



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 General Government Sector Policy & Guidelines Paper (TPP 20-08)* obliges the Board to have a formally-stated risk management framework that is consistent with *Australian/New Zealand Standard (AS/NZS) ISO 31000: 2018 Risk management – Guidelines* and to employ internal auditing modelled on the *Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing*. TPP 20-08 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. These factors impact the way in which the Board approaches its obligations. The Board has been exempted from the requirements of TPP20-08 but maintains an independent Audit and Risk Committee, and Board and Committee Charters.

Risk Appetite (** New Addition)

The Board's risk appetite defines the level of risk that the Board is prepared to accept in pursuit of its objectives. Generally, the Board has a low appetite for risk. While the Board seeks to control risk, it is not possible or necessarily desirable to eliminate some of the risk inherent in all areas of operations.

The Board's attitude to its key risks is described below:

- Financial Risk – The Board recognises the responsibility it holds in obtaining funding from rice industry stakeholders. An established risk control framework to ensure the appropriate use and accounting for these funds is a high priority and the appetite for risk very low*.
- Industry and Stakeholder Risk – The Board regards maintaining the reputation of the Board and the rice industry as a high priority. As a consequence, the Board has a low* risk appetite in this key area.
- Operational risk – The Board recognises that legal, compliance, workplace health and safety, technological and other risks require monitoring and management through the control of the

framework described by the Risk Management Plan. The Board’s risk appetite in these areas is low*.

***Key to risk appetite**

Risk Appetite	Description
No Appetite	No willingness to take on any risk – The Board will not operate in this area or in this way
Low Appetite	Uncertainty and risk is minimised – the Board may operate in this area or in this way where the value is assessed as worthwhile and only after risks have been effectively mitigated or uncertainty minimised. This is adopted for core business activities of the Board
Medium Appetite	willingness to take on some level of risk
High Appetite	willingness to take on risk for an acceptable level of reward

Governance arrangements

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. The Risk Register is reviewed annually by the Audit & Risk Committee.

Compliance with the Risk Management Framework is also supported by 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;
- External auditing; and
- The annual provision of an *Attestation Statement* as part of the Annual Report to the Minister.

The Charters of the Audit & Risk, Authorised Buyers Licensing, and Governance Committees may be found on the RMB Website. A list of the Board’s policies and processes is included at Attachment 1.

Risk Register

The Board’s management of risk is informed by a Risk Register which identifies material risks, classifies those risks and sets out mitigation steps that are taken to reduce the likelihood and impact of risks occurring. The classification of risks is based an assessment of their impact and likelihood to develop a risk matrix, as follows:

- Impact:
 - Catastrophic - An event likely to result in the demise of RMB and/or vesting despite grower support;
 - Serious - An event likely to have a significant impact on the operations and/or reputation of the RMB; and or a loss of confidence in the RMB; and
 - Notable - A risk which is considered to be normal in the context in which the RMB or a like body operates, but which nonetheless must be managed.
- Likelihood: Very likely, Likely, Possible; Unlikely or Remote.

	Remote	Unlikely	Possible	Likely	Very Likely
Notable	Negligible	Negligible	Low	Significant	High
Serious	Negligible	Low	Significant	High	High
Catastrophic	Low	Significant	High	High	Extreme

Attachment 1 to RMB Risk Management Framework

List of RMB Policies and Processes

- Risk Register
- Authorised Buyers Application Policy
- Authorised Buyers Fee Policy
- Board and Staff Development Policy
- Code of Conduct - Employees
- Code of Conduct - Board Members
- Compliance and Enforcement Policy
- Covid 19 policy
- Credit card policy
- Crop Auditing Policy
- Cyber Security Policy
- Delegations Policy
- Diversification Policy
- Elections Policy
- Gifts and benefits Policy
- Information Management Policy
- Internal Control Protocols
- Payments to Suppliers Policy
- Payroll and Entitlements Policy
- Privacy Policy
- Procurement Policy
- Related Party Transactions Policy
- Reserves Policy
- Travel, expense reimbursement and entertainment policy
- Disaster recovery plan
- Conduct of elections procedure
- Preparation of preliminary electoral roll procedure
- Handling sensitive information procedure
- Statement of Principles - anti-competitive behaviour
- Preparing Board papers procedure (in progress)
- Finance Manual

