



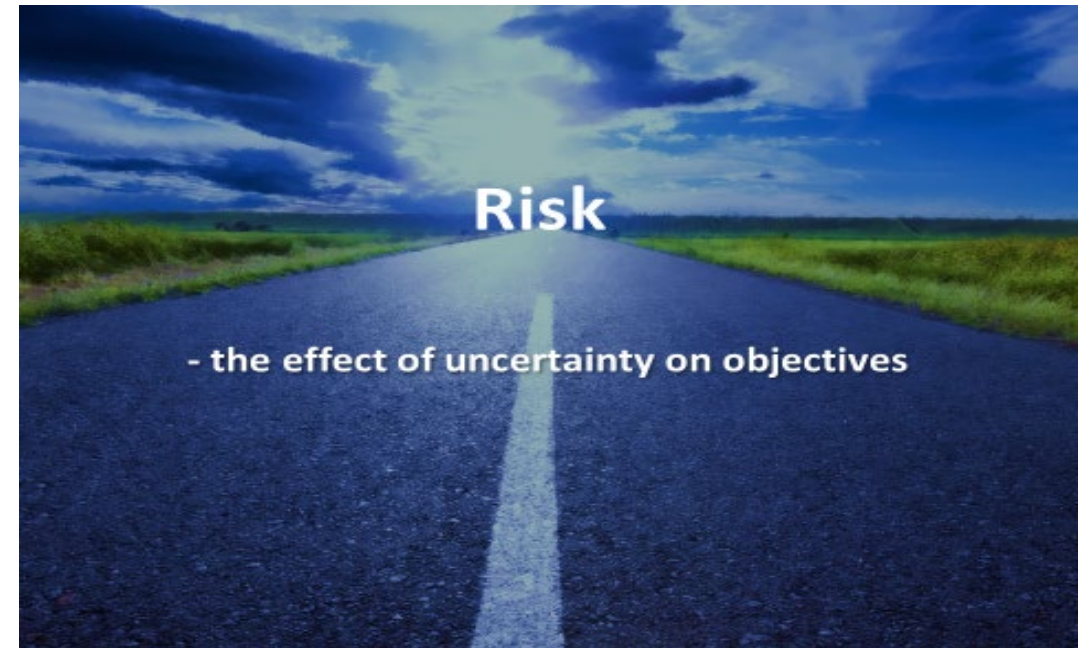
Transforming Risk Management for Good Governance





Ansvar - a leading specialist provider
of risk and insurance services to the
Education, Community, Faith, Care and Heritage
sectors for more than 50 years.

