Victorian Government Risk Management Framework

PRACTICE NOTES

INTERAGENCY AND STATE SIGNIFICANT RISK

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Risk Management and Insurance

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OVERVIEW

Agencies are required to identify and contribute to the management of both interagency and State significant risks. Identifying and managing these risks is important to provide confidence to Government and the community that these risks are being managed and there is a clear line of sight over the medium to long term.

"Interagency and State significant risks are typically shared by two or more agencies where a shared objective or a key dependency exists."

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Being satisfied your agency is contributing to the identification and management of these risks includes being able to demonstrate the agency has:

- adequate governance arrangements to ensure clear accountability and oversight
- agreed the lead agency, including roles and responsibilities
- integrated requirements into the risk management framework and supporting documentation
- applied the risk process in consultation with relevant agencies
- worked collaboratively to identify and manage these risks
- established appropriate monitoring and reporting.

Formal or informal processes may be in place which could include executive forums, partnerships and committees.

Victorian Government Risk Management Framework expectations

The *Victorian Government Risk Management Framework* expects that the Responsible Body is satisfied that the agency has demonstrated:

1. Contribution to the identification and management of interagency and State significant risks.
2. Agreed a lead agency, responsibilities, monitoring and reporting.
3. Worked collaboratively with other agencies.

Please refer to the *Victorian Government Risk Management Framework Practice Guide* for an overview of interagency and State significant risk.

These practice notes have been developed to provide practical support, advice and guidance on:

- identifying and managing interagency risk
- interagency risk model
- assigning a lead agency
- interagency considerations
- State significant risk.

IDENTIFYING INTERAGENCY RISK

Identifying and managing interagency risk

Agencies must contribute to the management of shared risks. To clearly demonstrate this requirement, an agency will need to:

- **collaborate** to identify and assess risks
- **contribute** to the management of risks
- **commit** to collective solutions.

The approach to identifying and managing interagency risks requires a mindset shift to explore broader implications and dependencies beyond the direct control of the agency's planning, services and activities. Given the connected nature of government, interagency risks are likely to be identified across multiple areas of the agency's services and activities. For example:

Government policy initiative

Government may introduce a specific policy initiative which requires multiple agencies to work together to implement. Agencies need to collaborate at all stages of implementation to identify interagency risks and agree how those risks will be managed.

Corporate planning

During the corporate planning process it is necessary to explicitly consider interagency implications and dependencies. Strategic risks identified will need to be considered to establish any potential interagency dependency and action required.

Service delivery/operations

During the course of service delivery of normal operations there may be an interagency relationship with risks identified. This may arise if there is a particular problem or incident or where there is an intersection or relationship with services or activities with other agencies.

Projects

Many projects extend beyond an agency's immediate control and there may be interagency implications and dependencies that need to be considered and addressed as part of an ongoing project.

Defining interagency risks

Some type of labelling, classification or category will be required for interagency risks to ensure there is effective governance. Each agency needs to decide how it wants to manage interagency risk to suit its own risk management approach.

Interagency risk is generally not:

- public and private partnerships
- third party/contractor or suppliers
- outsourced arrangements to a non-government entity.

Any risks identified through these arrangements need to be managed through the agency's risk management process. However, in circumstances where the size of these types of arrangements are large or raise broader government policy considerations, interagency risk should be examined.

How to identify interagency risk

The diagram below is a useful guide to help agencies make decisions on how to identify and manage interagency risks.

1. Identify risk (establish internal/external context).

2. Establish any interagency dependence.

Q. Does this risk have material implications (see page 5) for other public sector agencies?

Q. Do the actions of other agencies impact the likelihood and severity of this risk for your organisation?

NO — Risk is intra-agency. Manage and report within portfolio.

YES

3. Make contact with relevant agency(s) to establish if they have identified the risk and developed a treatment plan. Determine which agency is best placed to lead a co-ordinated response and the nature of the proposed response.

Q. Is your organisation the appropriate lead agency?

YES — Risk is interagency. Lead the development of a coordinated response and manage the risk in consultation with other affected agencies.

NO

Q. Will the treatment of other agency(s) substantially mitigate your agency's identified risk?

YES — Risk is interagency. Note actions of the lead agency and track its progress as part of risk management reporting.