Attachment 2 Risk Matrix

1. Financial Risk - Appetite for risk very low

	Risk	Impact	Likely	Rating	Mitigation	Rating after Mitigation
1.1	Theft of property	S	U	Low	<ul style="list-style-type: none"> • Proper security arrangements for valuable & attractive items • Stock takes/Spot checks • Promotion of a proper culture with regard to the use of RMB resources & accountability 	Negligible
1.2	Fraud	S	P	Significant	<ul style="list-style-type: none"> • Employment contracts • Financial controls • External audit 	Negligible
1.3	Trading insolvent	C	U	Significant	<ul style="list-style-type: none"> • Monthly financial reports to Board • Reserves policy requiring at least two years' operating expenses held 	Negligible
1.4	Single Employee/ Single Point Failure	S	L	High	<ul style="list-style-type: none"> • Development & maintenance of RMB Policy & Procedures Manuals/ key process 'maps' • Good management & reward system • Good communication between Chair & Secretary • Succession planning • Addition of a Part-Time Administration Officer to assist the Secretary • Documented handover on change of staff • GM involved in bank reconciliation approval • GM involvement in Westpac Payment process in absence of secretary 	Low
1.5	Revenue collapse due to low rice production	S	U	Low	<ul style="list-style-type: none"> • Adherence to RMB policy on the maintenance of the RMB's financial reserves • Development of in-extremis financing options 	Negligible

2. Industry and Stakeholder Risk – risk appetite low

	Risk	Impact	Likely	Rating	Mitigation	Rating after Mitigation
2.1	Loss of confidence in RMB by NSW Rice Growers	C	L	High	<ul style="list-style-type: none"> • Good communication with, & reporting to growers • Proper understanding of the role of the RMB by growers • Good governance & appropriate use and control of RMB funds 	Negligible
2.2	Loss of confidence in RMB by Dept and/or Minister	C	VL	Extreme	<ul style="list-style-type: none"> • Charters clearly focused on delivery of the Objects of the Rice Marketing Act • High standard of governance & appropriate use & control of RMB funds • Good communication with & reporting to Dept & Minister 	Low
2.3	Breakdown in relations between	S	L	High	<ul style="list-style-type: none"> • Maintain good communication between RMB & ABL holders on the SEEL and vesting 	Low

	Risk	Impact	Likely	Rating	Mitigation	Rating after Mitigation
	RMB & ABL Holders				<ul style="list-style-type: none"> High level of appropriate forms of engagement between the RMB and ABL Holders Maintain Board confidentiality of commercially sensitive material/information provided to the RMB by ABL holders 	
2.4	Breakdown in relations between RMB & SEEL Holder	S	L	High	<ul style="list-style-type: none"> Ensure processes and resources available to maintain working relationship Ensure clear communications and records maintained on SEEL issues Ensure timely consideration of dispute resolution procedures 	Low

3. Operational risk – Risk appetite low

	Risk	Impact	Likely	Rating	Mitigation	Rating after Mitigation
3.1	Inability to assess compliance with SEEL			High	<ul style="list-style-type: none"> Ensure clarity on timeframe in which relevant information is required SLA contains reporting and information provision requirements Maintain good working relationship with SEEL holder to resolve issues 	Significant
3.2	Termination of the SEEL	S	U	Low	<ul style="list-style-type: none"> Ensure processes in place to tender SEEL to third parties Ensure SEEL and SLA provides for performance of SEEL obligations in transition period 	Low
3.3	Failure to maintain adequate insurances	S	U	Low	<ul style="list-style-type: none"> Annual review of asset values & insurances Periodic comparison of alternative insurances to ensure best value. 	Negligible
3.4	Failure to conduct grower elections properly & efficiently	S	L	High	<ul style="list-style-type: none"> Documented procedures for the conduct of elections Ensure electoral roll is complete and up-to-date prior to every election Timely and effective communication with eligible voters Allocation of adequate resources, including time, for the conduct of elections 	Negligible
3.5	Failure to meet statutory obligations including reporting	S	P	Significant	<ul style="list-style-type: none"> Maintenance of a consolidated list of statutory/reporting requirements Access to appropriate advice if required Identification of key reporting dates in Annual Plan 	Low
3.6	Board confidential information disclosed	S	P	Significant	<ul style="list-style-type: none"> Members & staff to sign confidentiality agreements Procedures within the Board ensuring that matters that are particularly sensitive or have particular sensitivities are clearly identified as such to Members and employees. 	Low

