

The Public Accounts Committee has resolved to conduct an inquiry into risk management in the New South Wales public sector.

Risk Management is defined in the Australian/New Zealand Standard *AS/NZS 4360:2004, Risk Management* (the Standard) as the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.

The Committee will examine:

- How NSW public sector has responded to the recommendations in the *2002 Auditor-General's Report to Parliament - Managing Risk in the NSW Public Sector*;
- How NSW public sector agencies are implementing the requirements of the new Standard; and
- The level of progress towards development of better risk management practice in the NSW public sector.

This is a follow up inquiry on the *2002 Auditor-General's Performance Audit - Managing Risk in the NSW Public Sector*. The Audit Office found that risk management in agencies fell short of best practice. Many agencies did not consider their risk management to be adequate. Public Trading Enterprises (PTEs) were found to have the most systematic approach to risk management.

The report recommended that the Government:

- Require all agencies in the public sector to manage risks in accordance with accepted standards;
- Progress the recommendation by Treasury that the Chief Executive Officer (and a Board Member, where there is one) provide an attestation to the adequacy and implementation of the internal framework maintained by the agency; and
- Require the attestation and risk management procedures adopted to be included in Annual Reports.

The report recommended that Treasury:

- Ensure that there is a standard for risk management across the public sector which is applied consistently;
- Monitor, and report on:
 - the implementation of risk management by agencies, and
 - the adequacy of information provided in Annual Reports of agencies on the management of risk.

The full report can be found at: www.audit.nsw.gov.au/repperf.htm