Time for a Refocus



Risk Universe

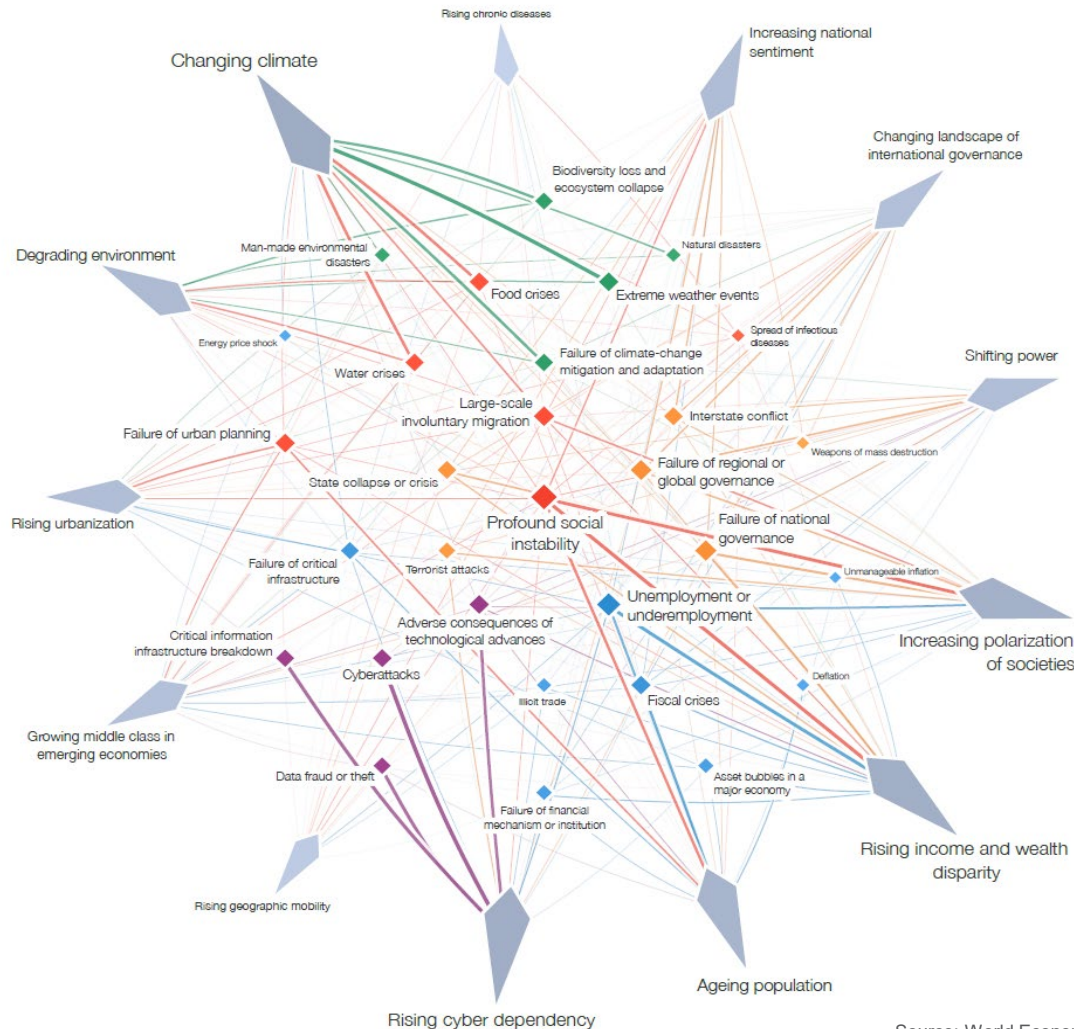
A relentless curiosity about vulnerabilities and emerging threats is vital.

Organisations need to refresh risk identification and risk priorities to energise governance discussions

*World Economic Forum
2018 Global Risk Report*

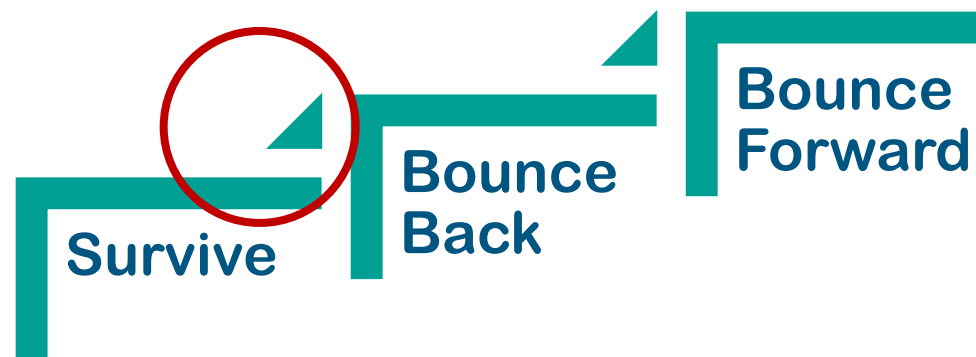


What key risks confront your organisation over the next 5 years?



Source: World Economic Forum Global Risks Perception Survey 2017–2018.