NO

4. Work with the lead agency to establish complementary risk management treatments and agree on performance measures.

Q. Do the treatment plans of other agencies create additional risk or operational challenges for your agency?

NO — Risk is interagency. Develop treatments to reflect your agency's role in mitigating the risk and track performance of overall response as part of risk management reporting.

YES

5. Identify risk.

Q. Is there any aspect of the risk/treatment that cannot be handled through interagency discussions?

NO — Risk is interagency but the coordinated response creates new risks or challenges. Risk management response should reflect your agency's role in mitigating the risk, recognise the additional risk presented by the other agency(s) actions and track performance of the overall response as part of risk management reporting.

YES

6. Escalate issue to appropriate authorising body

- Secretaries Board
- Minister/Cabinet

Your agency's risk management process

- Treatment development
- Implementation
- Monitoring and reporting

ⓘ It is expected that a large proportion of an agency's identified risks will not meet the criteria of an interagency risk at step 2 of this process.

Material implications

When establishing interagency dependencies, material implications need to be considered (refer step 2 How to identify interagency risk diagram on page 4). As there is no definition of 'material implications', making a decision will involve a subjective judgement.

Some guiding principles to help decision makers:

Q. What information is available to help make the decision?

Q. What are the potential implications of no action?

Q. What is uncertain and what effect does that uncertainty have?

Q. What level of confidence is there regarding this risk considering history, previous events or related incidents?

Q. What assumptions have been made and are they valid for the situation?

Q. What level of complexity is involved for the situation or problem?

Q. What is the impact of your agency's activities on another agency's objectives?

Interagency risk: more than compliance

The risk management standard supports tailoring your approach to the context or situation.

To meet the mandatory requirements, it is important for agencies to consider how to manage interagency risk to achieve the best outcome.

Managing interagency risk should not be viewed as a compliance exercise.

Practical tip

- Consider who you might collaborate with to manage interagency risk to achieve the best outcome.

INTERAGENCY RISK MODEL

When making a decision about interagency risk consideration should involve scale, time and complexity. Additional review may be required as part of an agency's risk process to help make a determination about:

- action required
- resource allocation
- effort and prioritisation.

Not all interagency risks are the same and different responses may be required. Adopting a risk based approach will help an agency make an informed decision to allocate appropriate time and resources to meet the requirements.

VMIA has developed a decision making model to help guide agencies to make informed decisions about interagency risk. The key premise of the model is to consider interagency risk along a continuum from routine to complex. The model is not a substitute for the agency's risk process and will be most useful in the 'establish the context' part of the risk process.

The model will help agencies clearly demonstrate they have contributed to the management of shared risk as it incorporates:

- governance
- framework
- process.

The decision making model considers risk as a 'risk problem'. It is primarily based on complexity and incorporates cause and effect and timeframes.

Using complexity is not a substitute for impact – a less complex risk may have high impact. This must be determined during the risk analysis step of the risk management process.

Key components to managing interagency risk

Governance	Framework	Process
Adequate governance to ensure clear accountability and oversight.	Integrate requirements into the risk management framework and supporting documentation.	Apply the risk process in consultation with relevant agencies.

The model will help agencies consider other agencies and their relationship to the interagency process. Most agencies will have an obvious and direct relationship that is easy to define. There may be other indirect relationships with organisations that would influence the interagency risk process that should be considered.

An example of an indirect relationship is where an organisation such as a community service organisation is delivering a service or function on behalf of an agency and this service may indirectly influence the interagency risk.

Practical tips

- It is important that agencies do not pursue treatments for an interagency risk that adversely interfere or undermine one another.
- Think about your existing list of risks and what you are currently doing – who is affected externally and what is documented.

Identifying the type of risk

It is important to classify the type of risk as this will assist to define the approach to managing interagency risk.

Most risks are likely to be routine or complicated. Risk problems may move up and down the continuum.

Routine	
Risk problem	Obvious and operational
Timeframe	Short
Governance	Less formal (email or letter)
Agencies	Lead or support role

ⓘ Refer to page 8 for more detail.

Complicated	
Risk problem	Less well defined and requires experts
Timeframe	Medium to long term
Governance	Formal agreements
Agencies	Lead or support role

ⓘ Refer to page 9 for more detail.

Complex	
Risk problem	Strategic and challenging to define
Timeframe	Longer term
Governance	Formal agreements
Agencies	Lead or support role

ⓘ Refer to page 10 for more detail.

Practical tip

- Use the model to consider the risk problem from a broad perspective by considering interaction between the activity and the context.

