

# Policy

## Enterprise Risk Management

NSWHP\_PD\_034

### 1. Purpose

The NSW Health Pathology (NSWHP) Enterprise Risk Management (ERM) Policy:

- Communicates NSWHP's commitment to ensuring a robust and consistent approach to risk management across the organisation and fostering a positive risk culture;
- Supports us in managing risk to, achieve NSWHP's objectives, and inform decision making;
- Facilitates compliance with relevant regulatory and legislative requirements, standards, and Directives related to risk management;
- Sets out the risk management roles and responsibilities across NSWHP;
- Is supported by the NSWHP Enterprise Risk Management Procedure and Risk Appetite Statement; and
- Is approved by the Strategic Leadership team.

### 2. Background

NSWHP is mandated by NSW Health to establish, maintain and monitor risk management practices that are appropriate, fit for purpose and tailored to NSWHP's needs.

NSWHP is committed to maintaining and continuously improving risk management across the organisation, and aims to enhance organisational decision-making, performance, transparency and accountability by effectively managing both opportunities and threats.

### 3. Scope

Risk management is an essential part of all NSWHP operations, and this Policy applies to all NSWHP staff (permanent, temporary or contract) and contractors, consultants and volunteers while exercising official functions for NSWHP.

### 4. Definitions

**Risk:** The effect of uncertainty on objectives, noting that effect is a deviation from the expected and may be positive and/or negative.

**Risk Management:** Coordinated activities to direct and control NSWHP with regards to risk.

**Enterprise Risk Management Framework or ERMF:** A set of components (including policies, procedures, processes, systems and standards of behaviour or conduct) that provide the basis and arrangements for the design, implementation, monitoring, reviewing and continual improvement of risk management within NSWHP.

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### 5. Policy Statement

*NSWHP recognises that risk is a natural part of our day-to-day operations and activities, and we are committed to ensuring risks are managed consistently, effectively, and confidently. The following principles detail NSWHP's approach to risk management:*

#### 5.1. Risk Management Methodology

NSWHP's approach to risk management is aligned with Standard for risk management, AS ISO 31000:2018, as required under the NSW Health Enterprise-Wide Risk Management Policy Directive, NSW Treasury guidance (Internal Audit and Risk Management Policy for the General Government Sector - TPP20-08), and better practice.

Risk should be proactively considered in decision-making at all levels of the organisation and embedded in strategic and operational planning processes.

The process through which risks are identified, assessed, managed, and monitored is outlined in the NSWHP Enterprise Risk Management Procedure and must be consistently followed by all NSWHP staff.

#### 5.2. Risk Appetite

Risk appetite is the amount and type of risk that NSWHP is prepared to pursue, retain or take to achieve goals and objectives. Our risk appetite is formally documented in the NSWHP Risk Appetite Statement. Any circumstances that take NSWHP outside of risk appetite or closely approach upper or lower appetite parameters should be escalated and responded to in a timely manner. The risk appetite is set by the Chief Executive and approved by the Board on advice from the Audit and Risk Management Committee.

#### 5.3. Risk Culture

NSWHP is committed to fostering a positive risk culture that encourages open and regular conversation about risk, approaches risk as an opportunity enabler rather than a barrier, and ensures concerns raised are taken seriously and managed appropriately. It is the responsibility of all NSWHP staff to contribute to and maintain a positive risk culture.

#### 5.4. Non-compliance

Breaches of and departures from this Policy will be addressed in accordance with the NSWHP Compliance Management Framework, including but not limited to:

- Reporting and remediation of the breach or departure; and
- Commitment to ensuring that such or similar breaches or departures are not repeated.

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### 6. Roles and Responsibilities

Risk management is the responsibility of every NSWHP staff member, and everyone plays a key role in ensuring risk is managed effectively and proactively. NSWHP's risk management roles and responsibilities are detailed below:

**Chief Executive (CE)** has ultimate responsibility and accountability for risk management in NSWHP. Responsibilities include promoting a positive risk culture, setting the level of risk NSWHP is willing to accept or tolerate (for approval by the Board), and ensuring NSWHP's risk management policy and procedures are embedded.

**NSWHP Board** is responsible for approving risk appetite and tolerance, and for seeking appropriate assurance on the effectiveness of the Enterprise Risk Management Framework.

