	1	2	3	4	5
• Policies, directives and guidelines from central agencies	1	2	3	4	5
• Policies, directives and guidelines from non central agencies	1	2	3	4	5
• Internal Audit	1	2	3	4	5
• External Audit	1	2	3	4	5
• Private sector risk management consultants	1	2	3	4	5
• Other <i>[please specify below]</i>	1	2	3	4	5

Is your organisation aware of the Risk Management and Internal Control Guidelines and Self-assessment Toolkit, issued by NSW Treasury in September 1997 (NSW Treasury TPP97-3)?

YES NO

Has your organisation used the Toolkit to improve its risk management processes?

YES NO

Did Treasury or any other agency provide assistance with implementing the Toolkit?

YES NO

If your agency used the Toolkit, was an enterprise wide risk management plan developed based on the results of the Toolkit?

YES NO

Does your organisation have any comments or recommendations about the Toolkit?

Does your organisation's most recent Annual Report include:

- | | | |
|---|-----|----|
| • A description of the risks faced by your organisation? | YES | NO |
| • A description of risk management activities performed by your organisation? | YES | NO |
| • A risk management declaration by the Board and/or CEO? | YES | NO |

What other information does your agency provide on risk management to external organisations?

Performance Audit Findings

Did the Auditor-General's findings in the Performance Audit report influence changes to your risk management policies, procedures and practices? If yes, briefly explain.

The Standard

What impact, if any, did the revised risk management standard have on your policies, procedures and practices?

Risk Management Process

Does your organisation have a risk management policy? YES NO

Who approved the policy? _____

When was the policy last reviewed and/or revised? _____

How is the policy communicated throughout the organisation (to both internal and external stakeholders)?

Have your internal and external stakeholders been identified? YES NO

Has a stakeholder analysis been performed? YES NO

Do you have a communication and consultation plan (formal document or checklist)? YES NO

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Effective risk management is important to the achievement of your organisation's objectives.	1	2	3	4	5
Our risk management practice is well developed.	1	2	3	4	5
Our policies, procedures, systems and internal controls for risk management are defined and communicated.	1	2	3	4	5
Our organisation has appropriate resources to support risk management policy and practice.	1	2	3	4	5
In applying risk management processes and developing related plans, the following have been examined and documented:					
• strategic context: the relationship with the environment [SWOT analysis],	1	2	3	4	5
• organisational context: capabilities, goals and objectives, and	1	2	3	4	5
• risk management context: scope and boundaries for application of the risk management process.	1	2	3	4	5
Risk management is integrated into the following processes in your organisation:					
• corporate/strategic planning	1	2	3	4	5
• annual planning	1	2	3	4	5
• business unit planning	1	2	3	4	5
• project planning	1	2	3	4	5
• audit planning	1	2	3	4	5
• annual budgeting	1	2	3	4	5
• business unit budgeting	1	2	3	4	5
• management reporting	1	2	3	4	5
• external reporting	1	2	3	4	5
• Board reporting (NA if no Board)	1	2	3	4	5
• project reporting	1	2	3	4	5
• performance evaluation	1	2	3	4	5

Does your organisation carry out a comprehensive and systematic identification of its risks relating to each of its objectives?	YES	NO
Does your organisation consider the following types of risk:		
• political	YES	NO
• opportunity [risk of missing opportunities to improve on delivery of the organisation's objectives]	YES	NO
• environmental	YES	NO
• alliance [risk of working with partnering organisations]	YES	NO
• loss of intellectual property	YES	NO
• reputation	YES	NO
• financial	YES	NO
• project	YES	NO
• compliance	YES	NO
• public liability	YES	NO
• natural hazard	YES	NO
• technological	YES	NO
• human	YES	NO
• security	YES	NO
• other (please specify below)	YES	NO

Who is responsible for risk identification? _____

Does your organisation:		
• Have a risk register/database?	YES	NO
• Make use of computer software for risk management?	YES	NO
What tools and techniques are used by your organisation for identifying risks:		
• Audits	YES	NO
• brainstorming	YES	NO
• examination of local/overseas experience	YES	NO
• SWOT	YES	NO
• interview/focus groups	YES	NO
• judgement	YES	NO
• surveys/questionnaires	YES	NO
• scenario analysis	YES	NO
• operational modelling	YES	NO
• past experience	YES	NO
• process analysis	YES	NO
• other (please specify below)	YES	NO

In pursuing its objectives, your organisation views risk as:		
• a threat?	YES	NO
• an opportunity?	YES	NO
• other? (please specify below)	YES	NO

Who is responsible for analysing and prioritising the risks facing your organisation? _____

