



Education and Training

RISK MANAGEMENT and AUDIT PLAN

2007 - 08

Preface

This report summarises the significant risks identified by the Department's Executive, Directors and Managers during interviews and from Directorate business plans. The likelihood and consequence of the risks have been based upon an assessment by Department personnel using the Department of Education and Training (DET) Risk Management Framework and in accordance with the current Australian New Zealand Standard on risk management (AS/NZS 4360:2004).

This risk assessment is not by nature a detailed control review or audit and as such, cannot provide assurance that all risks have been identified. Continual monitoring of the risks and their commensurate treatment and/or mitigation is both a management responsibility and a requirement of any comprehensive risk management program as prescribed by the Department's risk management framework.

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Contents

1	Introduction and overview	
1.1	Why business risk?	1
1.2	What is a Risk Management and Audit Plan?	1
1.3	Identifying risks across the Department	2
1.4	Risk methodology	2
1.5	Measuring risks in terms of likelihood and consequence	2
2	Summary of key risks and impact	
2.1	Summary of key business risks	4
3	Performance measures	
3.1	Performance indicators	4
4	Strategic Risk Management and Audit program	5
Appendix A – Summary of key business risks		
A-1	Strategic management risks	6
A-2	Core business risks	7
A-3	Resource management risks	8
A-4	Integrity risks	9
Appendix B –	2007- 08 Review schedule for the Audit Committee	10
Appendix C –	Risk Assessment Matrix	11

1 Introduction and overview

1.1 Why business risk?

The Risk Management and Audit section has facilitated a high level business risk assessment of the Department's operations. Such a process was seen as beneficial in providing both the Executive and Audit Committee with an overview of the key and significant risks facing the Department.

This assessment is also seen as a key initiative to assist the Executive in ensuring the appropriate elements of a Corporate Governance framework are maintained. Business Risk Assessment is viewed as an important tool during the strategic and business planning cycles to assist in prioritising resource allocation and/or strategic focus.

In setting up a business risk assessment exercise, particularly in a decentralised organisation like Department Education Training, it is important to:

- adopt a consistent framework for data gathering
- engage with a wide range of management and staff through interview and consultation
- review Departmental business plans to distil key risks.

This document is the overarching Risk Management and Audit Plan (RMAP) for the Department and consolidates and distils key risks from all directorates and units of the Department.

1.2 What is a Risk Management and Audit Plan?

This document is a Risk Management and Audit Plan and contains two key elements. The first is the risk management aspect that outlines an action plan for implementing risk treatments for those risks identified by the business risk assessment as being at a level of risk that is unacceptably high and may impede the Department from achieving its objectives. The second element is the internal audit plan that outlines the annual audit program for the Department focusing on high risk activities to ensure that the identified controls are working effectively and in the most efficient manner. The plan focuses on the key or critical risks only.

While the Risk Management and Audit section has coordinated and developed the RMAP, it is the responsibility of senior managers to take ownership for the implementation of the strategies in their respective RMP's.

1.3 Identifying risks across the Department

The business risk assessment was developed from Directorate and unit business plans and through a series of interviews in the two month period, March to April 2007.

The audit program was developed primarily from the results of the business risk assessment process. However, the program also incorporates exposures identified through, or informed by:

- outcomes from the 2006/07 School Audit program
- the Department's rolling audit program of the Chief Executive's Finance Instructions (CEFI's)
- the ACT Auditor General's Performance Audit Program 2004 – 2007
- a review of previous audits undertaken by the ACT Auditor General.

1.4 Risk methodology

One of the issues in the conduct of a business risk assessment is how to conduct the assessment process in a consistent and structured fashion. It is important that a consistent approach to classification and analysis is taken so that all relevant risks are considered and so that risks can be given the appropriate level of attention.

In compiling this business risk assessment a corporate model was used that enables the Department to relate to its environment by means of the following three types of processes:

1. **Strategic management processes** - focussed on the overall direction and management of the Department and includes planning, decision making and reporting.
2. **Core business processes** - focussed on the core functions / activities undertaken by the Department in order to attain its strategic objectives.
3. **Resource management processes** - focussed on the management of the Department's key resources (ie. people, assets, information and finance).

In addition to this, and in accordance with the ACT Integrity policy, the risk assessment also reviewed the Department's exposure to integrity risks in each of these three processes. These risks have been compiled and reported under the heading of Integrity risks.