Routine

Accountability

- Lead agency agreed based on responsibility.
- Shared objectives to address problem or opportunity agreed.
- Roles, responsibilities and timeframes of each agency agreed.
- Clear protocols for funding and escalation.

Monitor

- Agency reports through own governance and reporting structures.
- Internal executive meetings/committees.
- External forums or committees.
- Lead agency records completion via letter or email.

Evidence

- Incident reports, data identifying problem and opportunity.
- Letter or email formalising commitment.
- Risk register, risk criteria, policy and framework.
- Shared action plan and risk reports.
- Agenda, minutes of meetings and notes.
- Planning and budgets.

Agency risk management framework should **explicitly address** interagency obligations and VGRMF expectations.

Define problem | **Explore** what, who, where, why | **Apply risk process** formal/informal | **Shared decisions** + **Action plans** = **Outcome**

Refer to page 12 for guidance on assigning a lead agency.

Hypothetical scenario: patients leaving the care of a health service

Problem: Patients at risk of harm leave a health service without the knowledge of the service or next of kin. The health service identified a shared risk with a law enforcement agency when locating and engaging with these patients. The health service requested a meeting with the law enforcement agency to discuss the shared issue.

Lead agency: The health service nominated itself as the lead agency given its primary responsibility for patient care. Roles and responsibilities were agreed and documented in a letter.

Collaboration: A meeting was held to define the problem and identify risk(s):

- Developing a shared objective to reduce the number of incidents, improve training and reduce response time for patients at high risk of self harm or injury.
- Sharing incident data to identify areas for improvement and research.
- Process-mapping the missing patient response and to identify intervention points.
- Recording interagency risk(s) in risk registers, noting lead agency or supporting agency.
- Proportional mitigation funding agreed; health service funded 70% of mitigation costs.
- Reporting and oversight occurred through each agency's governance structure.

Complicated

Accountability	Monitor	Evidence
▪ Collaboration to define and agree lead and supporting agencies. ▪ Government policy or strategy defines shared objectives. ▪ Existing committee agrees funding contribution and government reporting requirements.	▪ Lead agency responsible for coordinating assurance activities. ▪ Lead agency reports to committee. ▪ Affected agency reports through own reporting structures. ▪ Lead agency coordinates and records completion.	▪ Formal agreement. ▪ Terms of reference. ▪ Risk register, risk documentation and risk criteria. ▪ Shared action plan and risk reports. ▪ Agenda, minutes of meetings and notes. ▪ Planning and budgets.

Agency risk management framework **design** supports collaboration with multiple agencies.

Define problem → **Explore** what, who, where, why → **Engage** experts/research → **Apply formal risk process** → **Shared decisions** + **Action plans** = **Outcome**

Refer to page 12 for guidance on assigning a lead agency.

Hypothetical scenario: drug driving

Problem: The Government released a strategy to combat the ice epidemic which included an initiative to reduce drug related road trauma. Agencies included justice, law enforcement, health, roads and treasury. An existing government committee for road safety provided oversight on strategy implementation.

Lead agency: A key initiative of the strategy was to introduce 10 new drug buses and run an advertising campaign. With 80% of strategy initiatives the primary responsibility of the law enforcement agency, they agreed to be the lead agency.

Collaboration: All agencies worked together to define the problem and identify risk(s):

- The committee had a terms of reference. Interagency risk was added as a standard item to the agenda and minutes were distributed after each meeting.
- The committee identified risks to the strategy through a workshop.
- Oversight of projects and funding was undertaken by the committee.
- Research, data analysis and experts were used to inform risk mitigation activities.
- Proportional funding and cost benefit analysis was adopted for risk mitigation actions.
- Risks were recorded in a joint risk register with committee oversight.
- Committee representatives reported to their respective agencies.
- Oversight for risks occurred through each agency's executive and governance committees.

Complex

Accountability
- Lead agency defined by government policy or through collaboration.
- Lead agency identifies supporting agencies.
- Government policy or strategy defines shared objectives.
- Committee agrees funding contribution and government reporting requirements.

Monitor
- Lead agency is the program manager for strategy implementation including:
  - collaboration against plan and framework
  - risks and strategy execution
  - science, issues, trends
  - assurance activities for controls
  - reporting to government
  - conflicts of interest (probity).

