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Ms Vicki Buchbach
Committee Manager
Legislative Assembly Public Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY   NSW   2000

Dear Ms Buchbach

Inquiry into
Risk Management in NSW Public Sector

I refer to your letter of 23 March 2005 in relation to the Public Accounts Committee's inquiry into Risk Management in the NSW Public Sector.

As requested, I attach herewith a copy of the questionnaire for the Department of Gaming and Racing.

Many of the questions asked sought a "Yes" or "No" answer. However, for the Committees benefit, I wish to provide the following information that may put some of the answers into a more informed context.

While the Department of Gaming and Racing does not have a documented Risk Management Plan in accordance with AS/NZS 4360:2004, the Department does has a range of risk mitigation strategies presently in place. These include:

▶   A Corporate Plan - which includes a SWOT analysis of the Department's strategic, organisational and risk management contexts. This is presently the subject of an extensive review.

▶   A rolling 3-year Strategic Internal Audit Plan - which is undertaken by IAB (Internal Audit Bureau) Services. The audit program includes a range of financial and operational processes, and risks are assessed using a ranking methodology. The Department maintains a process, which ensures that mitigation strategies are actioned.

▶   A comprehensive Code of Conduct - signed by all staff members - which addresses a large range of employee associated risks, including personal behaviour, rewards and gratuities, conflict of interest, use of official information, public comment, use of official resources - including credit cards, procurement of goods and services, secondary employment, reporting of corrupt conduct, and protected disclosures.

The Code provides an extensive range of information to staff and includes practical examples.

▶ A range of formal documented policies - including a Corruption Prevention Policy, complaint handling procedures, travel policy and procedures, etc.

▶ During 2004 the Department undertook Fraud Risk Assessment by IAB Services, which is in the final stages of completion.

▶ The Department's information technology project methodologies include a risk analysis.

▶ The Department has an extensive Executive management performance reporting system.

Apart from the above issues, the Department is currently finalising its Disaster Recovery Plan, Business Continuity Plan and Information Security Management System (ISMS) plans. These are to be completed by 30 June 2005.

On 25 February 2005 the Department's Strategy and Policy Committee - comprising the Director-General and all Departmental Directors - met with a view to implementing a risk management assessment methodology and approach. The Committee considered a proposal by IAB Services (copy attached) that would see the Department comply with AS/NZS 4360:2004.

The Committee determined that it would proceed with the IAB's proposal upon completion of the present Disaster Recovery, Business Continuity and ISMS plans as these would form the foundation of a wider and better informed risk assessment. The Committee endorsed the commencement of the Risk Management Assessment to commence in the first quarter of the financial year 2005-06.

I raise these issues to place on record the fact that, while the Department does not yet comply with the AS/NZ standard, it certainly has in place a comprehensive range of risk mitigation processes and, as you can see is committed to meeting the standards during this calendar year.

Yours sincerely

K M Brown
Director-General