

Governance – risk management and accountability

Risk management

WorkCover is committed to the implementation of our risk management program throughout our organisation, including setting the risk appetite, periodic review and monitoring the treatment of the top strategic and corporate risks. Our Executive risk management framework and risk management policy is consistent with the principles set out in AS/NZS ISO 31000:2018 Risk Management – Guidelines and meets the requirements of the *Financial and Performance Management Standard 2019*. WorkCover’s risk management policy was reviewed and approved through the year by the Risk and Audit Committee. During the year, the Board also held a risk workshop to review and set the risk appetite statements.

Our approach to risk management is aimed at embedding a risk aware culture throughout the organisation. This includes establishing an appropriate structure and clear lines of responsibility to systematically identify, evaluate and manage key risks associated with our activities. Our [risk management statement](#) is available on our website.

Risk and Audit Committee

The role of the Risk and Audit Committee is to assist the Board in fulfilling its corporate governance responsibilities. The committee reports directly to the Board on matters pertaining to WorkCover’s risk governance framework, including:

- the reliability and integrity of financial information for inclusion in annual reports
- the integrity of internal control framework
- compliance with legislative, regulatory, and governance requirements
- oversight of the risk management framework, and
- safeguarding the independence of the internal and external auditors.

The [Risk and Audit Committee charter](#) guides the committee, its structure and its specific roles and responsibilities under the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*. The committee monitors its performance against the terms of the charter, with due regard to Queensland Treasury’s [Audit Committee Guidelines: Improving Accountability and Performance](#). In discharging its duties, the committee has considered all audit recommendations as made by the external auditor.

Committee membership

The committee consists of a minimum of three and a maximum of six independent non-executive directors, drawn from the Board, that meet quarterly. A summary of committee membership (as at 30 June 2021) is set out below.

RISK AND AUDIT COMMITTEE	
COMMITTEE MEMBER	COMMITTEE ROLE
Sarah Morris	Committee Chair
Flavia Gobbo	Independent non-executive member
John Crittall	Independent non-executive member
Michael Clifford ^	Independent non-executive member

^appointed to the Committee in February 2021

Internal audit

The internal audit function supports the Risk and Audit Committee by providing independent and objective risk-based assurance advice, with the purpose of evaluating and improving the effectiveness of WorkCover's risk management, control and governance processes.

The internal audit function operates under an approved Internal audit charter which formalises the role, authority, responsibility, scope and operational framework of WorkCover's internal audit function, consistent with relevant assurance and professional ethical standards. The internal audit function is currently outsourced to an internal audit contractor, appointed by the Risk and Audit Committee. The internal audit function operates independently from management and WorkCover's external auditor.

Each year, the internal audit contractor prepares an internal audit plan, which outlines the internal audit activities to be performed during a financial year. The Risk and Audit Committee approve the internal audit plan and monitor the performance of the internal audit function, with due regard to the Audit committee guidelines: improving accountability and performance. The 2020–2021 internal audit plan was approved during the May Risk and Audit Committee meeting.

During the 2020–2021 financial year, 13 internal audit engagements were completed as per the annual internal audit plan. Two audits will continue into the 2021–2022 financial year as they relate to internal auditor's oversight on two key projects at WorkCover which are ongoing. At the completion of each engagement, the internal auditors report their findings and recommendations to the Risk and Audit Committee, including risks that have been identified. All recommendations arising from the completed internal audit engagements have either been implemented or, are on track to be implemented, within agreed timeframes. The internal audit plan's coverage over WorkCover's key risks is reviewed regularly through the use of an assurance map and discussions with key stakeholders.

External scrutiny

The external audit function of WorkCover is performed by the Queensland Audit Office (QAO), with recommendations reported to and monitored by the Risk and Audit Committee.

A number of other state bodies have been established by legislation to provide independent scrutiny of government (and statutory body) performance, including assurance of WorkCover's performance. These include the Workers' Compensation Regulatory Services (WCRS), the Queensland Ombudsman, the Office of the Information Commissioner Queensland (OIC) and the Crime and Corruption Commission (the CCC).

The Chair and CEO meet with the Minister on a regular basis to discuss relevant matters, including the Quarterly Report which includes progress against our objectives. The CEO and Chief People and Finance Officer also meet with representatives from the Office of Industrial Relations and the Queensland Treasury to discuss WorkCover's financial performance.

Under section 584A of the Act, the Minister is required to ensure that a review of the workers' compensation scheme's operational effectiveness be undertaken at least once every five years. The last review was undertaken in 2017–2018.

Information system and recordkeeping

All employees at WorkCover are responsible for keeping and maintaining records which are stored through WorkCover's claims and policy information system for our claims and policy records and through an integrated electronic records system for all corporate records. Annual compliance training is completed to ensure all employees are aware of their obligations under the [*Public Records Act 2002*](#).

Public records are being retained in line with WorkCover's Records governance policy, the Queensland State Archives' General Retention and Disposal Schedule and WorkCover's Queensland State Archives approved Retention and Disposal Schedule. No records were transferred to the Queensland State Archives during the 2020–2021 financial year.

