



Risk management fundamentals for Health and Community Services

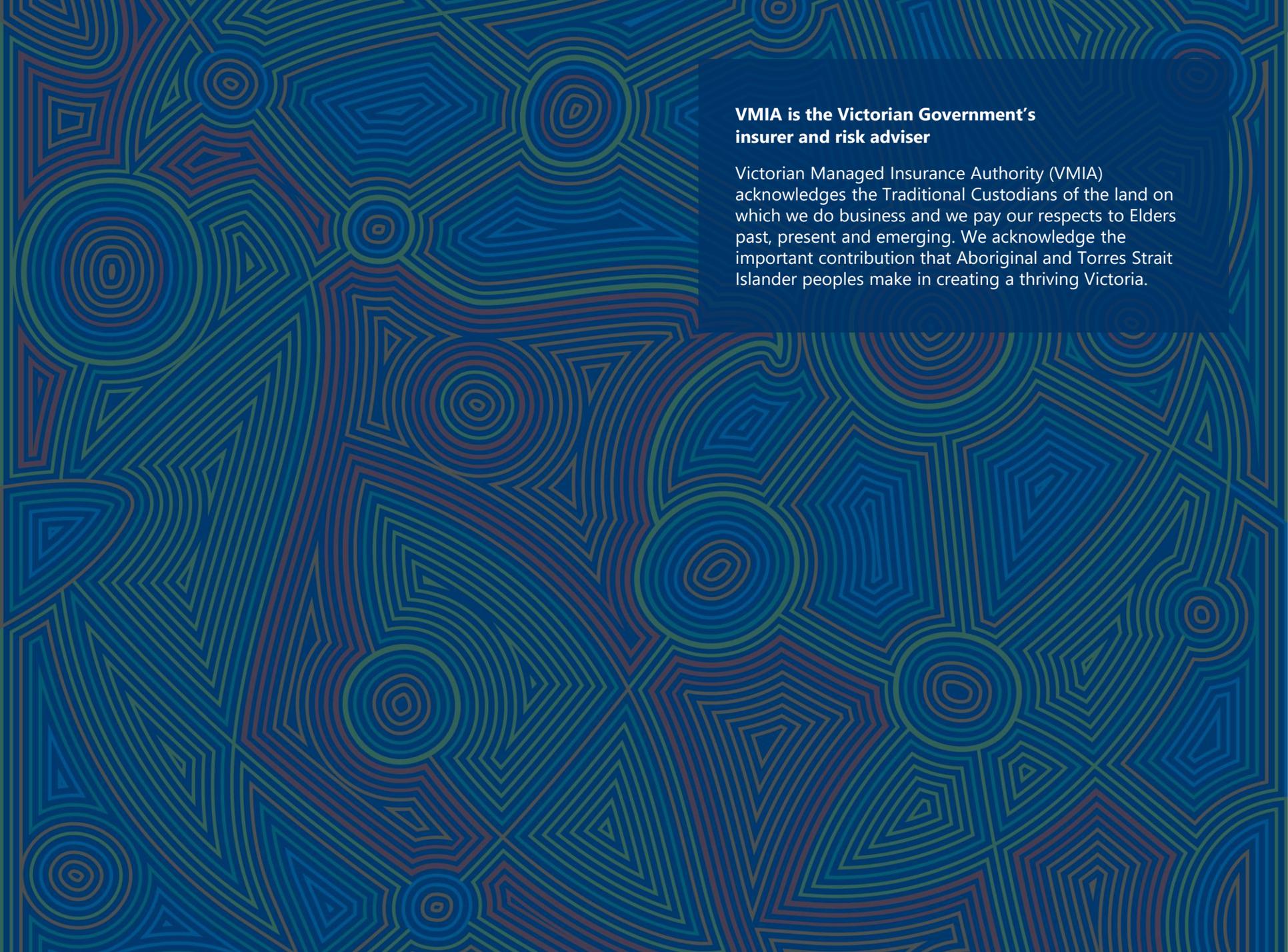
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Webinar: 20 August 2020

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Key risk management concepts

Risk management framework & governance

Strategic risk & decision making

Monitoring risk through a risk register

What does **risk**
and risk
management
mean to you?



