Risk Management Policy & Framework

Date Approved:	21 May 2024
Approved by:	SCC Board

Policy Statement

Introduction

Shepparton Christian College (SCC) is committed to the effective implementation of risk management throughout all aspects of the College's operations.

The SCC Board are committed to the implementation and maintenance of a formal risk management system to ensure risk management is a normal business practice throughout the College and is fundamental to achieving it's strategic and operational objectives.

SCC will ensure that all employees who are responsible and accountable for risks:

- Are aware of, and share, the College's commitment to risk management;
- Understand what is required of them in the area of risk; and
- Are provided with the means for identifying and reporting risks and exposure to risk.

Purpose

The Risk Management Policy and Framework Outline gives effect as follows:

- Establishes a Risk Management Framework which outlines the SCC Risk Assessment methodology
- Clarifies responsibilities
- Provides a process to embed systematic risk management into College processes
- Commits to:
    - Developing & maintaining a positive risk culture
    - Communication and consultation on risk
    - Maintaining risk management capability

Responsibilities

The SCC Risk Management Policy extends to all permanent, part time, and casual staff of SCC. It also extends to contactors working for the College and to volunteers.

The Risk Management Policy also extends to SCC College governing bodies which are integral to the governance, oversight and overall management of risk, thus:

- College Board
- Board Sub Committees

- OH&S Committee
- Principal
- Senior Leadership Team

College Board

Governance and oversight of risk management is the ultimate responsibility of the College Board. The Board is responsible to ensure adequate performance in managing risk. The Board is responsible to ensure regular review of the risk framework and to ensure that the systems and processes are functioning effectively.

Principal

The Principal is responsible for periodically reviewing SCC's Business Risk Register ie (SCC Risk Profile), Risk Action Plans (RAPs) and fostering a risk conscious culture and reporting to the Board on the effectiveness of the risk management framework and management of its material risks.

Senior Leadership Team

SCC's Principal and Senior Leadership Team are responsible for the implementation of the Organisation's risk management strategy and associated Risk Action Plans. The Risk Framework and SCC Business Risk Register is reviewed by Senior Leadership Team on a regular basis, both to validate the ranking of existing risks and to add any new risks that may emerge. The outcomes are reported to the Board on a regular basis together with material risks an exception basis where required.

The Principal and the Senior Leadership Team must:

- Ensure staff are aware of the policy and risk framework
- Intervene promptly and appropriately when they become aware of a breach of the policy
- Ensure that staff have access to and understand the policy

Staff

The responsibility of day-to-day management of risk lies with staff at all levels. Position descriptions explicitly refer to risk management responsibilities. Staff have the responsibility to:

- Become familiar with this policy
- Conduct themselves in an appropriate manner at all times in adhering to this policy

Embedding Systematic Risk Management into College Processes

The objective of effective risk management is to improve the College's overall performance, including educational outcomes, safety, environment and reputation. SCC accepts that the consideration of risk is an integral element of overall management and must be embedded into strategic planning, governance arrangements, policy development, programme delivery, and decision making.

To this end, staff members who have been assigned responsibility for various risks (ie Risk Owners) should review their areas / risks on a regular basis as part of the overall review of the Business Risk Register. Attention should be given to identifying new risks and assessment of the continued effectiveness of controls.

Developing a Positive Risk Culture

SCC is committed to a positive risk culture, promoting an open and proactive approach to managing risk that considers both threat and opportunity. A positive risk culture is one where risk management is regularly discussed in various forums; where training in the area of risk management is promoted and where risk identification and assessment is proactively addressed across all aspects of the College.

Communicating and Consulting About Risk

Communicating and consulting about risk underpins the successful management of risk. SCC is committed to effective communication, including consultation with relevant stakeholders and the transparent, complete and timely flow of information between decision makers.

Maintaining Risk Management Capability

Effective risk management requires SCC to maintain an appropriate level of capability to manage its own risk management programme and to manage its risks. SCC is committed to maintaining an appropriate level of capability to both implement the entity's risk management framework and manage its risks.

Breaches of this Policy

The SCC Board expects that any staff who become aware of a breach of this policy will advise the Principal or member of the Senior Leadership Team without delay.

Risk Framework Methodology

Introduction

SCC's Risk Rating Methodology outlines the approach used for the identification, analysis, evaluation and treatment of risks throughout SCC. Adherence to this methodology promotes a clear and consistent approach to risk management throughout the College. This methodology supports SCC's Risk Policy.

