

# Rice Marketing Board for the State of New South Wales

## Risk Management Framework

### Background:

To date, the Rice Marketing Board for the State of New South Wales (the Board) has relied on a range of policies, practices and governance arrangements to manage its risk. However, NSW Treasury policy document *Internal Audit and Risk Management Policy for the NSW Public Sector Policy & Guidelines Paper (TPP 15-03)* obliges the Board to have a formally-stated risk management framework that is largely consistent with *Australian/New Zealand Standard (AS/NZS) ISO 31000: 2009 Risk management – Principles and guidelines* and to employ internal auditing modelled on the *Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing*. TPP 15-03 can be found [here](#).

While the Board has to manage many of the risks that confront any business or government entity, the extent of exposure to those risks is quite limited. On the other hand, the construct within which the Board operates is quite unique and some of its risks are potentially very significant. In addition, the Board has very limited resources at its disposal to fulfil its functions, including risk management. These factors do not absolve the Board from its obligations under TPP 15-03 but they have shaped the way in which the Board approaches its obligations.

### Risk Management Framework

The Board's risk management is underpinned by the following 'core' arrangements:

- The Board considers both strategic and operational risk in relation to the Board's functions
- Board composition which sees three Members (directors) elected by NSW rice growers; four Members nominated/appointed by the NSW Government (independent directors) and the positions of Chair and Deputy Chair being filled by the nominated directors
- Acceptance by the Chair that he/she bears ultimate responsibility for the management of risk within the Board
- Acceptance by Board Members that they must accept additional responsibility for oversight of operations and administration than would be the norm on most boards because the Board only has a single full-time employee
- Acceptance by Board Members that the scope for real or perceived conflicts of interest is very high within the Board and that accordingly some business matters must be devolved to the appointed Board Members
- The existence of three Board Committees (Audit & Risk, Authorised Buyers Licensing, and Governance Committees) which operate in accordance with specified Charters to provide advice to the Chair
- A formal induction program for new Members and an expectation that, if they have not already done so, that they will attend the AICD's Company Directors Course within 12 months of joining the Board
- An implicit understanding that all decisions taken by the Board must, first and foremost, be in the interests of NSW rice growers

The Charters of the Audit & Risk, Authorised Buyers Licensing, and Governance Committees may be found here (*hyperlink to website once the Charters are approved for publication by the Board*).

The Board's management of risk is informed by a Risk Register. The register is reviewed monthly by the Chair of the Audit & Risk Committee and the Board Secretary – if it is considered necessary to make changes to the register, the changes will first be countenanced by the Audit & Risk Committee and then referred to the Board for its approval n.b. the risk register is a confidential document.

#### Board Policies and Processes:

A list of the Board's policies and processes is included is at Attachment 1.

#### Compliance with Risk Management Requirements:

Compliance with the Risk Management Framework is assured through the following mechanisms:

- An Annual Plan that incorporates the due dates for compliance reporting
- Inclusion of specific times by which charters and policies must be reviewed annually
- Internal and external auditing
- The annual provision of an *Attestation Statement* as part of the Annual Report to the Minister.

TPP 15-03 obliges all Government agencies to appoint an independent Audit & Risk Committee. The Board is in the process of appointing an independent Audit and Risk Committee. TPP 15-03 also obliges the Board to establish and maintain an internal audit function; to operate internal auditing in a way that is consistent with international standards and professional practices for internal auditing; and to have an internal auditing charter than conforms to a model charter similar to the Attachment to TPP15-03. The Board is in transition to comply with this requirement.

#### **Board and Committee Meetings**

It is the responsibility of the Board and all Committees to consider the risks related to their functions at every meeting. Identified risks are to be referred to the Audit and Risk Committee for inclusion in the Risk Register and consideration of mitigation methods.

#### **Conclusion**

Every board has an obligation to ensure that risk is being managed appropriately within the organisation they represent and inherent in that process is the requirement to assess the nature of risks faced by their organisation; the likelihood of those risks and the consequences should they manifest. The RMB's risk management framework has been informed by TPP 15-03 and represents the Board's judgement as to how best to comply with the requirements therein.

## Attachment 1 to RMB Risk Management Framework

### List of RMB Policies and Processes

- Authorised Buyers Application Policy
- Authorised Buyers Fee Policy
- Code of Conduct
- Compliance and Enforcement Policy
- Computing Policy (revision in progress)
- Crop Auditing Policy
- Equity Suspense Policy
- Gifts and benefits Policy
- Investments Policy (revision in progress)
- Privacy Policy
- Records Management Policy
- Related Party Transaction Policy
- Board and Staff Development Policy
- Disaster recovery plan
- Conduct of elections procedure
- Preparation of preliminary electoral roll procedure
- Handling sensitive information procedure
- Preparing Board papers procedure (in progress)

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### Document Approval and Control

#### a. Version

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#### b. Revision History

Version	Revision Date	Summary of Change	Author
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#### c. Document Approval

Board/Committee Approval	Date
v. 2018-1 FINAL	20/8/2018