Evidence
- Government strategy or policy.
- Press release or media announcements.
- Reports, supporting frameworks, policies, procedures and documentation.
- Risk registers, risk reporting and risk criteria.
- Agreements, letters and emails.
- Terms of reference.
- Agenda, minutes of meetings and notes.
- Planning and budgets.

Lead agency may need to **create** a new cross-government framework specific to the problem and ensure risks are addressed.

Government policy or legislation → Explore/probe Uncertainty → Apply problem centric process → Endorse → Innovate Prototype Design Intervention → Test → Evaluate → Rollout → Monitor and reassess → Improve

Hypothetical scenario: climate change adaptation

Problem: The potential impacts of climate change are uncertain and long term. The Government set a long term strategy and plan to improve preparedness and adaptation.

Lead agency: The Department of Environment nominated itself as the lead agency as it had primary responsibility for most of the Government strategy initiatives.

Collaboration: The strategy called for better integration of the State's adaptation plan across all portfolios and regions which will take at least 10 years. The lead agency:

- Arranged forums with agencies, not-for-profits, community and the private sector.
- Adopted an approach to capture emerging risks.
- Developed a cross-government climate change framework to support the strategy.
- Promoted innovation and a 'safe to fail' approach to prototype adaptation projects.
- Allocated funding on a proportional and cost benefit basis with each agency funding their contribution from existing budgets.
- Referred unresolved issues to the department heads.
- Established reporting and monitoring processes for lead and supporting agencies.
- Reported to the relevant Portfolio Minister as the risk has state-wide implications.
- Update the Interagency and State Significant Risk Interdepartmental Committee on Risk (IDC) on progress.

Interagency risk model – getting started

To assist with the risk process component of the interagency risk model, consider the following phases:

Plan	Assess	Implement	Monitor
This involves: ▪ defining risk problem (establish context) ▪ explore ▪ engage.	Apply a formal risk management process to: ▪ identify ▪ analyse ▪ evaluate ▪ decide on action required.	Shared decisions/action plans to mitigate.	▪ Risk and progress of action plans. ▪ Expected outcomes have been achieved. ▪ Evaluate approach and implement continual improvement initiatives.
Practical tips: ▪ Involve all identified agencies in defining the risk problem and scoping of work. ▪ Formalise the collaboration and define expectations. ▪ Undertake a joint workshop meeting to develop a shared understanding. This will save time and set the scene from the beginning. ▪ Use stakeholder analysis to identify and agree agencies and their potential role. ▪ It may help to identify which agencies have a direct or indirect role which will help to know who to engage in the process. ▪ Consider escalation where complexity cannot be resolved. ▪ Agree resource allocation approach.	**Practical tips:** ▪ Complete all planning work and confirm there is a shared view of expectations and approach. ▪ Involve any subject matter experts. ▪ For risks already identified, confirm there is a shared understanding of the risk description and it reflects the risk.	**Practical tips:** ▪ Confirm the shared decisions about mitigation/treatments. ▪ Consider the implications of mitigation/treatment options. ▪ Identify and manage any treatments that adversely affect another agency's strategic objectives or activities. ▪ Escalate where satisfactory resolution cannot be achieved.	**Practical tips:** ▪ Establish agreed timeframes to review actions. ▪ Assess whether actions are working as intended and make a decision if modification is required. ▪ Use lessons learned, quality frameworks and continual improvement methodologies to assess the interagency approach and make adjustments to governance, framework and process of agreed improvements.

ASSIGNING A LEAD AGENCY

Victorian Government Risk Management Framework guidance states 'interagency and State significant risks cannot be addressed in isolation by agencies' and agencies should agree 'on a lead agency and relative responsibilities of affected agencies'.

The following is designed to assist with assigning a lead agency based on the risk classification.

Routine

Where an agency's role and purpose is clear and responsibility for the risk is obvious, determining the lead agency should be relatively straightforward and based on a discussion.

Complicated

Where there is more than one agency, the lead agency may be less obvious, as multiple agencies may all have a substantial role.

Determining the lead agency in these circumstances may require detailed assessment, communication and collaboration.

Considerations include:

- guiding government policy, strategy or legislation
- role of any established government committee(s)
- key support agencies, their roles and legislated mandate
- the 80:20 rule work (based on services/activities/mandate)
- focusing on the greatest source of risk
- considering which risk may have the largest impact.