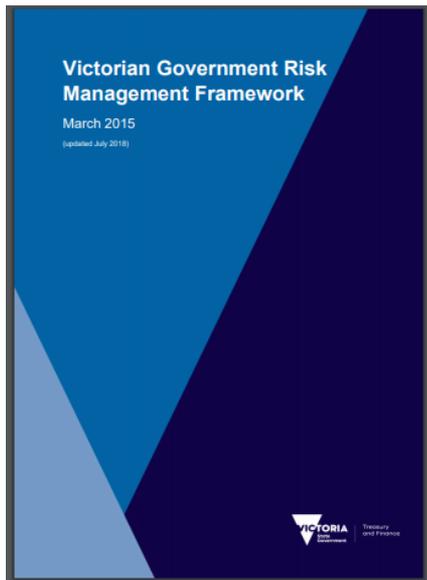
Risk: the effect of **uncertainty** on objectives



“Coordinated activities to direct and control an organisation with regard to risk”

AS/NZS ISO 31000:2018

- Victorian Government Risk Management Framework (VGRMF)
- Risk Management Standard - ISO 31000:2018
- Community Services Quality Governance Framework
- Quality Standards (ACQSHC & QIC)
- Service Agreements



V = volatile

U = uncertain

C = complex

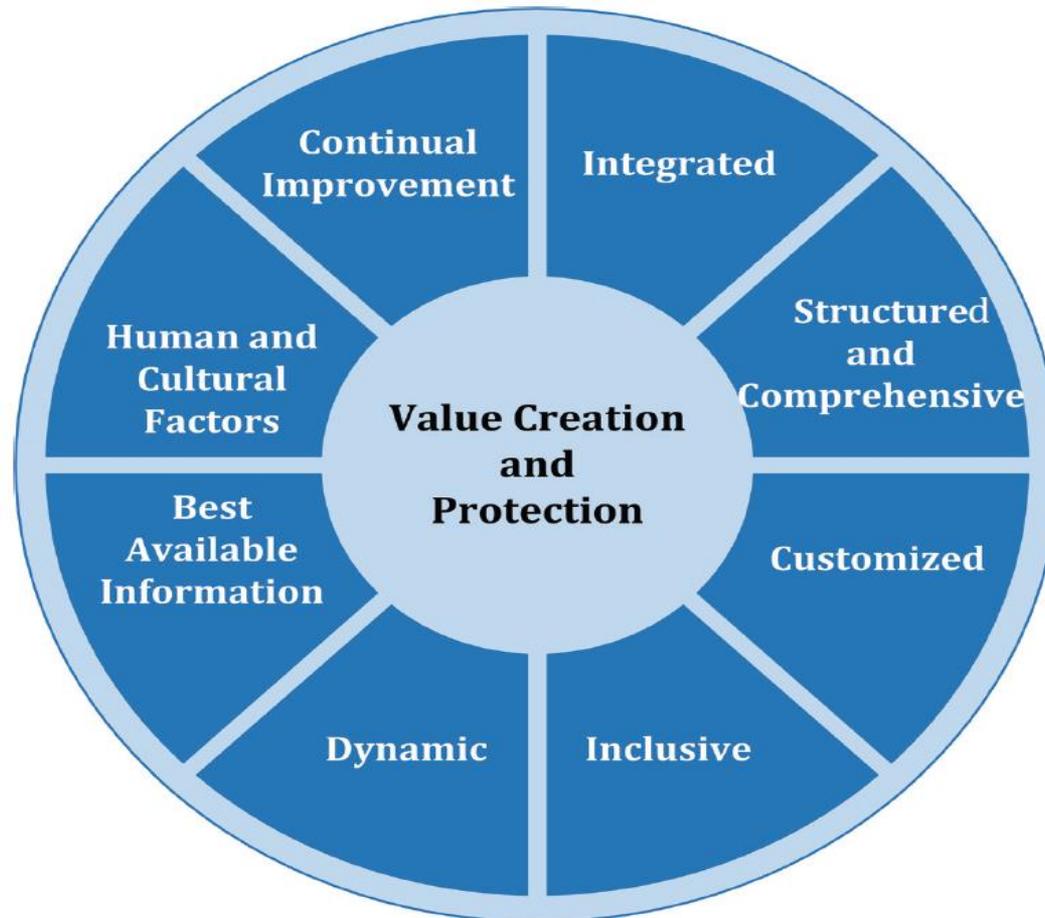
A = ambiguous



A large circular graphic with a thick blue border. The border is a ring with an arrowhead pointing clockwise at the top. Inside the ring is a dark blue circle containing text.

Decision Making

- Take measured risk
- Improved outcomes
- Clear accountability
- Increased confidence
- Identify opportunities



Three key components for a positive risk culture



1. How can you as Directors and Managers foster the development of a **positive safety** and **risk culture**?
2. How might you evidence this?



Agency

Governance

Corporate Planning



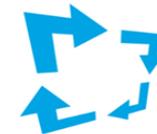
Risk Management Framework



Risk Governance

Risk:

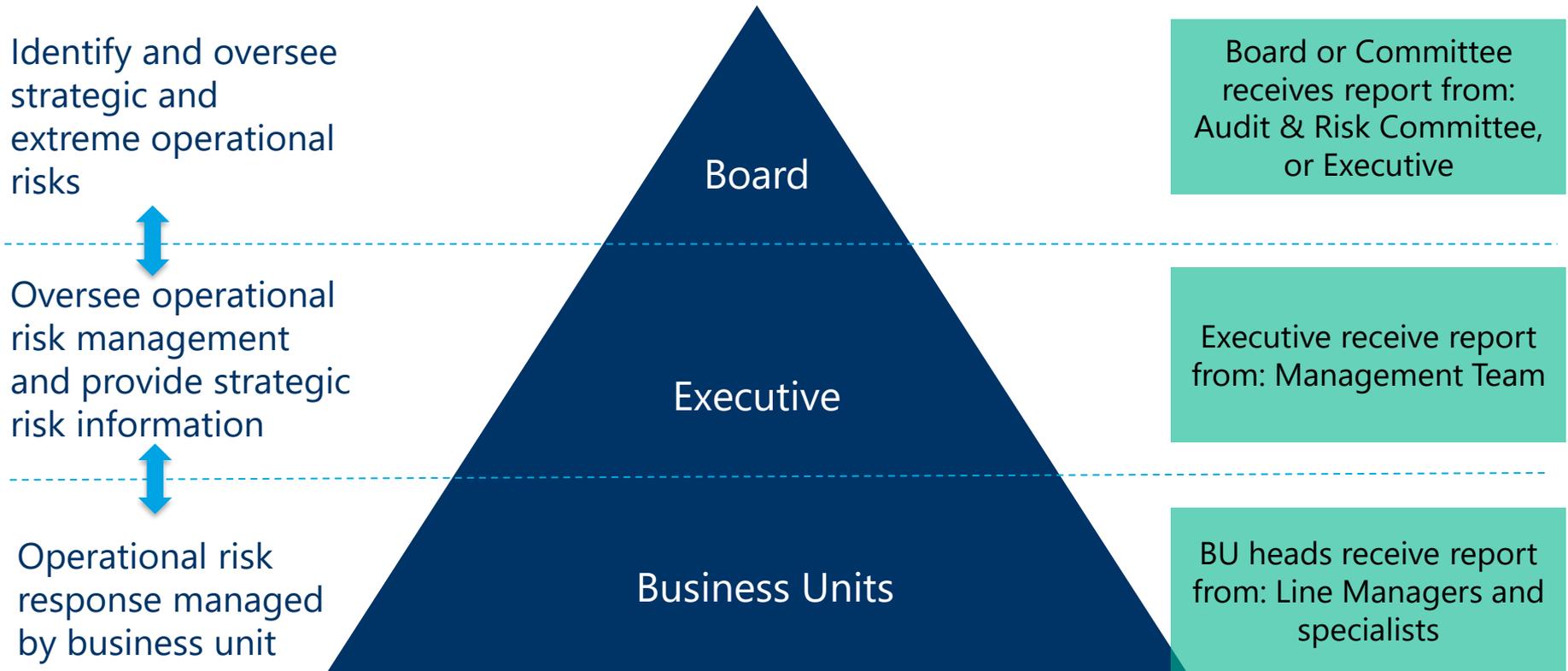
- Policy
- Strategy
- Appetite
- Culture



