

Enterprise Risk Management Policy

Written Direction No. WDCSG220170003

Approved by: GM Governance, Legal and Risk

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Effective From: 1 July 2021

1. Introduction

A message from the Managing Director

TAFE NSW is a strong public provider of Vocational Education and Training and Higher Education. As the largest provider in Australia TAFE NSW sets a benchmark for quality with a vision of a future where everyone has the skills to build thriving careers and resilient communities. To achieve this vision TAFE NSW must become more competitive, agile and customer-centred. As we pursue our purpose to promote positive behaviours and create a results-driven culture, we must take risks.

It is critical that all risks be understood and managed at the most appropriate level within the organisation. Management will take a leadership role in creating an environment that promotes sound risk-taking behaviour and ensures risks are considered when making important strategic and operational decisions.

While managers have specific responsibilities it is everyone's responsibility to help manage risk by proactively identifying, evaluating and escalating risks that could impact TAFE NSW. We must all manage risks within the appetite levels set.

This Enterprise Risk Management Policy is a Written Direction and sets out the principles of the TAFE NSW Enterprise Risk Management framework. This Policy, together with the other documents in the framework, aims to ensure risk management practices are embedded in all activities, that risk management thinking is deeply entrenched in the organisation's norms, and that prudent risk-taking is aligned to TAFE NSW's risk appetite.

I am committed to fostering an organisational culture where risk management is seen as an enabler, embraced by our leaders and valued by all our employees and stakeholders."

Steffen Faurby
Managing Director, TAFE NSW

2. Purpose

The purpose of this Policy is to communicate TAFE NSW's commitment to maintaining an Enterprise Risk Management framework that promotes a positive risk culture and facilitates proactive management of enterprise-wide risks in support of the achievement of TAFE NSW's objectives.

This Policy should be read in conjunction with the Risk Appetite Statement, Enterprise Risk Management Manual and Enterprise Risk Management Plan that complement risk management activities and practices.

3. Scope

This Policy applies to all activities across TAFE NSW. It is applicable to permanent, temporary and casual employees of TAFE NSW; employees seconded from another organisation and contingent workers, including labour hire, professional services contractors and consultants.

4. Policy

4.1 Mandate and Commitment

TAFE NSW is committed to the systematic identification and proactive management of risk at all levels. This will be achieved by establishing a formal Enterprise Risk Management framework that fosters a risk-aware culture where risk management practices are embedded in all activities, risk management thinking is deeply entrenched in the organisation's norms and prudent risk-taking is aligned to risk appetite.

4.2 Enterprise Risk Management Framework

TAFE NSW's Enterprise Risk Management framework provides the foundation and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management. The framework consists of the Risk Appetite Statement, Enterprise Risk Management Manual and Enterprise Risk Management Plan. It supports the achievement of TAFE NSW's organisational objectives and considers all types of strategic, safety, regulatory, probity, customer, financial, reputation and workforce risks.

The Enterprise Risk Management framework reflects the Australian Standard *AS ISO 31000:2018 Risk Management - Guidelines*, and NSW Treasury policy *TPP20-08 Internal Audit and Risk Management Policy for the General Government Sector*. The Policy extends further than simply requiring compliance to these external best practice standards to include tailoring to reflect the TAFE NSW's operating environment.

The Enterprise Risk Management Policy requires risk management to be embedded in day-to-day activities, operational procedures, planning processes and decision-making structures at all levels (e.g. corporate, region, branch and unit) and be appropriate to the specific activity and process.

4.3 Risk Appetite Statement

The Managing Director supported by the FOCUS Team is ultimately responsible for determining risk appetite and the nature and extent of risks TAFE NSW is prepared to take.

The Risk Appetite Statement is a document that helps guide management and employees in respect to the parameters of acceptable risk taking. It describes the amount of risk TAFE NSW is prepared to take in order to achieve our objectives.

The risk appetite is used in two key ways: to guide decision making when choosing between options and to manage risks within these parameters. Management is responsible for establishing policies and procedures (Written Direction) and encouraging conduct that is consistent with the Risk Appetite Statement and escalating risks that fall outside appetite levels to the appropriate level.