Complex

Often significant problems require coordination and agreement across many agencies. Government policy or strategies will often identify a series of major or inter-dependent initiatives across multiple portfolios to address the problem which could include prevention, response and recovery. Where the lead agency is difficult to define and consensus cannot be reached, it should be escalated.

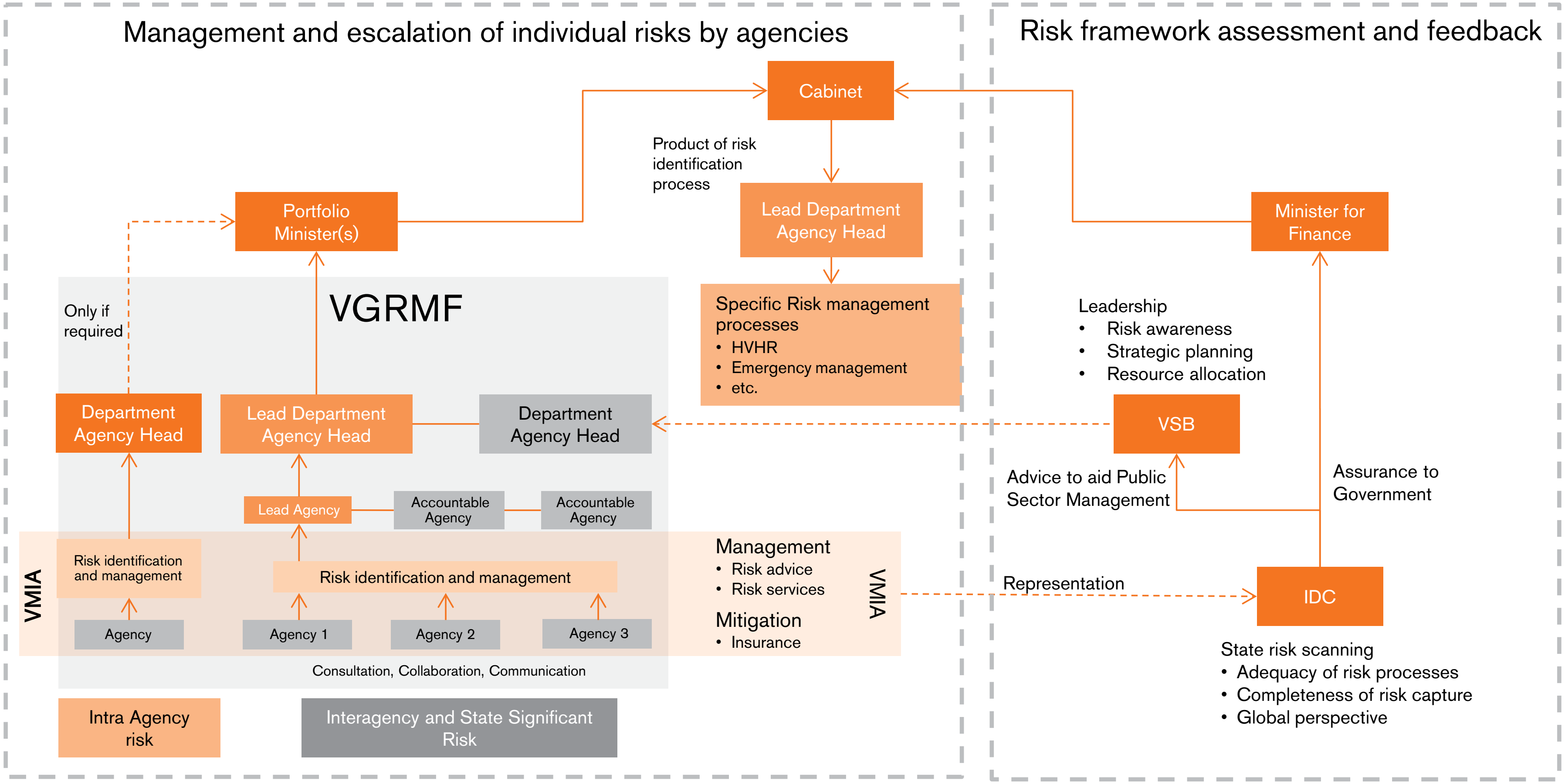
ⓘ Refer to next page for context of managing State significant risk.