Process



Resources



Volume of risk information

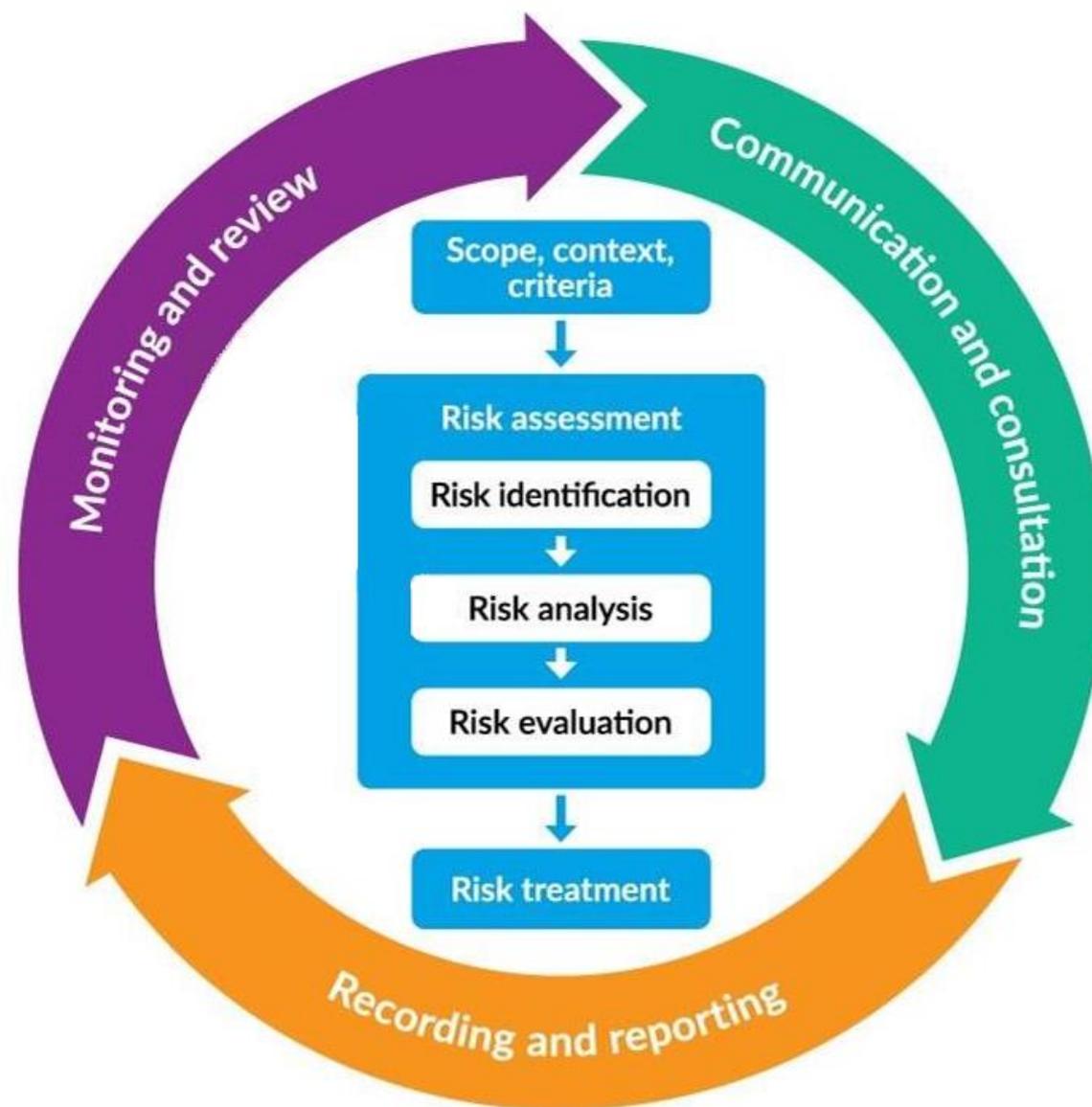
The **Risk Owner** is the person within your organisation who is/will be responsible for managing that risk.



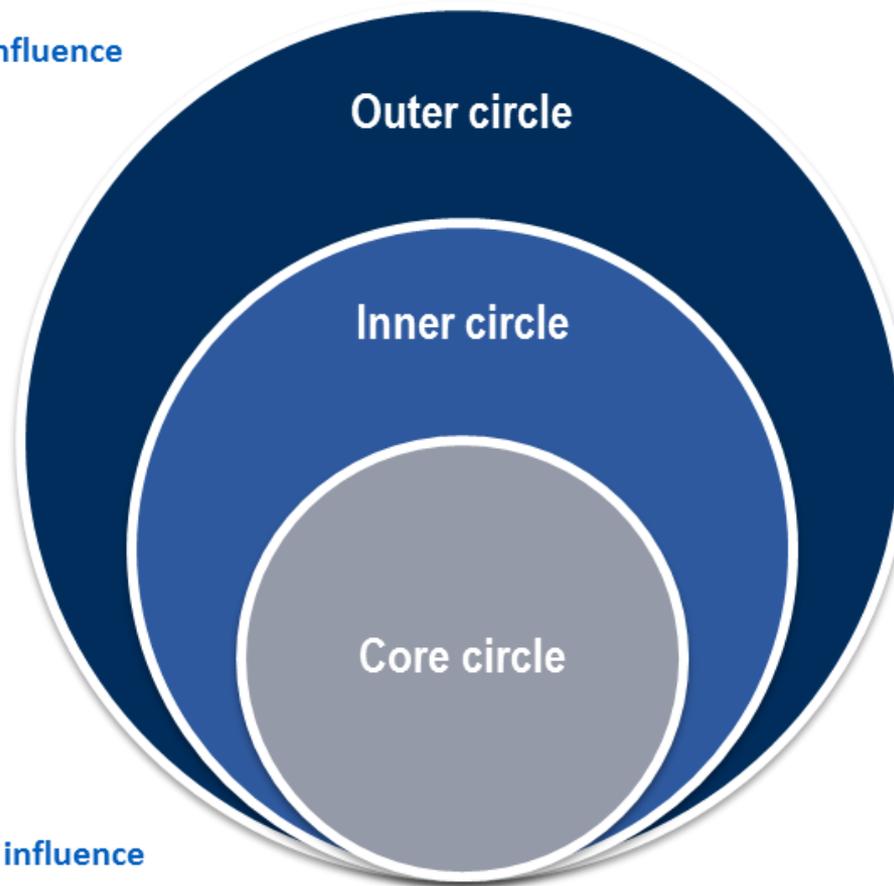
What is your personal risk appetite?



- You are on a plane at 30,000 feet and I ask you jump out. Would you?
- The plane has two engines and one is on fire. Would you now?
- One engine is on fire, you have a World War II parachute and you have had no training on how to use it. Would you now?
- One engine is on fire, you have a World War II parachute, you have had extensive training on how to use it and you have packed it yourself. Would you now?