	Risk	Impact	Likely	Rating	Mitigation	Rating after Mitigation
3.7	External confidential information disclosed	S	L	High	<ul style="list-style-type: none"> Effective ABL Committee & appropriate division of responsibilities and degrees of access to arrangements between the Committee & the Board Procedures within the Board ensuring that matters that are commercially sensitive are identified as such to/within the Board through labelling of documents. 	Low
3.8	Cyber security breach	S	P	Significant	<ul style="list-style-type: none"> In-house usage & data protection policies Utilization of IT protection applications Engagement of IT specialists Regular staff training on cyber security Cyber Security framework Cyber Security policy incorporating ransomware response, incident reporting procedures, cyber incident insurance, staff training 	Low
3.9	IT system collapse	S	P	Significant	<ul style="list-style-type: none"> Disaster recovery plan Good data back-up procedures Contracted IT services providing a guaranteed early response Yearly data recovery testing 	Low
3.10	Board elections & recruitment delayed	S	VL	High	<ul style="list-style-type: none"> Close monitoring of term expiry dates Early liaison with Department Agreed reappointment process and timelines with Department Agreed default position with the Minister's Office in the event that reappointment is delayed 	Significant
3.11	Inaccurate trade certificates provided	S	U	Low	<ul style="list-style-type: none"> Establishment of a protocol with SunRice to ensure sufficient notice is provided to the RMB for certificates Procedures on issuance of trade certificate. 	Negligible
3.12	Lack of computer upgrades	N	L	Significant	<ul style="list-style-type: none"> Close monitoring of Microsoft support to current computer configurations. Upgrades applied and monitored by IT Contractor 	Negligible
3.13	Failure to respond to GIPA request	S	U	Low	<ul style="list-style-type: none"> Annual update of Agency Information Guide Regular update of GIPA procedures Regular training for staff 	Negligible
3.14	Factors impacting the external environment (e.g. pandemic) may impact the Board	N	P	Significant	<ul style="list-style-type: none"> Services are all on the Cloud, access available where internet is available. Complex passwords and two factor authentication used where possible to protect from unauthorised access. Disaster recovery plan Prioritising of physical and psychological safety of staff through flexible work practices to ensure staff are not knowingly exposed to risks Covid-19 policy 	Low
3.15	Poor health and safety outcomes for staff	S	P	Significant	<ul style="list-style-type: none"> Compliance with relevant NSW WHS legislation WHS Policy in place Safety walks at the office to ensure compliance Prioritising of physical and psychological safety of staff through flexible work practices to ensure staff are not knowingly exposed to risks 	Negligible
3.16	Failing to update the	S	P	Significant	<ul style="list-style-type: none"> Periodical review of Board Charters and Committee Charters 	Negligible

	Risk	Impact	Likely	Rating	Mitigation	Rating after Mitigation
	Board and Committee Charters				<ul style="list-style-type: none"> • Seek consultants to provide input as required 	
3.17	DPI failure to perform its functions in relation to the operations of the RMB	S	VL	Very High	<ul style="list-style-type: none"> • maintain ongoing and effective communication with the department and minister 	High

Document Approval and Control

a. Version

Reference	Details
File Name	Risk Management Framework
File location	Audit and Risk Committee/Risk Management Framework
Version	2024-1
Status	DRAFT

b. Revision History

Version	Revision Date	Summary of Change	Author
2018-1	20/08/2018	Board edits	J Culleton
2019-1	21/5/19	Inclusion of the word "independent" and corresponding footnote, in Section headed "Risk Management Framework"	Audit and Risk Committee
2019-1	18/6/19	Include exemption to TPP15-03. Update Policies list	Board
2022-1	4/2/22	Amend paragraph on Risk Register. Include reference to cyber security and update Policies list	Audit and Risk Committee
2023-1	17/1/2023	Minor amendments including remove mention of one employee, update policies list	Nyree Dunn
2024-1	19/1/2024	Update risks, split risk matrix into 3 sections, add impact plus colour coding, add Risk Appetite Statement and definitions, add new risk re DPI	Rowan McMonnies/ARC

c. Document Approval

Board/Committee Approval	Date
2018-1 FINAL	20/8/2018
2019-1 FINAL	18/6/19
2021-1 Review by Committee	5/2/2021
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