Who decides of how to address risks? _____

You respond to analysed risks by:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
• evaluating the effectiveness of existing controls,	1	2	3	4	5
• assessing the costs and benefits of addressing risks,	1	2	3	4	5
• prioritising and selecting the risks that need active management,	1	2	3	4	5
• prioritising risk treatment where there are resource constraints.	1	2	3	4	5
To what extent is the organisation's risk assessed by using:	Never		Sometimes		Very Often
• qualitative analysis methods [e.g. high, moderate, low]?	1	2	3	4	5
• quantitative analysis methods?	1	2	3	4	5
To what extent does your organisation use the risk treatment of:					
• accepting / retaining the risk?	1	2	3	4	5
• avoiding the risk e.g. not proceeding with the activity?	1	2	3	4	5
• reducing the risk e.g. internal control?	1	2	3	4	5
• transferring the risk e.g. insurance?	1	2	3	4	5
To what extent is effectiveness of risk management captured within routine management reporting?	1	2	3	4	5
To what extent are key indicators used to routinely monitor the:					
• levels of risk?	1	2	3	4	5
• application of risk treatment measures?	1	2	3	4	5
• effectiveness of risk treatments?	1	2	3	4	5
Does your organisation have an up to date:					
• business continuity plan?				YES	NO
• disaster recovery plan?				YES	NO
• risk management plan?				YES	NO
Are risk management processes subject to audited?				YES	NO
Who reviews and monitors:					
• risks faced? _____					
• application / effectiveness of risk treatments? _____					
• opportunities? _____					
How often is review and monitoring undertaken? _____					
In the last five years the level of risk faced by your organisation has:					
Increased / Decreased / Not Changed / Don't Know					
How regularly do you review your insurance coverage? _____					
Does your organisation have a Risk Management Committee?				YES	NO
If no, does your organisation have an Audit Committee and is the risk management and internal control framework covered in the Charter?				YES	NO
The responsibility for risk management within your organisation is:					
• documented and communicated?				YES	NO
• understood?				YES	NO
Do performance agreements for executives cover their risk management responsibilities?				YES	NO
Have key performance indicators (KPIs) been developed to monitor whether executives are meeting their risk management objectives?				YES	NO
Has risk management training been provided to management?				YES	NO
Has risk management training been provided to staff?				YES	NO

Effective Risk Management

Which of the following components of risk management are effective in your organisation:

	Effective	Partially Effective	Ineffective	NA	Not in place
• Executive sponsorship, support and focus	1	2	3	4	5
• Line management ownership of risk management	1	2	3	4	5
• Effective culture and organisation	1	2	3	4	5
• Defined and communicated policies, procedures, systems and internal controls	1	2	3	4	5
• Linkage between risks and corporate aims and objectives	1	2	3	4	5
• Level of understanding of risk and risk management across the organisation	1	2	3	4	5
• Specification of the organisation's risk environment, including articulation of the organisation's objectives	1	2	3	4	5
• Linkage between risk management and individual performance appraisals	1	2	3	4	5
• Establishment of risk appetite, risk tolerance and risk treatment measures	1	2	3	4	5
• Establishment of criteria to evaluate risks	1	2	3	4	5
• Identification of risks	1	2	3	4	5
• Recording of risks	1	2	3	4	5
• Analysis of risks	1	2	3	4	5
• Prioritising of risks	1	2	3	4	5
• Development and implementation of risk management strategies	1	2	3	4	5
• Resourcing of risk management strategies and processes	1	2	3	4	5
• Development of KPIs to measure success of strategies and emerging issues	1	2	3	4	5
• Monitoring strategies against KPIs	1	2	3	4	5
• Performance benchmarking	1	2	3	4	5
• Continuous review/feedback on risk management strategies and performance	1	2	3	4	5
• Regular reporting to senior management	1	2	3	4	5

Overall, at what stage of risk management practice development does your organisation consider itself to be? (Either best practice, well developed, reasonably well developed, basic or not started)

What are the main obstacles to effective risk management in your organisation?

Please attach any further comments you would like to make, including additional responses to any of the questions.

Glossary

Term

Definition

Business Continuity Plan	A document that defines the organisation's approach to ensuring key functions can continue under any events or circumstances that may develop to interrupt business continuity.
Monitor	To check, supervise, observe critically or measure the progress of an activity, action or system on a regular basis to identify performance levels.
Risk	The chance of something happening that will have an impact on the achievement of objectives.
Risk Analysis	A systematic process to determine the level of risk after consideration of sources, consequences and likelihood.
Risk Criteria	Measures / standards by which the significance of risk can be assessed.
Risk Evaluation	Process of comparing the level of risk against the risk criteria.
Risk Identification	Process of determining what, where, when, why and how something could happen.
Risk Management	The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.
Risk Management Process	The systematic application of management policies, procedures and practices to the tasks of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk Management Framework	A set of elements and an organisation's management system concerned with managing risks.
Risk Management Plan	A document containing the: <ul style="list-style-type: none">• strategic context and objectives for risk management,• analysis, assessment and prioritising of identified risks, and• approach to managing key risks.
Risk Treatment	Process of selection and implementation of measures to modify risk.
Stakeholders	Those people and organisations who may affect, be affected by, or perceive themselves to be affected by a decision, activity or risk. They are both internal and external to the organisation.