1.5 Measuring risks in terms of likelihood and consequence

Whilst risks have been identified using the key areas from the corporate model, the analysis of the risks has been based on the Department's risk management framework. Consistent with AS/NZS 4360:2004, this framework defines risk as the chance of something happening that will have an impact upon the objectives of an organisation with risk being measured in terms of likelihood and consequence.

It is important to note that the likelihood and consequence scores are directly impacted by the assessment of the effectiveness of existing controls. Only those risks that are not adequately controlled and/or have a significant consequence rating are captured and reported in this RMAP.

Through the internal audit program, the Audit Committee and management's own actions, the Department is ensuring that effective internal controls are operating to minimise the likelihood or consequence of risk events. The latter describes one of the functions of the corporate governance model – a monitoring role.

Included at Appendix C is the risk assessment matrix and the descriptors for the likelihood and consequence ratings used in the business risk assessment process.

It should be stressed that the risks outlined in this document and the Risk Management Plans are possible risk events, not risks that have actually occurred. They are risk events, which could occur and if so, would have a substantial impact on the Department's corporate objectives.

2 Summary of key risks and impact

2.1 Summary of key business risks

Set out at Appendix A is a summary of the Department's key business risks using the three areas from the corporate model and a fourth area of integrity to categorise these risks. These summary tables identify the current risk rating, strategies to mitigate the risk, the area responsible for implementing the strategies, the target risk rating, and the timeframe in which the action is to be taken.

3 Performance measures

3.1 Performance indicators

The following performance indicators have been incorporated to provide a measure of the performance of the RMAP and the effectiveness of the Department's implementation and utilisation of risk management as a key management tool and fundamental to its corporate governance arrangements.

- No severe insurable loss to disrupt the Department's financial position.
- All new projects (in excess of \$100,000 or where a significant risk to the Department exists) to be assessed for risk in accordance with the Department's risk management framework prior to initiation.
- All matters identified in the Risk Management and Audit Plan to be addressed in a timely manner and reported to the Audit Committee in accordance with the schedule at Appendix B of the RMAP.
- No revenue loss or significant event to disrupt the Department through improper conduct by staff.

4 Risk Management and Audit Program 2007-08

The following table indicates the risk management and audit program for 2007-08. At Appendix B is a schedule of reviews/tasks identified in the program that are to be reported against to the Audit Committee throughout 2007-08.

Risk Management and Audit Program 2007-08

Risk Assessments			
Organisation Wide	Resource Management	Education	Project
Loss of Key Personnel	Central Office Relocation	Schools Renewal	Shared Services Model
Business Continuity Planning		Curriculum Implementation	New Schools Constructions \$90m upgrades
			Pacific School Games
			IT \$20m upgrade

Audit		
Organisation Wide	Resource Management	Education
Insurance	Shared Services SLA's Financial HR CEFI's	School Audits <ul style="list-style-type: none"> • Certified Agreement • School Safety • Safe School Policy • Financial Management • Staff Leave
Emergency Management Plans	Credit cards	
Complaints	Schools Census	
Compliance with Statutory obligations		
Records Management		

Other	Compliance	Requests	RM&A Activities			
	External Compliance	ACT Audit Office	Audit Committee	Organisational risk profile update	Insurance	Governance
	Fraud		Audit Report Follow-up	Risk Training Methodology		

Strategic management risks

Appendix A-1

Risk	Initial Risk Rating	Strategies to address risk	Target Risk Rating	Responsible area/officer	Timeframe
Loss of key personnel and recruitment affecting the delivery of services due to restructure and relocation.	8	Review current succession planning arrangements across the Department. All Directors to identify key/critical staff and functions and ensure adequate development of staff and transfer of corporate knowledge are in place.	5	Director Human Resources	Dec 2007 May 2008
Negative Departmental outcome resulting from the Central office relocation.	7	Consultation Relocation groups comprising representatives from each directorate have been established to inform and support the central office relocation process and to provide information and advice to line areas. Communication Committee A Communication Committee comprising the following representatives from the Relocation Groups has been established to assist with the development of a relocation communication strategy for the information of staff.	5	Director Finance & Facilities	Feb 2007 Feb 2007
Negative public response to Schools Renewal decisions or insufficient Departmental resources to manage the outcomes.	6	Director and project officer appointed to Schools Renewal project to oversee implementation of decisions. Budget and projects developed to support implementation of decisions. Consultation with key stakeholders on major projects. Promotion of Schools Renewal projects. A proactive communication strategy and effective risk management will reduce the risk rating.	5	Director Schools Renewal	Dec 06 to June 07
Implementation strategy for curriculum is not widely accepted.	6	Professional development currently being undertaken. Trials being conducted in 22 schools for curriculum. Consultation / communication strategy in place using a variety of mediums.	5	Director CS&PL	Dec 2007 July 2007 July 2007
Construction of new schools not completed in time for opening.	7	Project management done by Project Control Board Procurement processes ensure rigorous evaluation of Project Managers capacity to deliver projects. DET has regular meetings with ACT Procurement Solutions and Projects Managers to monitor progress and funding.	5	Director Finance & Facilities	Feb 2011
Negative Departmental outcome resulting from planning for Pacific Schools in 2008	6	Representation for DET on the Advisory Board and Steering Committee and Finance sub committee. Establishment of interagency committee to coordinate government emergency plans	5	Director CS&PL	May 2007
IT \$20m upgrade	6	Project commenced June 2006 and risks identified at the start of the project have all been addressed with the exception sourcing contract staff.	5	Director EdInTACT	June 2010