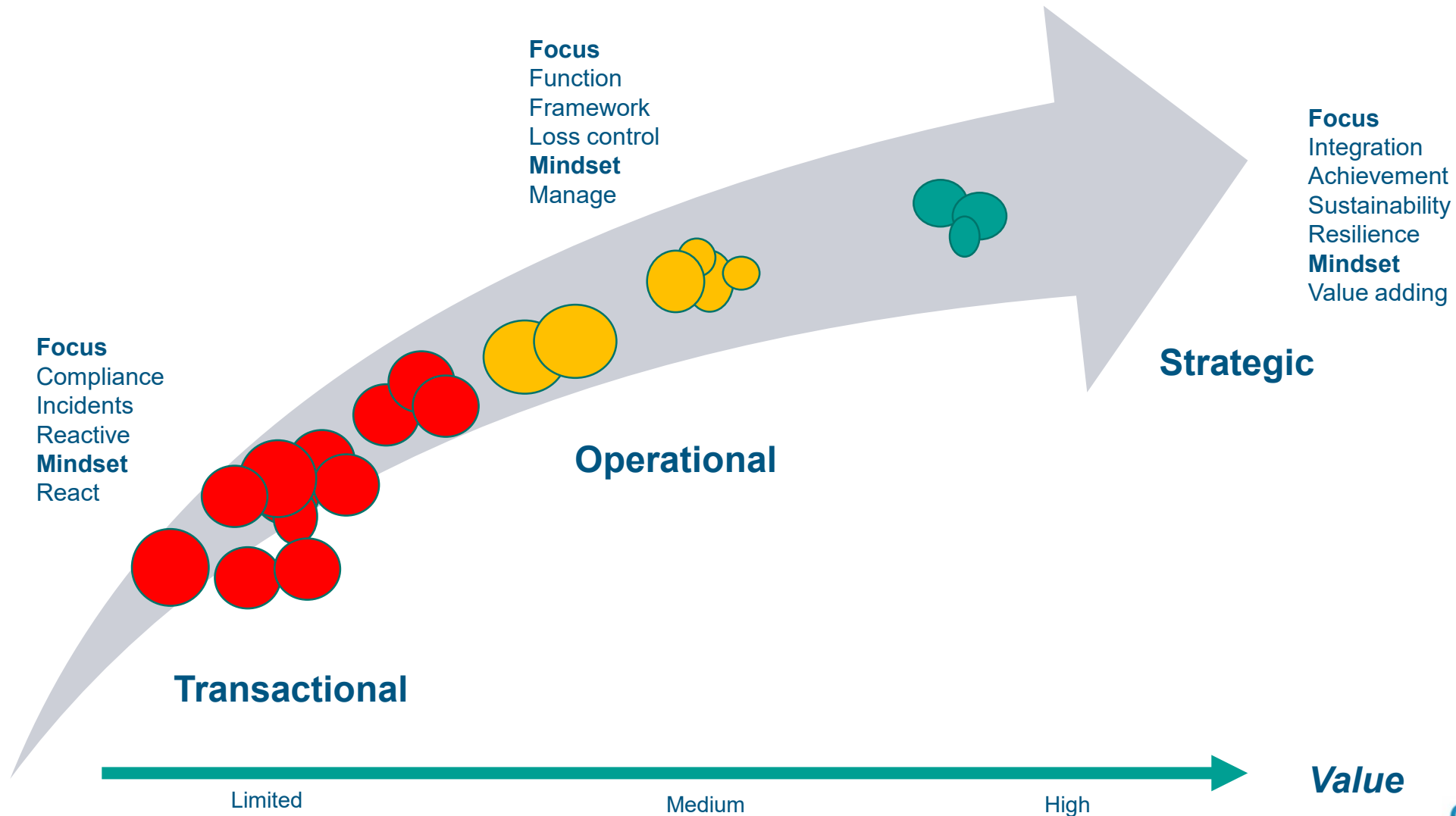
Resilience



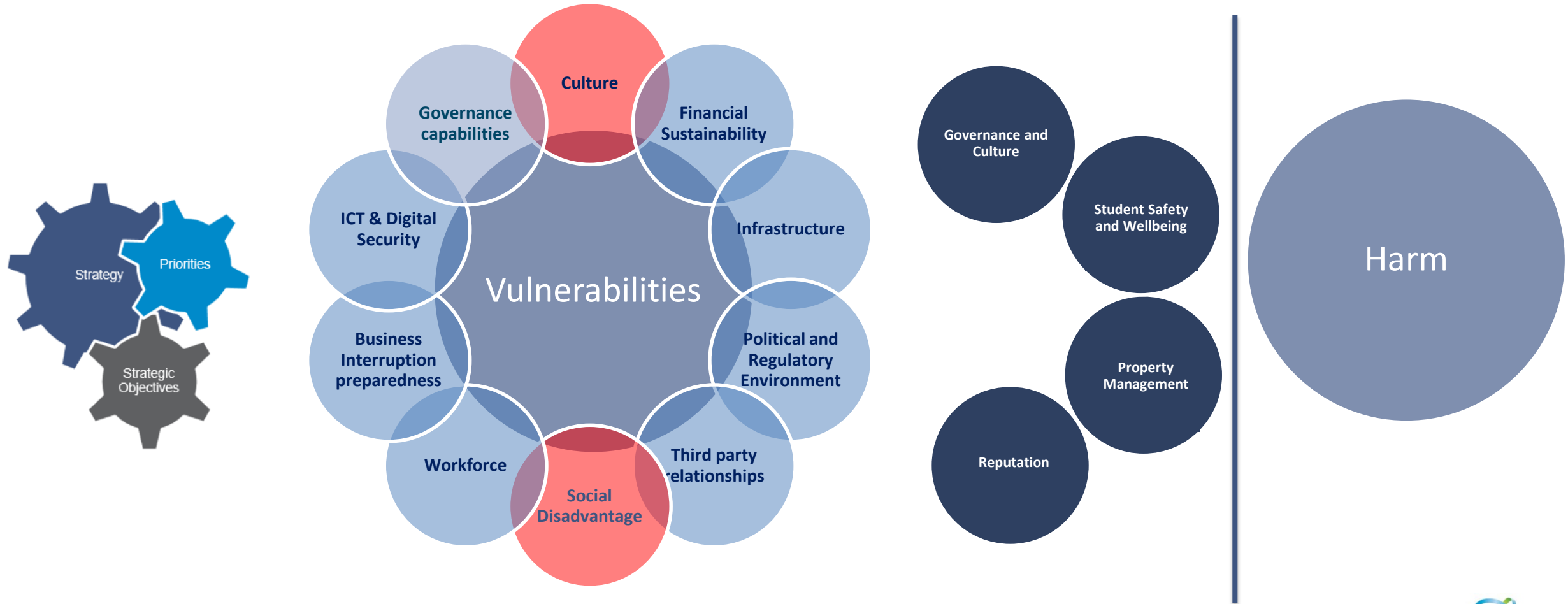
Risk Position

Traditional risk management approaches are no longer adequate in times of greater complexity, uncertainty and in an evolving risk environment.

Current Focus



Governance and Risk



Game changers

- **Royal Commissions** – *social and financial institutions*
- **Education policy and positioning**- *transitions and uncertainty*
- **Social and demographic movements** – *vulnerability and disadvantage*
- **VUCA** – *Velocity, Uncertainty, Complexity and Ambiguity*

Transforming Risk Management

Traditional risk management approaches are no longer adequate in times of greater complexity, uncertainty and a rapidly evolving risk environment



reactive



partnership



What might go wrong



What must go right



transactional



enterprise

Risk Equation

“The world is full of equations...there must be an answer for everything, if we only knew how to set forth the questions”

(Anne Tyler)

A framework for risk management



Beyond Compliance

Guides behaviours
Provides structure
Defines the approach
Ensures consistency
Clarifies accountabilities

Benefits

- ☐ **Sound decisions**
- ☐ Achieve objectives
- ☐ Prevent harm
- ☐ Improve performance
- ☐ More resilient

Common traps of risk management frameworks

- Limited capability to implement and embed
- Boards and senior management not leading it
- Compliance approach
- Reliance on an individual
- Not linked to strategic and business plans
- Set and forget - not regularly reviewed
- **Risk culture is not taken seriously enough**

Culture is Key



Culture eats
strategy for
breakfast!

4 opportunities to improve risk management

1

Reconsider your framework and approach- *ODR*

2

Raise risk management to the strategic level

3

Reassess your risks

4

Refocus risk communication

4 Opportunities to improve risk management

1

Reconsider your framework and approach – *ODR – its time to change!*

- Governing for vulnerable people is complex and complicated.
- Complex decisions call for effective risk management.
- Traditional risk management has led to reactive and compliance approaches; frameworks that are better on paper than they are in practice and adding little value to organisational strategy and performance.
- Risk attention has been too focused on incidents and issues and too reliant on KPIs, accreditation processes and management for assurance.
- Risk management change needs to be led by the most senior people of organisations and take an approach of accountability and promote a robust risk culture.
- The risk management framework should be designed to optimise **O**bjectives, make sound **D**ecisions and help your organisation become more **R**esilient and guide appropriate behaviours.
- Assessing the maturity of your framework provides key insights into strengths and weaknesses in your current approach, sense of the risk culture and opportunities to improve.



