Risk appetite

Risk appetite outlines the level of risk that can be taken in delivering the department’s objectives. The department has the lowest appetite for risks associated with:

• safety of children and students
• workplace health and safety of its staff and the community
• security of confidential and personal information held by the department
• fraud and corruption.

As its foundation, the department has a core requirement to comply with its legislative obligations in its pursuit of quality outcomes for children, students and the community.

The department is willing to accept a higher level of risk when pursuing innovation and opportunities that further its strategic objectives to give all children a great start, engage young people in learning and creating safe, fair and productive workplaces and communities.

Risk management principles

- Creates and protects value
- Accounts for human and cultural factors
- Integrated into departmental processes and decision-making
- Facilitates continuous improvement

Systematic, structured and timely
Responsive to change
Transparent and inclusive

Why we manage risk

Risk is the chance of something going wrong. We manage risk in our operating environment to achieve better outcomes for our customers. Risk management facilitates continuous improvement by linking risk to organisational planning and performance reporting.

Risk management process

1. Establish the context: Establishing the context by identifying departmental priorities within our risk environment.
2. Identify the risk: Identifying the risk through a wide-ranging analysis of things that could stop us from achieving the department’s priorities.
3. Analyse the risk: Analysing the risk by determining the causes and consequences of risk and identify any existing controls.
4. Evaluate the risk: Evaluating risk by using the information to make decisions about our appetite and tolerance of the risk and whether further action is required to mitigate the risk.
5. Treat the risk: Treating risk by selecting measures that help to mitigate the risk or strengthen current controls.

Elements of the Enterprise Risk Management Framework (ERMF)

The ERMF identifies the key elements of the department’s approach to managing risks.

- Our risk appetite
- Our risk environment
- Risk management principles
- Establishing the context
- Identifying the risk
- Analysing the risk
- Evaluating the risk
- Treating the risk

- Governing risk
- Reporting risk
- Responding to risk
- We govern risk through executive oversight in divisions, regions and schools
- We assess risk using a structured process
- We manage risks that emerge from our operating environment
- Our risk appetite outlines the level of risk that can be taken
- We regularly assess our risks, identify trends and respond to risks and opportunities for continuous improvement

Communication & Consultation

Monitor & Review

ESTABLISH the context
IDENTIFY the risk
ANALYSE the risk
EVALUATE the risk
TREAT the risk


Enterprise Risk Management Framework

Departmental priorities

Reporting to risk

Responding to risk

Governing risk

Risk appetite

Our risk environment

Risk is the chance of something going wrong. We manage risk in our operating environment to achieve better outcomes for our customers. Risk management facilitates continuous improvement by linking risk to organisational planning and performance reporting.
Enterprise Risk Management Framework

Our risk environment

Risks beyond the direct control of the department
- External risks
  - Australian Government policies and funding
  - Demographic shifts
  - Economic changes
  - Education disruptions

Areas of low appetite to be assessed by all business areas
- Enterprise risks
  - Child / student safety
  - Workplace health and safety of staff and the community
  - Security of confidential and personal information
  - Fraud and corruption

Risks with significant impacts to delivering outcomes
- Strategic risks
  - Legislative compliance
  - Financial and economic
  - People, capability and organisational culture
  - Infrastructure, information and technology
  - Strategic priorities
  - Service delivery

- Operational risks
  - Operational priorities
  - Infrastructure, information and technology
  - People and capability
  - Financial and economic

- Program and project risks
  - Quality
  - Scope
  - Time
  - Budget

Risks that may affect the achievement of objectives
- Operational environment

Risks that may affect the achievement of programs or projects
- Operating environment

Supporting resources

Foundations
- DoE Homepage for Enterprise Risk Management Framework
- DoE Risk Management Policy
- DoE Risk Management Procedure
- DoE Risk Management – Supporting Materials

Better practice
- Australian Standard on Risk Management – 31000:2018

DoE Context
- Performance and Accountability Framework
- Governance Framework
- Strategic Plan