

RISK TOLERANCE

2025-2026



Message from the Chief Executive Officer

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 for the Agency. This includes setting the Agency's appetite and tolerance for risk, as well as our underpinning risk culture.

At the NHFB, our United Leadership behaviours underpin an inclusive approach to managing risk across the agency. We actively promote a risk aware culture that encourages innovation, particularly through digital transformation and continuous business process improvements.

One of our behaviours, 'One NHFB', emphasises the importance of contributing as a united team and fostering a workplace environment where we encourage new ideas. We empower all of our people to understand and embrace their role in risk management, recognising that risk management is a shared responsibility.

Our behaviours 'Open Communication' and 'Enhance Trust' are central to this approach. Together, these behaviours support meaningful and constructive risk discussions, including on lessons learnt.

By regularly reflecting on lessons learned, we inform and shape improvements to our people, process and technology – ensuring our approach to risk management remains best practice and fit-for-purpose for our small agency.

These are essential elements to foster a psychologically safe workplace, uphold integrity in our decision making and sustain improvements in our performance.



Shannon White
Chief Executive Officer

Our risk culture

In a perfect world there would be no breakdown in risk management controls, nor a risk event realised, however this is not realistic. Our final behaviour, 'Own it' encourages everyone to perform their roles to the best of their ability and at the same time acknowledges that sometimes things can and do go wrong.

Underpinning our approach to risk, is a culture of 'not blaming others' and 'no finger pointing'.

Risk tolerance statement

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.

KEY OBJECTIVES	STRATEGIC RISKS
CALCULATIONS <ul style="list-style-type: none">Timely adviceAccurate calculationReconcile activityFunding integrity	LOW TOLERANCE <ol style="list-style-type: none">Error(s) or delay in the calculation of payments: We have a LOW tolerance for incorrect calculations due to poor governance, processes and delivery.Error(s) or delay in the reconciliation of payments: We have a LOW tolerance for inaccurate reconciliation processes between estimated and actual service volumes that impact on public hospital funding.
PAYMENTS <ul style="list-style-type: none">Timely payments to LHNsPayments SystemFunding Pool Financial Statements	LOW TOLERANCE <ol style="list-style-type: none">Error(s) or delay in payments: We have a LOW tolerance for poor governance, processes and illegal activity.Integrity issues with the Funding Pool Financial Statements: We have a LOW tolerance for risks that impact transparency due to failures to meet our reporting requirements.
REPORTING <ul style="list-style-type: none">Accurate informationFunding reportsCompliance reportsData security	LOW TOLERANCE <ol style="list-style-type: none">Error(s) or delay in the reporting of public hospital funding, payments and services: Whilst dependent on stakeholders to complete accurate and timely end of month processing, we have a LOW tolerance for failure to meet our reporting requirements.Inappropriate or unauthorised data release: We have a LOW tolerance for risks that impact the management and security of data.
STAKEHOLDERS <ul style="list-style-type: none">Impartial adviceEngagement	MEDIUM TOLERANCE <ol style="list-style-type: none">Unproductive stakeholder relationships: We have a MEDIUM tolerance for risk when developing and sustaining approaches to stakeholder relationships whilst maintaining the integrity of the Administrator and the NHFB.
ORGANISATION <ul style="list-style-type: none">Positive cultureInnovationGood governanceFunding Body Financial Statements	MEDIUM-LOW TOLERANCE <ol style="list-style-type: none">Poor workplace culture: We have a MEDIUM tolerance for risks which jeopardise our ability to attract, retain and develop talent to achieve outcomes.Inability to adapt and innovate: We have a MEDIUM tolerance to adapt or explore best practice approaches that promote innovation.Health, well-being and safety: We have a LOW tolerance for a working environment that adversely impacts the health, safety and wellbeing of staff.Fraudulent and / or corrupt activity: We have a LOW tolerance for poor governance or defective processes that lead to illegal activity.