Has the Board / Executive **formally reviewed your risk management framework** in the last 12 months. Do you have a Risk Improvement Plan?

4 Opportunities to improve risk management

2

Raise risk management to the strategic level – *where is your focus?*

- Risk focus at board and senior levels of organisations is still heavily skewed downwards towards transactional risk and not enough on objectives management.
- Raising risk to the strategic level means properly scrutinising risks to strategic objectives to assist sound decision making on the organisation's performance, outcomes and its future.
- Boards should integrate risk management into strategic and business planning and review. Strategic risk identification should form part of the business / corporate cycle, involving senior management and other key stakeholders.
- Seeking independent assurance and advice on the performance of key risks is an important role of board and should include establishment of an internal audit program, advice on risk management and insurance and compliance monitoring of legislative and regulatory obligations.
- Raising risk management to the strategic level makes for better outcomes; providing clarity to the organisation about major priorities, improving governance of key matters, prioritising and receiving information that is important and focusing on achievement and resilience.



Is there a **strong enough focus on strategic risks** and does Board have line of sight to risks that they must know about?

4 Opportunities to improve risk management

3

Reassess your risks – *navigate uncertainty....*

- While many organisations have a risk register, these are often grab bags of issues, incidents and well-controlled risks.
- Formal risk identification (against strategic and business objectives) provides an organisation with better understanding of the nature of uncertainty they confront and helps to make decisions about priorities, resources and actions.
- Consider the broad range of vulnerabilities and risks –‘in view’ and ‘out of sight’. Many organisations get stuck on only one or two risk sources and don’t have enough focus on new or emerging risks. For aged care, there should be a specific focus on clinical governance and care outcomes.
- Ensure each risk has a treatment plan, with a risk owner and regular reporting on status of the risk throughout the organisation.
- Claims themes and trends offer a rich source of insight into current and new risks, but reporting this rarely makes it to the leadership table to assist with risk identification.
- All organisations should include formal risk identification as part of their business planning cycle. Well controlled risks should leave the risk register. Risks should be a reflection of key uncertainties to achieving objectives – a story of the organisation’s progress and journey.



Do you have a **formal process to review and identify risks to strategy and key business plans** that involves Board and Executive?

4 Opportunities to improve risk management

4

Refocus risk communication – *from data to insights*

- People manage risks. Processes are just helpful supporters.
- Not necessarily a problem of lack of information, but inadequate translation of information to insights.
- Share stories when reporting on risk; link potential harm to decisions that are being made – to keep your clients at the centre of your decision making and risk process.
- People are the richest source of information relating to risk. Prioritise staff involvement in management of risks.
- Share reporting on key risks with staff; why they have been identified, how they are being managed and how staff can contribute to mitigating them.
- Common to see tools and templates that are paper based and non-integrated systems that make quality, internal audit and monitoring complicated.
- Provide assessment tools and systems that are tailored and readily available.
- Integrate incident and hazard systems into the risk management system
- Link risk management to continuous improvement and focus on making risk management an organisation-wide and collaborative approach.



Do you have a plan to improve risk communication that includes more people involvement and practical tools and resources?