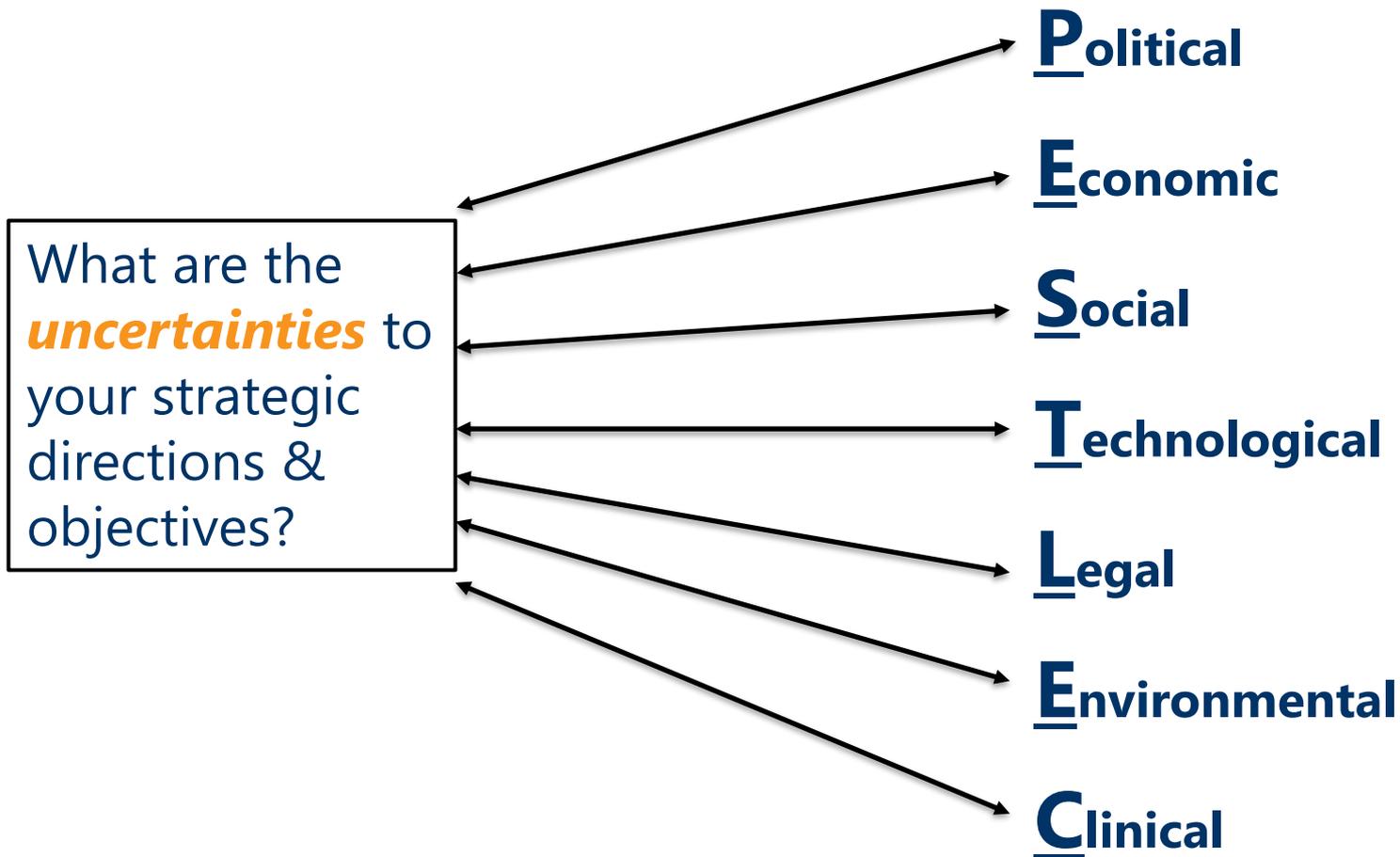


Lowest level of influence

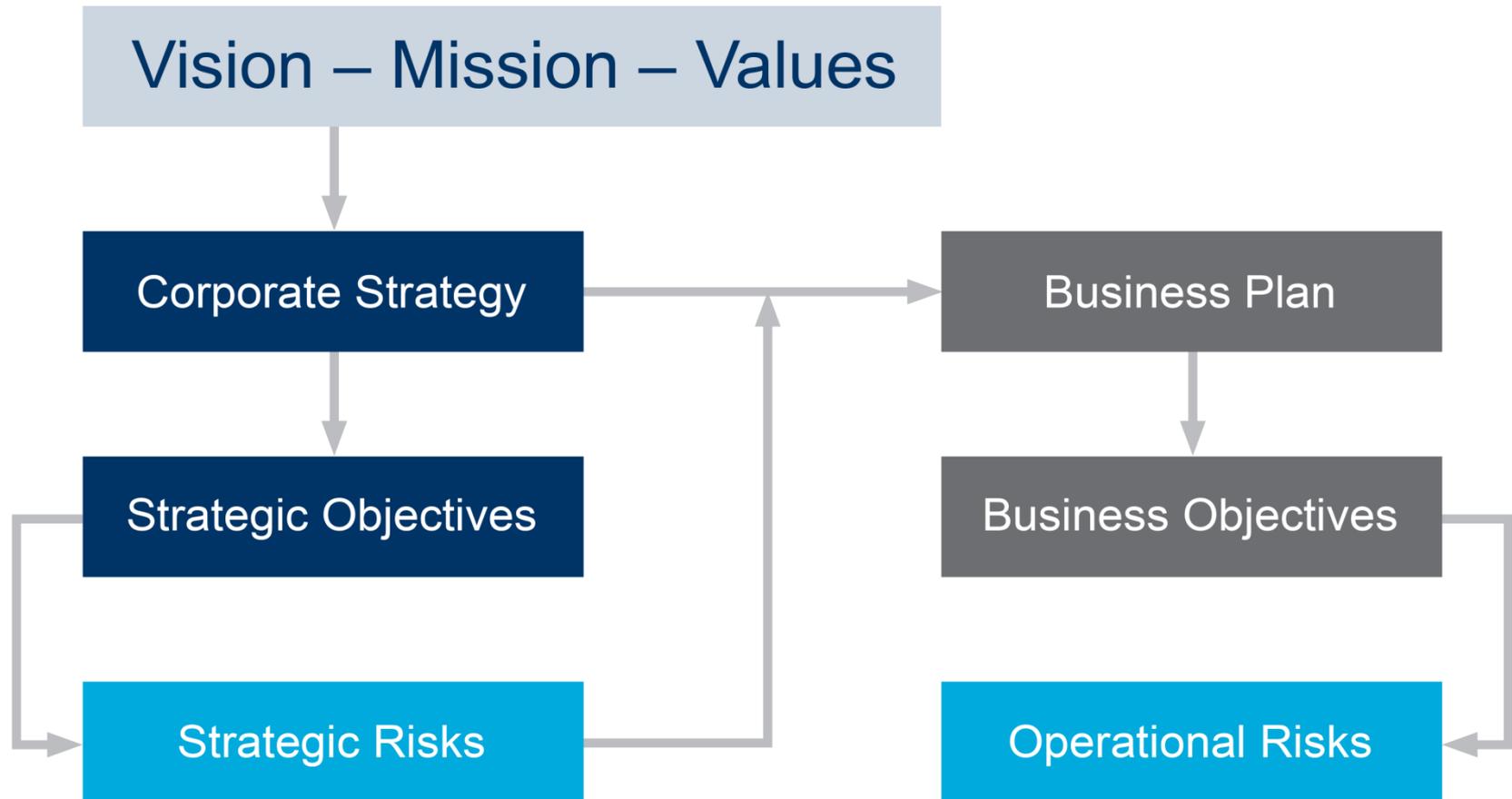


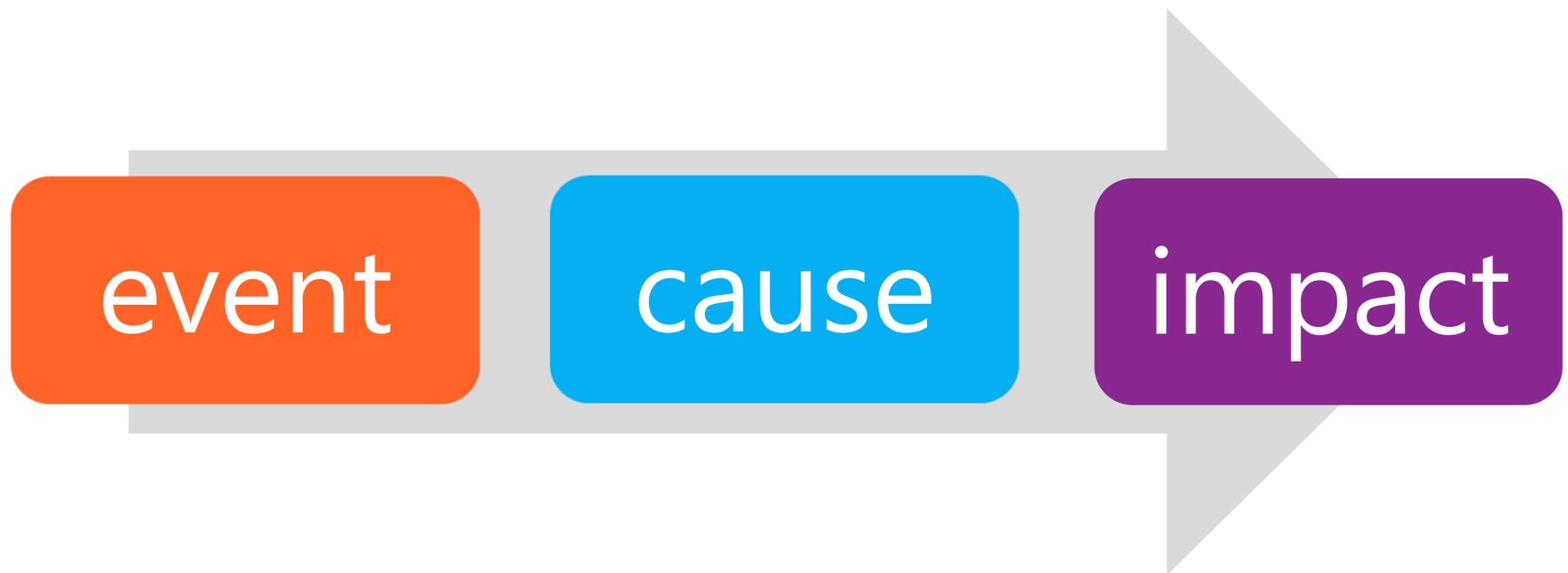
Greatest level of influence

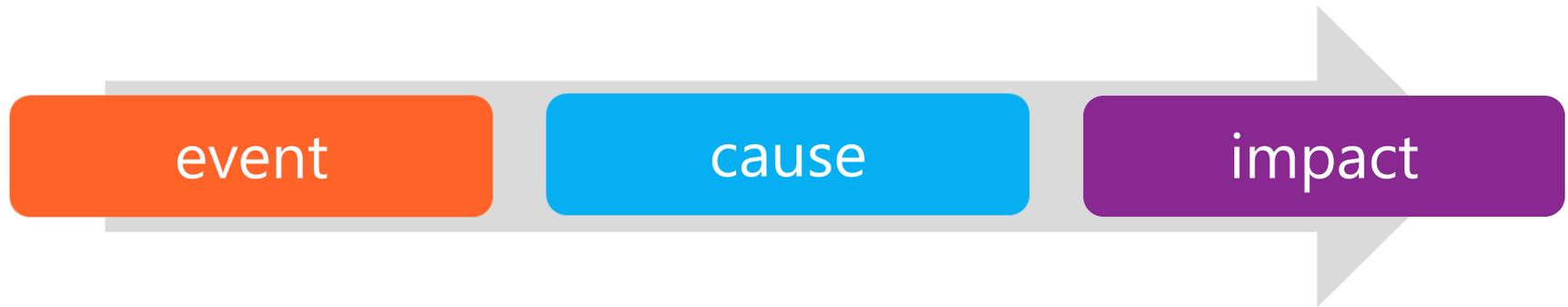




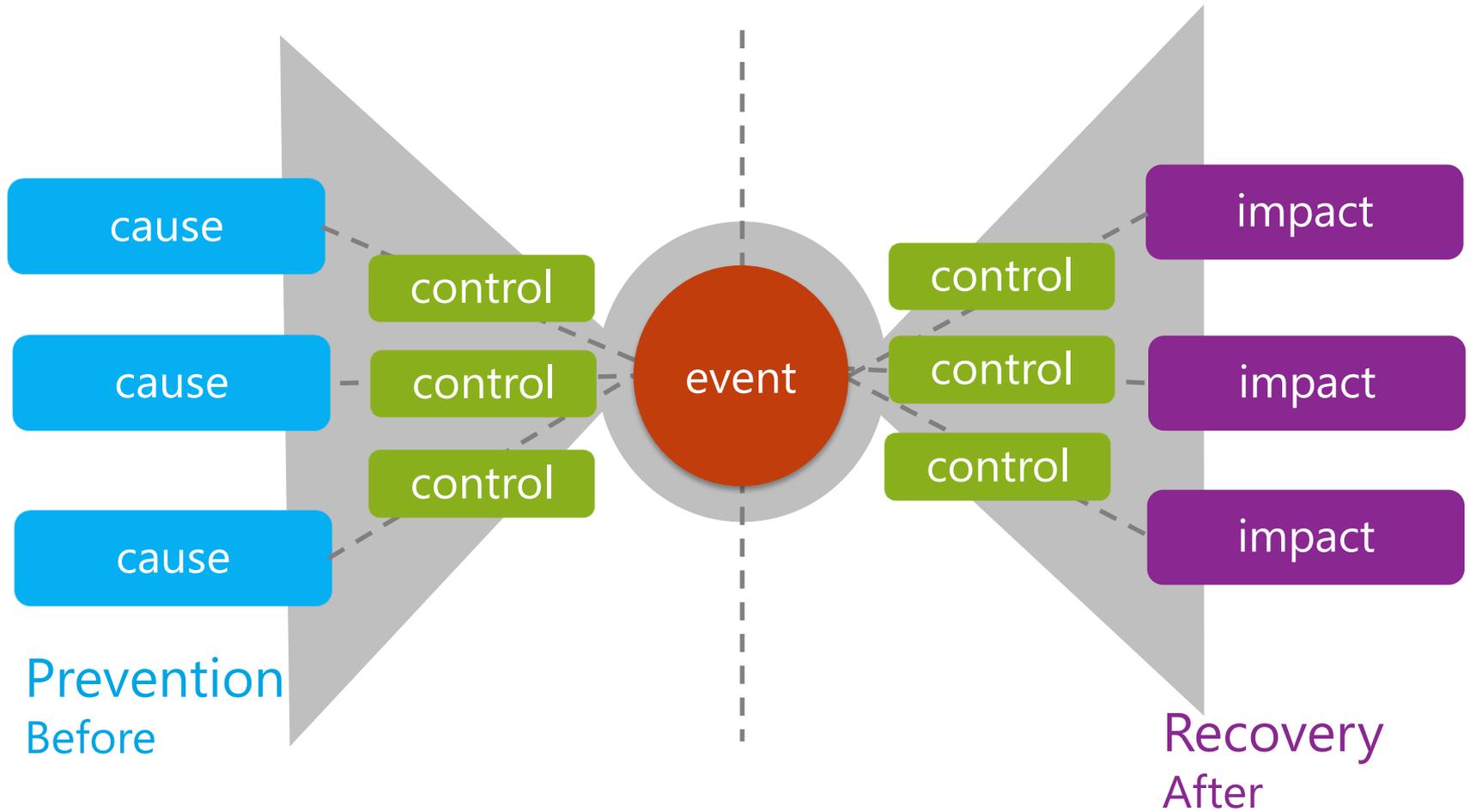








The risk of a serious, undeclared conflict of interest caused by absent or inadequate systems and processes to prevent, identify and manage conflicts of interest, resulting in loss of Board members, loss of confidence in Board by the Minister, staff and the community, increased regulator scrutiny, potential litigation and adverse publicity.



Risk control examples



Legislation

Delegations

Committees

Insurance

Audits, reviews

Codes of conduct

**Equipment, devices,
infrastructure**

**Induction, orientation,
training**

**Qualifications,
credentialing**

**Supervision,
mentoring**

Reporting & Monitoring

Position descriptions

**Policies, procedures,
guidelines**

**Incident, hazard,
feedback systems**