<p>Disaster occurs and DET unable to recover</p> <p>Business unable to quickly recover effective working capacity to deliver services after a major incident. Eg damage to critical infrastructure or Pandemic</p> <p>Failure of emergency response procedures through lack of emergency management plans in schools.</p> <p>Staff or students harmed by other persons</p>	7	<p>Formulate, promulgate and implement a Business Continuity Plan</p> <p>Working with other States and Territories to develop a coordinated and uniform approach to ensure preparedness in the event of a bird flu pandemic. Regular teleconferences and conferences are being held and attended by staff.</p> <p>Schools will be advised of the requirement to have emergency management plans in place in accordance with the Department's Emergency Management Framework. Assistance in developing plans will be available. An audit of school emergency management plans has been programmed for 2007/08 Financial year. Subsequent to audit, any relevant recommendations will be implemented.</p> <p>Schools have undertaken to develop a critical incident plan including lock down procedures. Emergency Management Framework booklet has been provided to all schools.</p> <p>New policies and procedures developed for Safe Schools and critical incident reporting.</p> <p>A risk management approach to managing challenging behaviours has been implemented into schools.</p> <p>An audit of the school emergency plan, critical incident polices, student management plans, acceptable use of IT and other related policies is scheduled for 2007/08 Financial year.</p>	5	<p>Director Governance Regulation and Risk</p> <p>School Directors</p> <p>School Directors</p>	<p>Aug 07</p> <p>Sept 07</p> <p>Aug 07</p> <p>Aug 07</p>
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included in 2007-08 audit program

Core business risks

Appendix A-2

Risk	Initial Risk Rating	Strategies to address risk	Target Risk Rating	Responsible area/officer	Timeframe
National Assessment Program – Inadequate resources to meet Territory contribution	7	Negotiate with Australian Government, through MCEETYA to fund the set-up costs and year 1 (2008) of the program. Submit a budget bid for further funding if required.	5	Director Measurement Monitoring and Reporting	May 2008
Projected student numbers are incomplete due to Schools closures and significant modifications required to the current projection model.	7	Review of Projection model is given a high priority. Contract expert advice if necessary.	5	Director Measurement Monitoring and Reporting	Dec 2007
The TaTE Information Communication Technology (ICT) systems may fail at one or more points because many of the essential program components are becoming outdated and requiring constant daily maintenance to address increasing minor breakdowns.	7	Comprehensive redevelopment of major TaTE ICT systems into a more integrated streamlined system to reduce malfunctions that now take considerable day to day maintenance is conducted. A business case is currently being developed.	5	Director Training and Tertiary Education	March 2008
Unable to manage and meet statutory timelines for FOI's and subpoenas.	7	Continued compliance training, review and update of procedures. Promulgate the amended procedures to relevant staff.	5	Director Governance Regulation and Risk	December 2007
Chris21 unable to provide accurate data.	7	Chris 21 management group has DET representation. Reconfiguring of leave parameters has been completed for most leave groups with continuation on other groups.	4	Director Human Resources	Feb 2007 Dec 2007
Promotion of Public Education not effective	6	Media articles on student achievements, attendance at promotional activities to strengthen partnerships and the high profile of Renewing Our Schools initiatives are methods to maintain enrolments in public education. Other examples for International Education are promotional material in local languages, and Canberra promoted as an educational destination.	4	Manager Media and Communications	Oct 2007 Dec 2007
Demand for Australian Apprenticeships places outstrips funds allocated for that purpose	6	Monitor demand and supply for Australian Apprenticeship places in identified priority areas and SAW Agreement Targets	5	Director Training and Tertiary Education	Monthly until June 2008
Injury or harm to staff or students participating in overseas excursions.	6	Explicit policies and procedures on intranet. Teachers trained and qualified and police checks on volunteers conducted. Risk analysis required and endorsed by Principals. Communication strategies in place including satellite phones and access to DFAT travel advice.	4	School Directors	Aug 2006 Completed for each excursion Aug 2007

