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AUDITOR-GENERAL'S REPORT TO PARLIAMENT

Managing risk in the NSW public sector: risk culture and capability

The Ministry of Health, NSW Fair Trading, NSW Police Force, and NSW Treasury Corporation are taking steps to strengthen their risk culture, according to a report released today by the Auditor-General, Margaret Crawford.

'Senior management communicates the importance of managing risk to their staff, and there are many examples of risk management being integrated into daily activities', the Auditor-General said.

We did find that three of the agencies we examined could strengthen their culture so that all employees feel comfortable speaking openly about risks. To support innovation, senior management could also do better at communicating to their staff the levels of risk they are willing to accept.

Further, these three agencies could do more to understand their existing risk culture. Without a clear understanding of how employees identify and engage with risk, it is difficult to tell whether the 'tone' set by the executive and management is aligned with employee behaviours. As good practice, agencies should monitor their employees' attitude to risk.

Some of the four agencies we examined are performing better than others in building their risk capabilities. While three agencies have identified gaps in risk-related skills and knowledge only one agency has addressed these gaps. Staff also need more practical guidance on how to manage risks that are relevant to their day-to-day responsibilities.

The report recommended NSW Treasury develop additional practical guidance and tools to support a better risk culture in the NSW public sector.

Further information

A full copy of the report is on the [Audit Office website](#).

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