**Quality improvement
plans**

1. Eliminate the risk altogether?
2. Change the likelihood or consequences?
3. Prevent something from happening?
4. Detect a breach?
5. Correct errors or omissions?
6. Respond quickly and effectively?

Control Effectiveness	Description
Effective	<p>Controls eliminate or remove the source/root cause of the risk.</p> <p>Or, controls are well documented, consistently implemented and reliable in addressing the source/root cause of risk. High degree of confidence from management in the protection provided by the controls.</p>
Partially effective	<p>Controls are in place but may be partially documented or communicated, or inconsistently applied or infrequently tested.</p> <p>Weaknesses in the controls are minor or moderate and tend to reflect opportunities for improvement, rather than serious deficiencies in systems or practices.</p>
Ineffective	<p>Controls are not documented or communicated, or are inconsistently implemented in practice. The controls are not operating as intended and risk is not being managed. Controls are not in place to address the root cause/source of risk</p>

Consequence				
Likelihood	Minor	Moderate	Major	Extreme
Almost certain	Low	Medium	High	High
Likely	Low	Medium	High	High
Possible	Low	Low	Medium	Medium
Unlikely	Low	Low	Low	Low

Options for 'modifying' the risk

Avoid

Change

Retain

Share

Risk treatment is the action taken to manage the risk!

Treat to:

- reduce likelihood and/or impact
- describe action required to modify existing controls
- describe action required to develop a new control
- identify resources to address risk
- determine target risk rating
- assign responsibility and ownership
- define timeframes and reporting.

Managing risk is a cyclical process where the Board, Executive and Risk Owners are expected to continually:

- observe changes in the level, or magnitude, of risks;
- assess the adequacy of the controls to manage risks;
- seek guidance when unsure;
- learn from what did and didn't work;
- identify opportunities for improvement
- identify new or emerging risks;
- communicate and consult with others.

1. How comfortable are you that your agency has identified it's strategic and key operational risks, and do you fully understand them and are you satisfied they are controlled?
2. Have you got the right information to give you insights into risks (rather than data) and are you getting it in a timely way?
3. What are your individual challenges/needs regarding risk management, and how will address those challenges/needs?

Good risk management seeks to answer these questions:

Key Questions:

1. What are we trying to achieve?
2. What events or circumstances could affect the achievement of our objectives?
3. What are the consequences?
4. How likely are these events?
5. What can we do to manage these outcomes?
6. How will we maximise opportunities?
7. How resilient is the organisation if something does go wrong? Can the organisation recover if a risk eventuates?

Thank you

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