Context: State risk governed by two separate but parallel processes

Risks to the State vary widely in their scale, consequence and complexity. The Department of Treasury and Finance has published protocols for oversight of interagency and State significant risks. The diagram below outlines these protocols which present a whole-of-government view of risk management as intended by the *Victorian Government Risk Management Framework.*

Based on these protocols, State risk is governed by two separate but parallel processes:

- management and escalation of individual risks by agencies
- risk framework assessment and feedback.



Source: Department of Treasury and Finance

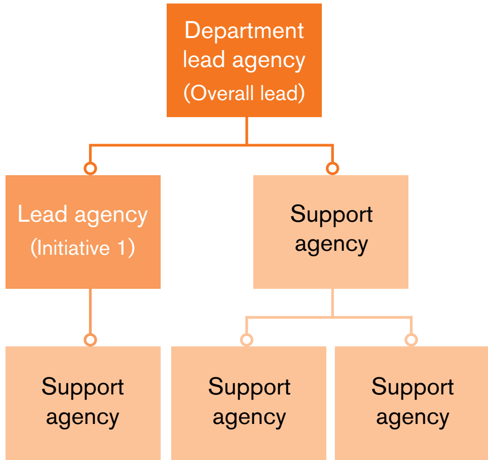
Multiple lead agencies

Where multiple interagency risks are identified, it may be too complex to nominate one lead agency. In these circumstances it may be necessary to appoint a **department lead** for program level interagency risks and an **agency lead** for interagency risks related to initiatives or services delivered by a specific agency. The following hypothetical scenario outlines different approaches to multiple lead agencies managing a complicated risk.

Hypothetical scenario

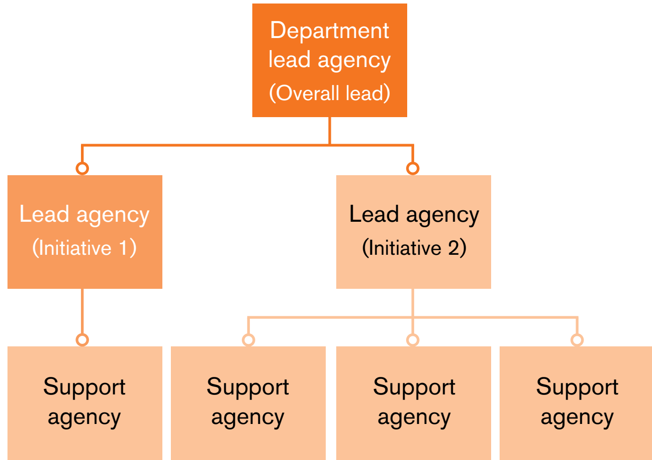
The Government released a strategy with a department being responsible for its implementation. A number of the key initiatives require the department to collaborate and work with multiple agencies. Some of the initiatives will be delivered by different agencies as they have the required skills and experience. Interagency risks are identified for initiatives that will need to be managed by the agencies.

Example 1 – Department lead



The department collaborates with the agency and agrees to retain the primary responsibility for the implementation of the strategy. The agency becomes the lead agency responsible for the identified interagency risk. The agency manages the risk through its own governance structures and regularly reports to the department.

Example 2 – Agency lead



The department has to collaborate with multiple agencies. Two of the major initiatives have to be implemented by agencies with specialist capability. The department retains primary responsibility and collaborates with both agencies. Both agencies take responsibility for a lead role for the interagency risk(s) that relate to their agency. Both agencies manage risks through their own governance structures and report to the department.

CONSIDERATIONS

When managing interagency risk, the following specific situations should be considered:

