



## MESSAGE FROM THE CEO

Mr Shannon White

As the Accountable Officer under the Public Governance, Performance and Accountability (PGPA) Act 2013, it is my responsibility to establish and maintain appropriate systems of risk oversight and management. This includes setting the Agency's appetite and tolerance for risk, which helps keep us focussed on successfully achieving objectives, comply with legal and policy obligations, effectively manage resources and improve transparent and accountable decision making.

As a small Agency, good risk management culture is fundamental to our day to day business activities, in pursuing new opportunities and in the way we respond to unforeseen circumstances. Our growing risk maturity and whole-of-agency culture contributed significantly to our high levels of resilience and our successful contribution to Australia's COVID-19 response.

Our risk culture is clearly demonstrated by our maturing approach to identifying near misses, learning from these instances and responding promptly. Our risk culture is also demonstrated by our pursuit of further innovation through digital transformation and business process improvement.

Our strong workplace culture, together with our shared values and behaviours, support us to engage with risk and make risk-based decisions to achieve best practice fit-for-purpose outcomes. As valued members of the NHFB team I encourage you to continue making a positive difference for our stakeholders and partners.

## PEOPLE, PROCESSES AND TECHNOLOGY

As a small Agency, we have invested significantly in our people, processes and technology by engaging with risk and continually finding better solutions to help achieve our strategic objectives. A return on this kind of investment can be difficult to measure however we are encouraged by our overall performance in 2021-22 including our excellent 2021 APS Employee Census results, great stakeholder feedback and achieving a Silver Award for our approach to enterprise-wide risk management.

## OUR RISK TOLERANCE

Our risk tolerance levels across our five key objectives are highlighted below. Tolerance levels are based on the supporting business function, together with the potential cost and/or the benefit of engaging with risk to improve our decision-making ability.

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| <b>CALCULATIONS</b> <ul style="list-style-type: none"> <li>▪ Timely advice</li> <li>▪ Accurate calculation</li> <li>▪ Reconcile activity</li> <li>▪ Funding integrity</li> </ul>       | <b>LOW TOLERANCE</b> <ol style="list-style-type: none"> <li><b>1. Error(s) or delay in the calculation of payments</b><br/>We have a <b>LOW</b> tolerance for incorrect calculations due to poor governance, processes and delivery</li> <li><b>2. Error(s) or delay in the reconciliation of payments</b><br/>We have a <b>LOW</b> tolerance for inaccurate reconciliation processes between estimated and actual service volumes that impact on public hospital funding</li> </ol>   |  |
| <b>PAYMENTS</b> <ul style="list-style-type: none"> <li>▪ Timely payments to LHNs</li> <li>▪ Payments System</li> <li>▪ Funding Pool Financial Statements</li> </ul>                    | <b>LOW TOLERANCE</b> <ol style="list-style-type: none"> <li><b>3. Error(s) or delay in payments</b><br/>We have a <b>LOW</b> tolerance for poor governance, processes and illegal activity</li> <li><b>4. A modified audit opinion is given on the Administrator's Financial Statements</b><br/>We have a <b>LOW</b> tolerance for risks that impact transparency due to failures to meet our reporting requirements</li> </ol>  |  |
| <b>REPORTING</b> <ul style="list-style-type: none"> <li>▪ Accurate information</li> <li>▪ Funding reports</li> <li>▪ Compliance reports</li> <li>▪ Data security</li> </ul>            | <b>LOW TOLERANCE</b> <ol style="list-style-type: none"> <li><b>5. Error(s) or delay in the reporting of public hospital funding, payments and services</b><br/>Whilst dependent on stakeholders to complete accurate and timely end of month processing, we have a <b>LOW</b> tolerance for failure to meet our reporting requirements</li> <li><b>6. Inappropriate or unauthorised data release</b><br/>We have a <b>LOW</b> tolerance for risks that impact the management and security of data</li> </ol>   |  |
| <b>STAKEHOLDERS</b> <ul style="list-style-type: none"> <li>▪ Impartial advice</li> <li>▪ Engagement</li> </ul>   | <b>MEDIUM TOLERANCE</b> <ol style="list-style-type: none"> <li><b>7. Unproductive stakeholder relationships</b><br/>We have a <b>MEDIUM</b> tolerance for risk when developing and sustaining approaches to stakeholder relationships whilst maintaining the integrity of the Administrator and the NHFB</li> </ol>  |  |
| <b>ORGANISATION</b> <ul style="list-style-type: none"> <li>▪ Positive culture</li> <li>▪ Innovation</li> <li>▪ Good governance</li> <li>▪ Funding Body Financial Statements</li> </ul> | <b>MEDIUM TOLERANCE</b> <ol style="list-style-type: none"> <li><b>8. Poor workplace culture</b><br/>We have a <b>MEDIUM</b> tolerance for risks which jeopardise our ability to attract, retain and develop talent to achieve outcomes</li> <li><b>9. Inability to adapt and innovate</b><br/>We have a <b>MEDIUM</b> tolerance to adapt or explore best practice approaches that promote innovation</li> <li><b>10. Impacts on the health, safety and wellbeing of staff</b><br/>We have a <b>LOW</b> tolerance for a working environment that adversely impacts the health, safety and wellbeing of staff</li> <li><b>11. Fraudulent activity</b><br/>We have a <b>LOW</b> tolerance for poor governance or defective processes that lead to illegal activity</li> </ol> |  |