<p>Non compliance with legislation, policy, etc through lack of knowledge and understanding of legislative obligations</p> <p>DET unable to meet statutory obligations in financial and HR reporting</p>	7	<p>Compliance project has been undertaken and a handover of responsibilities to respective areas across the Department is complete. Governance and Legal Liaison to review obligations annually. An audit of current procedures and practices to be undertaken during FY 07/08.</p> <p>Service Level Agreements in place</p> <p>Bimonthly meetings and ongoing contact at officer level being conducted with Shared Services</p>	5	<p>Director Governance, Regulation and Risk</p> <p>Director Finance & Facilities</p>	<p>April 2008</p> <p>May 2007</p> <p>June 2008</p>
<p>Poor records management culture compromises Departmental compliance with legal and statutory obligations.</p>	6	<p>Training in records management processes and procedures. Obligations under Territory Records Act reviewed</p>	4	<p>Director Governance, Regulation and Risk</p>	<p>Sept 2007</p>
<p>DET exposed due to inadequate insurance</p>	6	<p>Review of asset values by Finance and Facilities,</p> <p>Provision of proposals and declarations to insurers.</p> <p>Provision made for staff member to monitor and assess DET insurance requirements</p>	4	<p>Director Governance, Regulation and Risk</p>	<p>Dec 2007</p> <p>June 2007</p> <p>May 2007</p>
<p>Shared services relationship will adversely affect the ability of DET to deliver services/achieve objectives including corporate memory loss.</p>	7	<p>HR Reference Group has been established.</p> <p>Risk assessment has been conducted and will be monitored and reviewed regularly.</p> <p>Action plan developed with Shared Services to overcome problem areas. CEFI's are being reviewed. Services Level Agreements (SLA's) are in place. Audit of financial SLA's first followed by audit of HR aspects.</p>	5	<p>Director Human Resources</p> <p>Director Finance & Facilities</p>	<p>Mar 2007</p> <p>May 2008</p> <p>Sept 2007</p>
<p>EBA – increased Teachers Hours</p>	6	<p>The Minister and Chief Executive have specifically requested monitoring and reporting of the Increased Teaching Hours as ratified in the EBA.</p> <p>Two audits will occur this year in August and December and 1 annually thereafter. Principles are to collect, record and retain data. Schools Directors will receive some of that data for their purposes.</p>	4	<p>Director Human Resources</p>	<p>Aug 2007 and Dec 2007</p>

included in 2007-08 audit program

Resource management risks

Appendix A-3

Risk	Initial Risk Rating	Strategies to address risk	Target Risk Rating	Responsible area/officer	Timeframe
Low staff morale impacts on achievement of organisational objectives.	8	Staff satisfaction survey. Staff exit surveys.	5	Director Measurement Monitoring and Reporting Senior Management	Reported annually July 07 Reported annually
Financial mismanagement in schools.	6	The financial skills required by Principals and Registrar/Office Managers, the training to be provided or made available, and identified financial management competencies in selection criteria, has been part of the recommendations in the Financial Management in Schools audit.	4	Director Finance and Facilities School Directors	Feb 2008
Complaints/investigations poorly managed.	6	Complaints policy in place, staff educated on complaints policy. Processes/procedures to handle investigations developed. All staff advised of processes/procedures.	4	Director Governance Regulation and Risk	Dec 2007

Integrity risks

Appendix-A4

(Fraud and Corruption Prevention Plan- F&CPP and Chief Executive Financial Instructions – CEFI)