Scenario	Suggested approach
Where an identified risk is being comprehensively managed elsewhere (and there is no need to participate actively in the mitigation process).	A decision will be required to determine if the best course of action is to take no additional action. It is important to demonstrate a decision has been made based on consultation and a credible process. Consider what evidence will be necessary to demonstrate and support the decision.
Where the treatments being proposed by another agency for interagency risk is in conflict with or undermining the effectiveness of the agency's strategic objectives and approach to the risk.	It is important to develop a shared view to avoid agencies pursuing treatments for interagency risk that adversely interfere with one another. If a conflict is identified and satisfactory resolution is not achieved, escalation may be required.
Where the complexity of an interagency risk cannot be resolved through interagency dialogue.	VMIA's interagency risk model should help to inform the decisions and approach for managing interagency risk. If it is not possible to develop a shared consensus, some form of escalation may be required.
Where there is a dependency with a non-government organisation that will influence or impact the interagency process or risk.	There is a mandatory requirement that risk management processes are effective in managing risks to a satisfactory level. If a dependency exists with organisations not bound by the *Victorian Government Risk Management Framework*, action or consultation may be required. In circumstances where there would be a detrimental effect, it may be necessary to consider the non-government organisation as part of the interagency process.
Where the allocation of resources is difficult.	Agencies will need to agree an approach for the fair and equitable allocation of resources as part of the process. Where this cannot be agreed, some form of escalation may be required. The allocation of resources includes staff, treatment/mitigation costs, assurance activities and capability building costs. Each agency will need to factor into their annual planning and resource allocation the likely resources for interagency risks and a mechanism to bid for additional funding for unplanned requirements.
Where shared consensus cannot be reached or conflict is identified.	Escalation is not prescribed. Each agency should adopt its own escalation and briefing processes. For interagency risk these should be documented in the risk procedure (or equivalent) and agreed with agencies for specific risks as part of the governance arrangements. The IDC's role is advisory. It will be able to facilitate discussions where agencies have unresolved issues. If those issues remain unresolved then the issues would need to be referred to the relevant Portfolio Minister.

STATE SIGNIFICANT RISK

As outlined in the *Victorian Government Risk Management Framework*, State significant risks are "risks where the potential consequences or impacts of the risk on the community, the Government and the private sector are so large as to be of State significance. A State significant risk can be the extension of an existing agency risk which, beyond a certain threshold, becomes severe enough to have state-wide implications or it could be the aggregation of many agency specific risks."

Responsibility

There is a responsibility on all entities covered by the *Victorian Government Risk Management Framework* to escalate risks as appropriate:

"An agency's responsibility is to ensure that a State significant risk is considered by decision makers at the appropriate level of government. Agencies are also responsible for contributing to the management of the risks identified."

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Management

There is an onus on agencies to manage risk. Agencies should have the appropriate governance, framework and processes to ensure that any identified risks are assessed for State significance. Under the *Victorian Government Risk Management Framework*, an agency should consult and collaborate with other agencies so that the agency's Responsible Body can be satisfied it "contributes to the identification and management of State significant risks, as appropriate".

Escalation

Under the whole of government risk reporting protocols, agencies are responsible for reporting risks up through a lead department, who should then table risks with the appropriate Portfolio Minister.

Assurance

An assurance mechanism exists through the IDC. The Victorian Secretaries Board provides advice and aids the public sector.

Reporting to the Minister for Finance and ultimately Cabinet, the IDC role is to scan the broader environment for State risks including:

- adequacy of risk processes
- completeness of risk capture
- a global perspective.

The IDC is informed through its cross-government membership. Government agencies are obliged to identify, manage and escalate risks to relevant government departments and their Portfolio Ministers. This includes multiple agencies managing discrete risks (interagency risks) and newly identified threats and vulnerabilities of State significance (emerging risks).

Through its consultations and reporting, the IDC considers relevant State significant risks on an ongoing basis and will seek more information to ascertain how they are being managed.

Practical tips

- Consider how your agency's governance framework and process demonstrates contribution to State significant risks.
- Levels of contribution may vary depending on the risk and action required.
- Make sure sufficient resources are allocated.

Perspectives on managing State significant risk

The following examples outline different perspectives on managing State significant risk.

Perspective 1

State significant risks managed at agency level

A number of risks will be identified as State significant. As part the State's response, new government policies and strategies may be needed. This response will require agencies to undertake specific initiatives.

Where multiple agencies are involved in developing and delivering new initiatives, interagency risks will have to be managed as part of the State significant response and oversight. Interagency risks are risks shared by two or more agencies.

Hypothetical scenario: climate change adaptation

Problem: The potential impacts of climate change are uncertain and long term. The Government set a long term strategy and plan to improve preparedness and adaptation.

Lead agency: The Department of Environment nominated itself as the lead agency as it had primary responsibility for most of the Government's environmental strategy initiatives.

Collaboration: The strategy called for better integration of the State's adaptation plan across all portfolios and regions which will take at least 10 years.

The lead agency:

- Arranged forums with agencies, not-for-profits, community and private sector.
- Adopted an approach to capture emerging risks.
- Developed a cross-government climate change framework to support the strategy.
- Promoted innovation and a 'safe to fail' approach to prototype adaptation projects.
- Allocated funding on a proportional and cost benefit basis with each agency funding their contribution from existing budgets.
- Referred unresolved issues to the IDC.
- Established reporting and monitoring processes for lead and supporting agencies.
- Reported to the IDC as this risk has state-wide implications.

