

# Policy

## VBA Enterprise Risk Management

### Governance Unit

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## Version history

### Policy history

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## Policy

### Policy purpose and intent

VBA recognises that operational risk management is an integral part of good management practice and a significant aspect of public sector governance. The effective management of risk provides an essential contribution towards the achievement of government and the VBA's objectives and outcomes.

The principles contained in this policy enable the VBA to identify, assess and prioritise risk in a manner that:

- is compliant with legislative and statutory requirements, including:
  - the *Public Administration Act 2004*
  - the *Financial Management Act 1994*
  - the *Victorian Government Risk Management Framework (VGRMF) 2015*;
- enables an organisation that is risk aware at all levels;
- enables decision making with comprehensive and up to date information on current and future risks; and
- supports the VBA's strategic objectives.

## Principles

### Principle 1: VBA risk management is organised and systematic

VBA's Enterprise Risk Management Framework (framework) is coordinated, integrated, systematic and proactively managed.

### Principle 2: VBA risk management is compliant

The framework is compliant with legislative requirements and is consistent with best practice, standards, VBA's vision, mission and strategic objectives.

### Principle 3: The VBA's organisational culture risk aware

The VBA promotes a risk management culture that is risk aware, enabling consideration of risk in all levels of decision making.

## Scope

This policy applies without limitation to all staff within the VBA.

## Responsibility

The operation of this policy is the responsibility of the Director, Office of the CEO through the Governance Unit.

## Monitoring and evaluation

The policy is expected to deliver the following benefits to the VBA:

- decisions are made with increased consideration of relevant risks;
- decision makers have more access to up-to-date information on current and future risks;
- increased efficiency;
- VBA employees have an increased risk awareness;
- increased likelihood to deliver objectives;
- improved governance; and
- improved organisational resilience.

## Standards

The following standards are required to comply with the principles of this policy:

1. an internal control system to enable the VBA's Executives to understand, manage and satisfactorily control risk; and
2. the VBA's Chairman and Chief Commissioner attests to the VBA's compliance with the framework every 12 months.

### Statement of standard one

An internal control system to enable the VBA's Executives to understand, manage and satisfactorily control risk

### Requirements

The following is required to comply with this standard:

1. use of ISO 31000:2009 as the methodology used for risk in the VBA;
2. adherence to the framework; and
3. adherence to the VBA's risk management process.

### Overview

This standard complies with the directions issued under the *Financial Management Act 1994* and also the governance principles set out in the *Public Administration Act 2004*.

### Rationale

Having an internal risk management system will:

- provide a consistent way to identify and manage risk;
- aid organisational governance; and
- allow decision makers to understand, manage and control risk.

### Derivation

This standard is derived from the following element of the risk management principles:

**Principle 1: VBA risk management is organised and systematic;**

**Principle 2: VBA risk management is compliant; and**

**Principle 3: The VBA's organisational culture is risk aware.**

### Scope

Use of this standard is mandated to all employees within the VBA.

**Reporting:** Business units must report on compliance with the standard as part of the risk attestation process.

### Statement of standard two

The VBA completes a risk attestation every 12 months.

### Requirements

The following is required to comply with this standard:

1. review the organisation's risk profile at least every 12 months;
2. the CEO of the VBA provides a risk attestation every 12 months; and
3. the VBA's Board approves the attestation on the advice and verification of the Audit and Risk Committee every 12 months.

### Overview

Reviewing the VBA's risk profile at least every 12 months will allow the VBA to comply with directions issued under the Victorian Government Risk Management Framework 2015. (VGRMF).

### Rationale

Reviewing the organisation's risk profile and completing an attestation every 12 months will enable:

- the VBA to meet its statutory requirements; and
- good organisational governance.

### Derivation

This standard is derived from the following element of the risk management principles:

**Principle 2: VBA Risk Management is compliant.**

### Scope

Use of this standard is mandated to all employees within the VBA.

**Reporting:** The Governance unit must report on compliance with the standard annually.