Risk	Initial Risk Rating	Strategies to address risk	Target Risk Rating	Responsible area/officer	Timeframe
False representation by applicants regarding qualifications, skills, employment history, etc being made during recruitment process.	6	Procedures reviewed by Human Resources. Increased rigour has been included in the process.	4	Director Human Resources	Feb 2007
School staffing officer fails to fully perform duties with respect to leave forms, etc. Inaccurate recording of flex-time or failure to submit leave forms	6	Documented procedures distributed to all Principals. Included in induction training for all staff. Monitoring of procedures are recorded in the self audit package for Principals. Detailed guidance reissued to managers and Principals. Human Resources reviewing compliance and implementing follow up procedure.s	4	Director Human Resources	Oct 2007 Jan 07 and July 07 Feb 2007 Feb 2007
CEFI's Credit cards Governance and Accountability Taxation	6	ACT Government Credit Card policy was reviewed by the Department of Treasury in February 2007. This resulted in Treasury updating the Model CFIs. As a result the Department's CFIs are in the process of being updated updated. CFIs were adopted from the time they were issued by Treasury. Similarly these changes will be incorporated into the School Management Manual.	4	Director Finance & Facilities	Dec 2007.



included in 2007-08 audit program

2007 - 08 Audit Committee Review Schedule

	Issue	Area responsible	Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08
Risk Management program	Loss of key personnel	Director, HR			✓			✓			✓			✓
	Business Continuity Planning	Dep. Chief Exec.			✓			✓			✓			✓
	Central Office Relocation	Dep. Chief Exec.			✓			✓			✓			✓
	School Closures	Exec Director			✓			✓			✓			✓
	Curriculum Implementation	Director, CS&PL			✓			✓			✓			✓
	Shared Services model (Financial and HR Reporting)	Dep. Chief Exec.			✓			✓			✓			✓
	New Schools Constructions \$90m upgrade	Director, Finance and Facilities			✓			✓			✓			✓
	Pacific School Games	Director, CS&PL			✓			✓			✓			✓
	IT \$20m upgrade				✓			✓			✓			✓
Audit program	Insurance	Director GR&R						✓						
	Emergency Management Plans	Schools Directors									✓			
	Compliance with Statutory Obligations	Director GR&R			✓									
	Shared Services SLA's	Director F&F	✓			✓							✓	
	Records Management	Director GR&R					✓							
	Staff Flex/Leave forms procedures	Director HR								✓				
	Complaints	Director GR&R										✓		
	Credit Cards	Director F&F							✓					
	Schools Census	Director MM&R									✓			
	Schools Audits	Director GR&R												
	• Certified Agreement			✓					✓					
	• School Safety					✓	✓	✓						
	• Safe School Policy					✓	✓	✓						
• Financial Management		✓	✓	✓				✓	✓	✓	✓	✓		
• Staff Leave													✓	

Risk Assessment Matrix – Level of Risk

>7: Extreme risk

– detailed action plan required

6.7: High risk

– needs senior management attention

5: Medium risk

– specify management responsibility

<=5: Low risk

– manage by routine procedures

High or Extreme risks must be reported to Senior Management and require detailed treatment plans to reduce the risk to Low or Medium.

	Consequence				
People	Injuries or ailments not requiring medical treatment.	Minor injury or First Aid Treatment Case.	Serious injury causing hospitalisation or multiple medical treatment cases.	Life threatening injury or multiple serious injuries causing hospitalisation.	Death or multiple life threatening injuries.
Reputation	Internal Review	Scrutiny required by internal committees or internal audit to prevent escalation.	Scrutiny required by external committees or ACT Auditor General's Office, or inquest, etc.	Intense public, political and media scrutiny. Eg: front page headlines, TV, etc.	Assembly inquiry or Commission of inquiry or adverse national media.
Business Process & Systems	Minor errors in systems or processes requiring corrective action, or minor delay without impact on overall schedule.	Policy procedural rule occasionally not met or services do not fully meet needs.	One or more key accountability requirements not met. Inconvenient but not client welfare threatening.	Strategies not consistent with Government's agenda. Trends show service is degraded.	Critical system failure, bad policy advice or ongoing non-compliance. Business severely affected.
Financial	1% of Budget or <\$5K	2.5% of Budget or <\$50K	> 5% of Budget or <\$500K	> 10% of Budget or <\$5M	>25% of Budget or >\$5M

Likelihood ↑	Numerical:	Historical:
	>1 in 10	Is expected to occur in most circumstances
	1 in 10 - 100	Will probably occur
	1 in 100 - 1,000	Might occur at some time in the future
	1 in 1,000 - 10,000	Could occur but doubtful
1 in 10,000 - 100,000	May occur but only in exceptional circumstances	

		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	6	7	8	9	10
Likely	4	5	6	7	8	9
Possible	3	4	5	6	7	8
Unlikely	2	3	4	5	6	7
Rare	1	2	3	4	5	6