State significant monitoring: The lead agency proactively reported on risks associated with the State's adaptation plan alongside its existing ministerial reporting to government.

Perspective 2

Emerging risk – responding to evolving problems

Some State significant risks may not be apparent to decision-makers and can emerge slowly over time, or be rapidly prompted by a significant incident locally or internationally.

These risks are considered emerging risks – which may be of State significance:

"A State significant risk can be the extension of an existing agency risk which, beyond a certain threshold, becomes severe enough to have state wide implications… An agency's responsibility is to ensure that a State significant risk is considered by decision makers at the appropriate level of government."

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Hypothetical scenario: animal disease

Problem: Foot-and-mouth disease (FMD) is a highly contagious animal disease that would have severe consequences if introduced into Australia. There have been a number of outbreaks in FMD-free countries that have had large socio-economic impacts. The 2001 outbreak in the UK caused losses of more than £8 billion (approx AUD$19 billion). Australia estimates that a small FMD outbreak, controlled in three months, could cost around $7.1 billion, while a large 12 month outbreak could cost around $16 billion.

Lead agency: An agriculture agency has portfolio responsibility within a government department. The department's Animal Health programs aim to monitor disease, mitigate the economic and social effects of disease and chemical residue, facilitate marketing and promote the welfare of farmed animals. The agency's Chief Veterinary Officer Unit develops policies to ensure that the priorities of Government and the livestock industries are met.

A vet working with livestock in Gippsland suspects FMD in a herd of cattle. Samples were immediately sent to the Australian Animal Health Laboratory for diagnosis. The Laboratory immediately notified relevant authorities under the 'emergency animal disease' provisions of a national Veterinary Plan, including the Commonwealth department. As a result of the Plan being enacted, the agency was also notified.

As part of the risk management framework within the responsible department, the risk of an outbreak of FMD was noted and escalated to the Minister for Agriculture under existing protocols to manage animal disease related risks.

Risk escalation: Under *Victorian Government Risk Management Framework* requirements, the risk was formally categorised as a 'State significant risk' and escalated to the department head who reported it to the Portfolio Minister. The IDC was also notified as part of its assurance role.

REVIEW

Have you considered the following:

Governance

- ☐ Risk policy articulates requirements.
- ☐ Roles and responsibilities of lead or support agency are clearly defined and documented.
- ☐ Agreements are documented.
- ☐ The process for reporting, escalation and attestation includes interagency and State significant risks.
- ☐ Oversight from governance committee occurs.
- ☐ Assurance and audit activities on interagency and State significant risks are shared by multiple agencies to inform improvement opportunities.
- ☐ Interagency and State significant risks are considered in environmental scanning for emerging issues or trends.
- ☐ Interagency and State significant risks are considered during corporate planning risk identification.

Framework

- ☐ Risk framework reflects interagency and State significant risk in its mandate, design, implementation, monitoring and continual improvement.
- ☐ Risk framework is reviewed annually and interagency and State significant risks are considered during this review.
- ☐ Interagency risk is a category.
- ☐ Risk improvement plans have been jointly developed.
- ☐ Adequate resources have been jointly allocated.

Process

- ☐ Risk process (or other appropriate process) is used to identify interagency and State significant risks.
- ☐ Agencies likely to be affected are identified.
- ☐ Lead agency is agreed.
- ☐ Analysis and evaluation occurs with affected agencies.
- ☐ Risk procedure describes how interagency and State significant risks can be identified, assessed and managed.
- ☐ Risks are recorded in the risk register. Register identifies lead or support agency role.
- ☐ Risk owners are allocated within with an agreed methodology.
- ☐ Shared decisions and joint action plans with defined responsibilities have been developed.
- ☐ Risks are monitored, reviewed and reported on a regular basis to all affected agencies.
- ☐ Controls are documented and assessed based on a plan.
- ☐ Escalation protocols are applied.
- ☐ Proposed treatments for an interagency risk do not adversely interfere or undermine the effectiveness of the agency's strategic objectives and approach to risk.

Additional resources:

- www.vmia.vic.gov.au/VGRMF Resources

Related documents:

- Incorporating Risk into Corporate Planning Practice Notes
- Attestation Practice Notes

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