

Video transcript:

Managing State-significant Risks

About this audit

A state-significant risk is something that could disrupt Victoria's community, economy or environment. For example, a cyber incident, pandemic or the physical impacts of climate change.

In this audit, we looked at whether the departments, including the Department of Treasury and Finance (or DTF), and the Victorian Managed Insurance Authority (or VMIA) are working together to manage these risks and advise the Assistant Treasurer about them.

What we concluded

We concluded that the departments do work together to identify state-significant risks. But there are gaps in how they work together to manage these risks and they don't know how effective their work is. And DTF's guidance on managing these risks doesn't explain how departments can fill the gaps.

DTF can improve its advice to the Assistant Treasurer on how well these risks are managed and how they link to Victoria's funding priorities.

Key finding 1

DTF provides the guidance on managing state-significant risks but it doesn't explain key responsibilities for them.

For example, the guidance doesn't explain what support DTF, VMIA and the cross-agency risk committee should provide to agencies, and what advice they should give the Assistant Treasurer. Or what an individual department is responsible for when it leads the management of a risk.

This is contributing to gaps in the way agencies coordinate when managing risks at the statewide level.

Key finding 2

While departments do advise the government on how they're managing some specific risks, DTF, VMIA and the risk committee don't give the government a coordinated picture of the state's progress in managing them, or whether any risks need further action or funding. For example, to minimise the chance of a cyber attack.

Key finding 3

In 2023, government agencies listed 22 state-significant risks.

But the departments may not be identifying all the biggest risks to the state because they don't use criteria to consistently decide which risks they categorise as state significant.

What we recommended

We made 5 recommendations:

- 4 to DTF about improving its risk guidance and its advice to the government
- and one to VMIA about monitoring risk management and advising the government.

More information

To find out more, or read our full report, go to audit.vic.gov.au