

### MESSAGE FROM THE CEO

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, as well as our underpinning risk culture.

'One NHFB' is one of our behaviours which focuses on contributing as a united team as well as encouraging new ideas. It is important that we do not become risk averse and that we continue to explore new ways of doing things. Two of our other behaviours are, 'Open Communication' which places an emphasis on active listening and information sharing, and 'Enhance Trust' which concentrates on treating people equally and collaboration.

Meaningful risk discussions are an essential element of sound risk management and a critical component of organisational performance. Therefore it is vital that our people are involved in risk conversations to enable better decisions, achieve our objectives and improve our performance.

We regularly reflect on our lessons learnt, using these to shape the improvements we make for our people, our processes and our technology.



**Shannon White**

Chief Executive Officer,  
National Health Funding Body

### 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
<b>CALCULATIONS</b>	<b>LOW TOLERANCE</b>
<ul style="list-style-type: none"> <li>Timely advice</li> <li>Accurate calculation</li> <li>Reconcile activity</li> <li>Funding integrity</li> </ul>	<p><b>1. Error(s) or delay in the calculation of payments:</b> We have a <b>LOW</b> tolerance for incorrect calculations due to poor governance, processes and delivery.</p> <p><b>2. Error(s) or delay in the reconciliation of payments:</b> We have a <b>LOW</b> tolerance for inaccurate reconciliation processes between estimated and actual service volumes that impact on public hospital funding.</p>
<b>PAYMENTS</b>	<b>LOW TOLERANCE</b>
<ul style="list-style-type: none"> <li>Timely payments to LHNs</li> <li>Payments System</li> <li>Funding Pool Financial Statements</li> </ul>	<p><b>3. Error(s) or delay in payments:</b> We have a <b>LOW</b> tolerance for poor governance, processes and illegal activity.</p> <p><b>4. Integrity issues with the Funding Pool Financial Statements:</b> We have a <b>LOW</b> tolerance for risks that impact transparency due to failures to meet our reporting requirements.</p>
<b>REPORTING</b>	<b>LOW TOLERANCE</b>
<ul style="list-style-type: none"> <li>Accurate information</li> <li>Funding reports</li> <li>Compliance reports</li> <li>Data security</li> </ul>	<p><b>5. Error(s) or delay in the reporting of public hospital funding, payments and services:</b> 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.</p> <p><b>6. Inappropriate or unauthorised data release:</b> We have a <b>LOW</b> tolerance for risks that impact the management and security of data.</p>
<b>STAKEHOLDERS</b>	<b>MEDIUM TOLERANCE</b>
<ul style="list-style-type: none"> <li>Impartial advice</li> <li>Engagement</li> </ul>	<p><b>7. Unproductive stakeholder relationships:</b> 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.</p>
<b>ORGANISATION</b>	<b>MEDIUM TOLERANCE</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>	<p><b>8. Poor workplace culture:</b> We have a <b>MEDIUM</b> tolerance for risks which jeopardise our ability to attract, retain and develop talent to achieve outcomes.</p> <p><b>9. Inability to adapt and innovate:</b> We have a <b>MEDIUM</b> tolerance to adapt or explore best practice approaches that promote innovation.</p> <p><b>10. Health, well-being and safety:</b> We have a <b>LOW</b> tolerance for a working environment that adversely impacts the health, safety and wellbeing of staff.</p> <p><b>11. Fraudulent and / or corrupt activity:</b> We have a <b>LOW</b> tolerance for poor governance or defective processes that lead to illegal activity.</p>