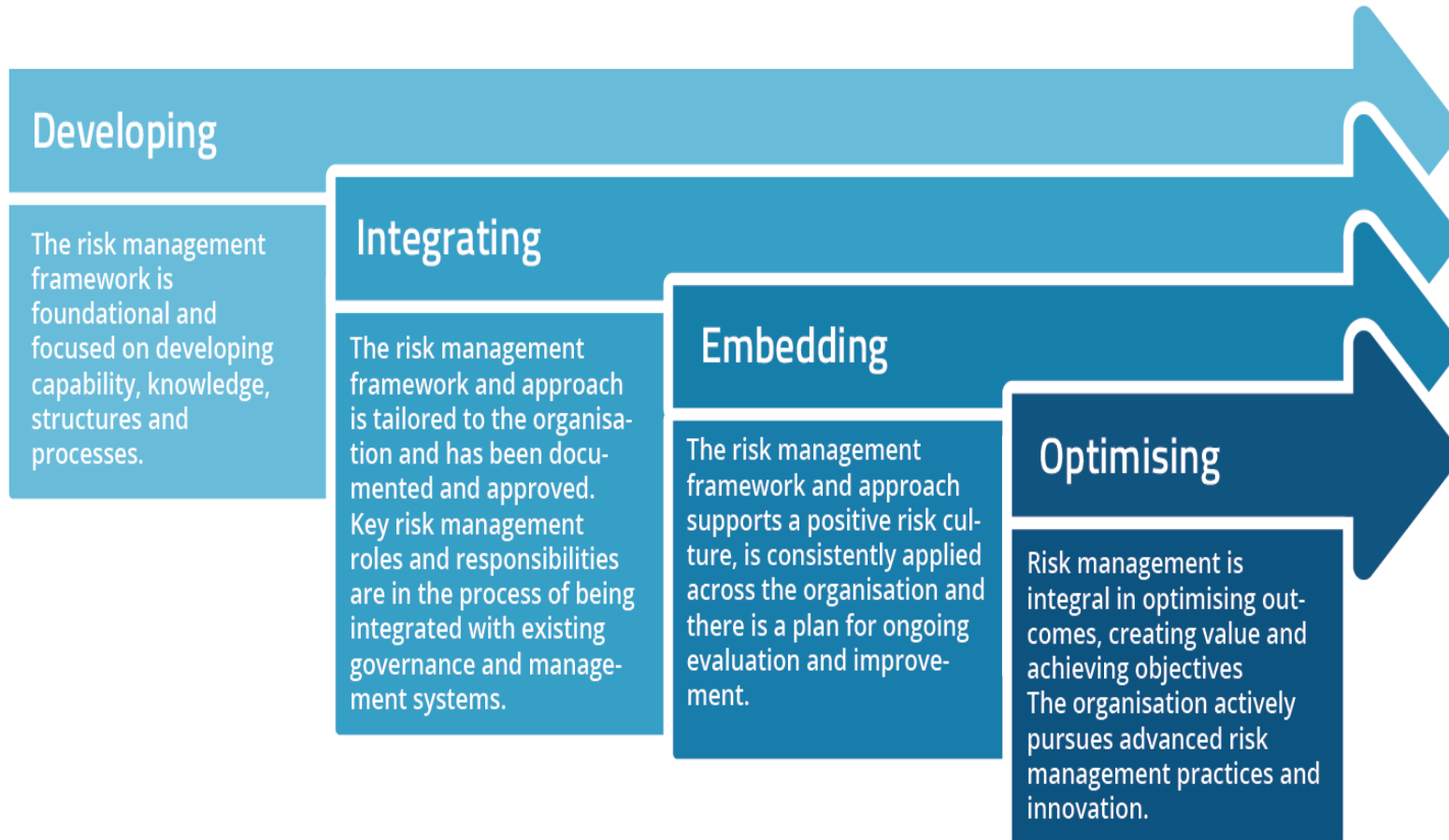


Transforming Risk Management for Good Governance

“The decisions we make as directors and executives have a real impact on the lives of individuals and communities, and the faith they place in our institutions....”



Approach and maturity of risk management



? ERM approach – Broker questions for clients

- *Where are you at with your strategic / business plan?*
- *Do you have a risk management framework?*
- *When was it last reviewed and who reviewed it?*
- *Does it outline governance, resources and processes for risk management?*
- *Have you identified key risks and do you have plans for mitigating these?*
- *When was your risk profile and the risk register last reviewed?*
- *Do you have systems, tools and templates to support risk management?*



Anthony Black, Senior Risk Solutions Consultant

Anthony is a passionate advocate of the value of risk management in good governance and achieving objectives. He brings a wide variety of sector experience and expertise to his role. As a former nurse and health service manager and executive, he understands the challenges and uncertainties of developing and leading complex services.

Prior to joining Ansvar, Anthony was responsible for the delivery of risk management advice and solutions to the Victorian Public Sector, specialising in Health, Human Services, Community Care and Education. Anthony takes a practical and tailored approach to risk management; designed to shift focus from traditional methods to more strategic thinking and approaches.