**Audit & Risk Management Committee (ARMC)** monitors, reviews, and provides independent advice to the CE and the NSWHP Board on the effectiveness and maturity of the ERMF and NSWHP's risk culture, risk management plans and reports, and the risk appetite.

**Strategic Leadership Team (SLT)** are responsible for approving NSWHP's risk management policies, identifying and reviewing strategic risks facing NSWHP, and effectively managing and reporting on strategic or operational risks for which they are the risk owner. It is their role to ensure risk is adequately linked to and considered when setting the NSWHP strategic objectives. The SLT are responsible for ensuring the ERMF is effectively embedded into operational activities, including allocation of required resources to ensure good risk management. It is also their role to support a positive risk culture.

**Managers and Decision Makers** at all levels of NSWHP are accountable for managing risk within their sphere of authority and in relation to strategic and operational decision-making, in line with this policy, the NSWHP ERMF and within risk appetite. They are responsible for the identification, review, and effective management of operational risks within their areas, including escalation of risks beyond their capacity or delegation of authority.

**All NSWHP staff** (permanent, temporary or contract) are accountable for managing and considering risk in their day-to-day role in accordance with this policy and the NSWHP ERMF. This includes the identification and escalation of risks or ineffective controls, and implementation of risk controls and mitigating actions within their area.

**Chief Risk Officer (CRO)** supports the CE and provides risk management oversight and guidance, including development, maintenance, and implementation of the ERMF across NSWHP.

**Internal Audit** provide independent assurance to the CE and to the Audit and Risk Management Committee on the effectiveness of the ERMF, including the design and operational effectiveness of internal controls.

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### 7. Legal and Policy Framework

#### 7.1. Related Legislation

- [NSW Health Enterprise-Wide Risk Management Policy Directive PD2022\\_023](#)
- [NSW Health Internal Audit Policy Directive PD2022\\_022](#)
- [Internal Audit and Risk Management Policy for the General Government Sector TPP20-08](#)
- [Government Sector Finance Act 2018](#)
- [Health Services Act 1997](#)
- [Accounts and Audit Determination for Public Health Entities in NSW](#)
- [AS ISO 31000:2018 Risk Management – Guidelines](#)

#### 7.2. Related Policy Documents

- [NSW Health Pathology Enterprise Risk Management Procedure NSWHP\\_PR\\_026](#)
- [NSW Health Pathology Risk Appetite Statement NSWHP\\_CG\\_008](#)
- [NSW Health Pathology Enterprise Risk Management Framework NSWHP\\_SD\\_77](#)

### 8. Review

This policy will be reviewed by 30/06/2026.

### 9. Risk

<b>Risk Statement</b>	<i>This policy contributes to NSWHP's compliance with relevant regulatory and legislative requirements in relation to risk management, and ensures we manage risk in line with best practice to reduce the effect of uncertainty our objectives.</i>
<b>Risk Category</b>  Choose at least one category	Assets & Infrastructure <input type="checkbox"/> ; Clinical Care & Patient Safety <input type="checkbox"/> ; Compliance <input type="checkbox"/> ; Cyber Security <input type="checkbox"/> ; Governance <input type="checkbox"/> ; Information, Technology & Data <input type="checkbox"/> ; Leadership & Management <input checked="" type="checkbox"/> ; People & Culture <input type="checkbox"/> ; Resilience <input type="checkbox"/> ; Technological <input type="checkbox"/>

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### 10. Further Information

For further information, please contact:

Policy Sponsor	Position:
	Name: Tammy Boone
	Telephone: 0414 362 669
	Email: tammy.boone@health.nsw.gov.au
Policy Contact Officer	Position: Enterprise Risk Manager
	Name: Stephen Bignill
	Email: stephen.bignill@health.nsw.gov.au

### 11. Version History

The approval and amendment history for this document must be listed in the following table.

Version No	Effective Date	Approved By	Approval Date	Procedure Author	Risk Rating	Sections Modified
1.0	07/03/2023	SLT	04/08/2023	Stephen Bignill, Enterprise Risk Manager	Medium	New Policy
2.0	25/06/2024	Tammy Boone, Director, Legal & Corporate Governance	20/06/2024	Stephen Bignill, Enterprise Risk Manager	Medium	1. Purpose, 3. Scope, 5.1 Risk Management Methodology, 8. Review