Risk Management Policy

About this document

Disclaimer	For Department of Conservation (DOC) internal use only.
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Department of Conservation
Te Papa Atawhai

Policy
Standard Operating Procedure
Guideline

New Zealand Government

Contents

1. Background

1.1   Purpose

To ensure that the Department of Conservation (DOC) makes decisions that reflect the uncertainties involved and aim to take advantage of opportunities within that uncertainty.

1.2   Scope

This policy sets out the objectives, principles and non-negotiables of risk management and is complemented by a suite of tools and documents for use across all business levels and operating environments.

Risk at DOC is seen as threat and opportunity and reflects the uncertainty inherent in DOC's business environment. Risk is not solely a reference to negative outcomes. The management of risk ensures opportunities are acted upon while threats are managed effectively.

1.3   Audience

This policy is applicable to all DOC activities and all employees, including contractors and volunteers.

1.4   Introduction

DOC operates in a complex environment and must make effective decisions in uncertain circumstances to safeguard the value of our natural and historic heritage. By taking a positive, leadership-based approach to risk, DOC will better deliver on its purpose

DOC embeds risk management into all core activities and systems to ensure it is part of our everyday work. How we go about our work also reflects a strong belief in the need to be constantly alert for ways to achieve better outcomes.

Risks are not always easy to understand or manage. Some risks are sensitive or otherwise difficult to document, report or talk about. This means that managing risks can require strong leadership and courage. In DOC, such risks are never ignored or left unmanaged. When identified, they must be reported to the person accountable for them.

DOC decision makers identify risks to make decisions based upon evidence and analysis appropriate to the circumstances. We take well-reasoned risks, backed by sound analysis to ensure our decisions make the most of the potential opportunities and stand up to scrutiny.

1.5   Objectives

Implementing this policy will ensure that

- DOC practices leader-led risk management
- All staff engage with risk management
- Risk management principles, non-negotiables, and methodologies are embedded into DOC systems
- Risk improvements and maturity is developed over time

1.6 Risk management principles

Principles

1 Risk is best managed by building core business systems that work well with uncertainty, focusing on maximizing the outcomes for the whole business.

2 Single point accountability through clear task assignment to individuals with requisite accountability, lays the foundation for excellence in risk management.

3 Team Process, to tap into appropriate expertise, enables effective decision making in uncertainty and ability to review and continuously improve systems.

4 Disciplined analysis is essential when seeking to find hidden or counter-intuitive risks in complex situations.

5 Risk leadership is the engagement with, and championing of, risk management practices and analysis, to ensure effective decision-making when facing uncertainty. Risk leaders optimise opportunities and reduce negative impacts of risk and come from all levels of the organisation. Risk leadership is a top-down, bottom-up approach to risk management.

6 Actions are taken to minimise the negative effects and maximise the benefits that risks present

Non-negotiables

1 It is never acceptable to simply ignore risks

2 All DOC staff must engage with common risk language and systems to ensure a consistent approach

3 All DOC staff must apply the various appetite and tolerance levels associated with risks as set out by DOC leadership [refer Risk Appetite and Tolerance Statement]

4 All work must have clarity of single point accountability, the task, and the roles.

5 Decision makers must ensure that any flow-on risks are understood and managed

1.7 Mandate

The DOC Statement of Intent 2016-2020 sets out the approach the Department is taking for risk management with improvement work mandated by the Director General.

1.8 Terms and definitions

Term	Definition
DOC Trilogy	The DOC Trilogy helps everyone understand their role and what is expected of them. Where one person is accountable for decision-making, team members have the opportunity to contribute, team leaders make a decision and leaders feel responsible for their team members.
Flow-on risk	Work that may cause risks to other parts of DOC or externally

Risk appetite	*"The amount and type of risk that an organisation is prepared to pursue, retain, or take"* [ISO 31'000]. A target level of loss exposure that the Department views as acceptable, given business objectives and resources.
Risk tolerance	*"The specific degree of variance from the organisation's appetite that the organisation is willing to tolerate"*. Specific triggers are defined for exceeding each risks tolerance.
Risk leadership	Risk leadership can come from staff at any level. It's the engagement with, and championing of, risk management practices and analysis to ensure effective decision-making when facing uncertainty. Risk leaders optimise opportunities and reduce negative impacts of risk.
Risk management	Risk management is simply good management as we forecast emerging risks and manage immediate risks in dynamic ways. Risk at DOC is seen as threat and opportunity and reflects the uncertainty inherent in DOC's business environment.

1.9   Roles and responsibilities

DOC operates a Three (3) Lines of Defence (3LOD) model for accountability in risk management.

1st line: T4 leaders own and manage risks. They are responsible for implementing corrective actions to address process and control irregularities.

2nd line: Supports the first line through observation and supervision. Tier 3 Directors and the Business Assurance Risk Management team, work in this space to provide objective subject matter expertise. This line is also responsible for developing and monitoring management and compliance functions.