4.4 Enterprise Risk Management Plan

To support an effective and efficient Enterprise Risk Management framework, TAFE NSW will develop an Enterprise Risk Management Plan that sets the risk management direction and priorities for the organisation. The Plan acknowledges the work undertaken in the risk management journey within TAFE NSW over prior years and identifies specific focus areas over the coming year(s).

4.5 Enterprise Risk Management Manual

Whilst the management of risk is everyone's responsibility, clear accountability, ownership and governance responsibilities for identifying, analysing, evaluating, monitoring, reporting and escalating current and emerging risks are outlined in the Enterprise Risk Management Manual.

Proficient risk management capabilities across TAFE NSW will be maintained through a dedicated risk management function in the Governance, Legal and Risk Branch, and will include specialist resources, regular communication, recurrent training, periodic review of the framework and ongoing consultation with key stakeholders.

5. Responsibilities

Managing risk is everyone’s responsibility. The Enterprise Risk Management Manual contains detailed responsibilities for managing risk. In brief, the roles and responsibilities are as follows:

Position	Responsibility
Managing Director (MD)	<p>Leads risk management across TAFE NSW.</p> <p>Responsible and accountable for risk management in TAFE NSW.</p> <p>The MD promotes a positive risk culture, holds managers to account for the decisions they make and for managing their risks, sets the risk appetite, and ensures that this policy and supporting practices are communicated, implemented and kept current.</p>
Audit and Risk Committee (ARC)	<p>Provides independent advice and guidance to the Managing Director; overseeing and monitoring governance, risk and control issues affecting TAFE NSW operations as well as supporting external accountability obligations.</p>
FOCUS Team	<p>Accountable for managing key risks and assisting the MD create an environment that promotes prudent risk management practices and the taking of risk within the TAFE NSW risk appetite. The FOCUS Team fully consider risk management issues in relation to decisions made and priorities set.</p>
Senior Management (General Managers and Business Unit Managers)	<p>Accountable for implementing and maintaining sound risk management practices in their day-to-day activities within their sphere of accountability and authority. Senior Management create an environment where the management of risk, following written directions and reporting risks and issues is accepted as the personal responsibility of all employees and contractors.</p>
Head of Risk	<p>The Head of Risk fulfils the role of Chief Risk Officer.</p> <p>Responsible for leading the strategic design, implementation and continuous improvement of the enterprise risk management framework to ensure TAFE NSW utilises consistent and integrated risk management practices.</p> <p>The Head of Risk provides internal leadership, training, support and expert advice on risk management matters.</p>
Principal Risk Advisor	<p>Responsible for providing specialist technical advice, guidance and coaching to senior managers and their team members, supporting them manage their risks and achieve business objectives.</p> <p>Responsible for promoting positive risk behaviours, challenge risk perceptions and provide training to increase organisational risk capability, a positive risk culture, and increase organisational risk maturity.</p>
Employees, contractors and other workers	<p>Are required to follow TAFE NSW’s policies and procedures (Written Direction) and always act in a manner consistent with the TAFE NSW Risk Appetite Statement.</p> <p>Employees should report all incidents, risks and issues to their manager in a timely manner. Contractors must do likewise, reporting to the designated TAFE NSW representative or contract manager.</p>

6. Definitions

Definitions of key terms are listed in the Enterprise Risk Management Manual.

7. Related documents

This Policy should be read in conjunction with the following related documents:

- Risk Appetite Statement
- Enterprise Risk Management Manual
- Enterprise Risk Management Plan
- Internal Audit and Risk Management Policy for the General Government Sector (TPP 20-08)

8. Contacts

Accountable Officer General Manager Governance, Legal and Risk
 Written Direction Officer Head of Risk

9. Document information and review

This policy document will be reviewed at least every three years.

Record No. DOC19/119602

Review Due: 1 July 2024

Approval History

No	Effective	Approved by	Amendment
1	1 November 2017	Managing Director	Original
2.	6 August 2019	Managing Director	Minor amendments only. Removal of reference to Enterprise Risk Management Coordination Committee. Addition of 4.5 to distinguish ERM Plan and ERM Manual.
3.	1 July 2021	GM Governance, Legal and Risk	Minor amendments only. Removal of role for risk management from TAFE NSW Commission Board. Replace reference to Executive Leadership Team with FOCUS Team. Update to reference TPP 20-08 Internal Audit and Risk Management Policy for the General Government Sector. Update titles from Business Partner Risk Management to Principal Risk Advisor.