Additionally, no breaches of the retention and disposal schedules were noted during the year, with no records being reported as missing or lost during this same period.

Quality assurance programs

Our quality assurance program forms part of our compliance and risk management frameworks. The quality assurance programs emphasise continuous improvement and align with AS/ISO 19600:2015 Compliance management systems. Quality assurance program reporting is provided quarterly to the Risk and Audit Committee. The quality assurance reviews are designed to assess the effectiveness of internal controls implemented to manage risks and to identify potential areas for improvement to our processes.

Customer audit and intelligence

WorkCover has a dedicated customer audit and intelligence team who work with Queensland employers, to ensure they are aware of their obligations to maintain adequate cover when engaging workers. The team is both responsible for auditing Queensland businesses, as well as managing WorkCover's uninsured employer compliance.

The team maintains a balanced compliance strategy by providing targeted education and monitoring of employer compliance across the state.

In recognition of the impact of COVID-19 on many Queensland businesses, the program was paused for a portion of 2020–2021. However, with increased data sharing opportunities because of improved stakeholder engagement across the year, it returned to full operation and is delivering strong outcomes.

Audit targets and site visit selection occurs using detailed data analysis and data sharing to highlight non-compliant businesses throughout Queensland. This involves strong working relationships with the Australian Taxation Office, the Queensland Office of State Revenue, and the Labour Hire Licensing Compliance Unit to ensure a uniform compliance approach across Queensland.

Compliance audits

507 targeted employer policy compliance audits and classification rating reviews were conducted. Audited employers had a 71% non-compliance rate with the total amount of premium and penalties raised from compliance audits and reviews at \$8.1 million.

Site visits and uninsured employers

Industry trend information and data mining on business information, locations and growth were used to select 1,002 employer site visits and ad-hoc provisional coverage reviews. These visits and reviews recouped \$2.1 million of additional premium and penalties from uninsured and under-insured employers.

Additionally, 190 new uninsured claims were identified which resulted in \$5.5 million in uninsured claims costs and penalties being raised against employers who had failed to hold their compulsory accident insurance policy at the time a claim for compensation was lodged.

Privacy

WorkCover is committed to protecting the privacy of customers, employees and third parties in accordance with the [Information Privacy Act 2009](#) (IP Act), which governs how information is collected, used, stored and disclosed by Queensland Government agencies. All disclosures of personal information by WorkCover are managed under this IP Act, the [Right to Information Act 2009](#) (RTI Act) or the Act.

WorkCover has a Privacy Committee that meet quarterly and are responsible for the promotion of privacy principles and oversight to achieve compliance. Privacy awareness is encouraged through initiatives such as participation in Privacy Awareness Week. Additionally, employees undertake annual privacy training. The Board and Risk and Audit Committee receive updates on privacy matters at each meeting.

Workplace health and safety

WorkCover is committed to maintaining a safe working environment, preventing workplace injuries, and appropriately managing injuries should they occur through continued robust education, communication and contemporary practices.

All activities within workplace health and safety align with the strategic vision and goals determined by leading practices, predominantly via WHSQ guidelines. As an additional value-add to our incident management process, all stakeholders are informed of incidents lodged through the workflow process of our incident management software and are involved in the process to ensure transparency and understanding of incidents.

WorkCover provides and maintains safe equipment for employees and undertakes scheduled safety inspections throughout the year. WorkCover continues to monitor our compliance with the Work Health and Safety Act 2011 (WHS Act).

The WHS Committee maintains its commitment to foster open communication with employees and transparency with executive management. Throughout the year, the committee has continued to engage employees on the obligations, expectations, and due diligence required of those who work within the organisation through monthly agendas.

All newly appointed Health and Safety Representatives undergo an intensive five-day training program to instil (at the commencement of their service) the expectations of WorkCover to ensure they obtain the knowledge required to adequately and comprehensively contribute to ensuring a workplace free from harm. All HSRs complete bi-annual site audits of WorkCover occupied spaces throughout the building with a detailed action plan for any issues identified as a result.

The WHS Committee also works alongside Property and Facilities to ensure a safe environment is maintained at all times via regular communications, attendance at WHS Committee Meetings and via the Person Conducting a Business or Undertaking (PCBU) Report submitted to the Board.

Business continuity management

Business continuity management is the proactive approach of managing processes and resources for continued achievement of critical objectives, during a time of crisis and or disruption. WorkCover's business continuity and disaster recovery plans have been developed to minimise the impact of a crisis on our customers, stakeholders and employees, and were reviewed and tested during the year.

WorkCover successfully managed the impacts COVID-19 on the daily operations of the organisation resulting in the continuation of services with no interruption using the principles and strategies established in the business continuity plan.

Open data

WorkCover has published information through the Open Data portal, concerning the amount incurred for consultancies, overseas travel and the provision of language services, as per the mandatory open data reporting requirements.