3rd line: This line comprises internal audit and assurance functions, with a degree of independence, to assure the SLT and all stakeholders that the organisation's business processes are effective, efficient and comply with all relevant legislation, regulation and policy.

All staff members

- Be familiar with the risk principles and non-negotiables within this policy and apply them to their everyday activities
- Be capable of contributing to risk conversations in Monthly Operational Review (MOR), Team Operating Review (TOR) and other team and management discussions, by employing a risk-based approach to thinking
- Demonstrate risk leadership behaviours to raise DOCs maturity in managing risk across the department

Directors, Managers, and team leaders

- Initiate/lead effective risk conversations in MOR, TOR, Management by Walking About (MBWA) and other team and leadership forums
- Champion a risk-based approach to working and improve risk maturity by encouraging risk leadership behaviours within teams and with peers
- Conduct risk management processes (identify, assess, treat, monitor, review) with a reasonable degree of complexity at a strategic level suitable to role
- Advise senior managers on risk management approach, escalating risks where appropriate

Director- Business Assurance

- System improvement manager for the DOC Risk Management System and Risk Leadership Framework

- Engage with the Senior Leadership Team (SLT), as strategic risk owners, to define key risks and identify the controls to reduce risks to acceptable levels

- Provide expert advice and support services to the SLT, DOC leaders and staff in the applications of DOC risk management policy and practice

- Monitor and improve risk management and related process, methods and tools in their application in DOC with oversight of appropriate documentation, training, testing, monitoring and reviewing

Deputy Director-General- Corporate Services

- System custodian for the DOC Risk Leadership Framework

- Monitoring and resourcing improvement initiatives of the design and implementation of DOC's Risk Leadership Framework

- Championing risk management, at SLT to enhance engagement.

Senior Leadership Team

- Contribute to system-of-systems risk inquiry across the department

- Engage with the Director, Business Assurance to identify, assess, treat and monitor strategic organisational risks

- Champion and communicate the Risk Leadership Framework to set the 'tone from the top'.

Director-General

- Accountable for the coordination and strategy of Risk Management within the Department

- Brief the Minister and senior external stakeholders on highly complex systemic conservation risks with whole-of-NZ implications

DOC Risk & Assurance Committee (RAC)

- Provide independent, strategic, advice to the Director- General on risk and assurance matters

- The Charter for the Risk and Assurance Committee further defines their roles

2. Policy statements for risk management

Non-negotiables

1   It is never acceptable to simply ignore risks: Everybody in DOC has an obligation to ensure that risks are acknowledged and appropriately managed. When a risk is identified, there is an obligation to act.

2   All DOC staff must engage with common risk language and systems to ensure a consistent approach: All staff must have at least a basic understanding of risk concepts and tools as used at DOC. Information is available online, in induction and at any time by contacting the Risk Management team.

3 <u>All DOC staff must apply the various appetite and tolerance levels associated with risks as set out by DOC leadership:</u> It is essential that we do not look at risk as black and white/right and wrong. Risk is a continuous process and seeking to avoid or eliminate risks entirely is not feasible, nor does it optimise outcomes for DOC. To maximise success for the department, we must accept strategic, measured and managed risks.

4 <u>All work must have clarity of single point accountability, the task, and the roles:</u> Using DOC's Trilogy ensures single point accountability which requires that tasks are assigned and that the roles of task assigner, team leader and team members are understood. Cross functional teams add strength to tasks.

5 <u>Decision makers must ensure that any flow-on risks are understood and managed:</u> Decision often involve compromises and may create risks for other parts of DOC. Decision makers have an obligation to identify flow-on risks and to ensure that those risks are acknowledged and managed appropriately.

3. Related documents and links

- Risk Management intranet page
    - DOCs Lines of Assurance model (doc-6298785)
    - DOC Business Risk Categories (doc-6080448)
    - Risk Appetite and Tolerance Statement (doc-6282838)
    - Risk Glossary (doc-2999820)
    - Risk, Issues & Critical Issues (doc-6194006)
    - Risk Leadership Framework (doc-6282636)
    - Risk Leadership Guide (doc-2901864)
    - Strategic Risk Leadership Guide (doc-3194690)
- Risk & Assurance Committee Charter (doc-1054355)

4. Document history

Date	Details	Document ID and version	Amended by
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15/07/2015	Minor amendments	doc-2224884 Version 2.0	Graeme Ayres
01/11/2016	Change to new layout. Clarification of difference between staff and visitor safety management. Accountabilities for roles.	doc-2224884 Version 3.0	Graeme Ayres
26/02/2018	Added a 5th non-negotiable and clarified purpose of risk management.	doc-2224884 Version 4.0	Graeme Ayres
01/05/2020	Change to new template. Alignment to risk document suite refresh and language / glossary. Principles & non-negotiables updated, appendices added as links.	doc-2224884 Version 5.0	Graeme Ayres
16/06/2020	Signed off version	Doc-2224884 Version 15	Lou Sanson