

Auditor-General's Report: Managing Risk Across the Public Sector: Toward Good Practice

A report by the **Victorian Auditor-General, Des Pearson**, has found that risk management in Victorian public sector organisations has improved since the last audit in 2003. Further improvements need to be made however to more closely align risk management practices with best practice principles.

The audit examined progress made by the 10 departments and a selection of 15 agencies in developing appropriate risk management frameworks, and in applying risk management principles in their organisations.

He found that since 2003, the Victorian public sector has promoted risk management through legislation, ministerial directions and a good practice guide on governance for Victorian public entities. He also found the formal application of risk management has become an accepted practice within the audited departments and almost all agencies, and that their executive management or boards have both led and adopted adequate strategies, frameworks, and processes that enable them to manage risk.

Mr Pearson identified a number of areas for improvement:

- developing guidelines on enterprise-wide and statewide risk management to provide a framework and clear directions on how to manage these risks
- applying good risk management practices to the whole organisation so that all key risks are identified, assessed and reported
- applying the risk management standard more rigorously in terms of the management of risks (treatment, monitoring and review) to better identify whether risks are being effectively managed
- establishing risk management arrangements for all joined-up government initiatives, and particularly in their governance arrangements.

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Direct link to report: http://www.audit.vic.gov.au/reports_par/agp125cv.html

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