Purpose

In support of the achievement of strategic and operational goals, the objective of Risk Rating Methodology is to provide a structure for all levels of management that will enable, support and promote the continuous improvement of risk management within SCC.

The overall objectives of the methodology are to:

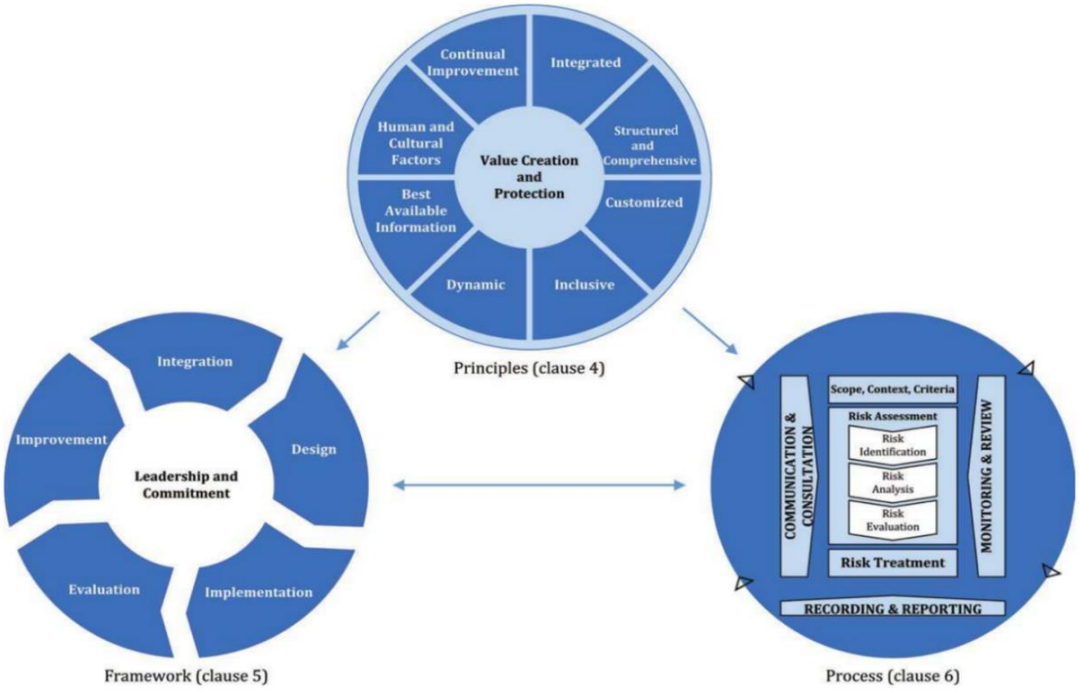
- Develop a standardised approach for risk identification, analysis, treatment and monitoring of risks
- Ensure consistency and simplicity in the evaluation of risks
- Establish a common 'risk' language
- Enable risks to be to reported and communicated consistently
- Provide a solid platform to meaningfully compare and prioritise College and operational risks
- Provide guidance to staff on how to conduct risk assessments
- To ensure ongoing compliance with legislative requirements
- Underpin SCC's continuing ability to meet its strategic goals, objectives and vision

Approach

SCC will follow the guidance of ISO 31000-2018 the international standard for risk management. The standard highlights the following three critical components to be followed to ensure that risk management is effective:

- Risk Management Principles: Refer to the diagram below.
- Risk Management Framework: ISO 31000 recommends a risk management framework is established in order to integrate and drive the risk management process and culture throughout SCC.
- Risk Management Process: Involves risk identification, risk analysis, evaluation of risk treatment options and the implementation of the appropriate treatment options. Throughout this process, there should be communication and consultation with key stakeholders and regular review and monitoring to ensure the process is functioning effectively to control risks to acceptable levels.

ISO/AS/NZS/ 31000 - 2018 Risk Management



Risk Management Matrix

SCC Risk Matrix is the foundation of its risk management process. The Risk Matrix formalizes the risk assessment process, including:

- Identifies and records the key risks faced by the College via the SCC Business Risk Register, their potential Consequences, Likelihood and effectiveness of existing Controls
- Derives an "Inherent Risk Rating" (IRR) reflecting the consequences and likelihood
- Derives a "Residual Risk Rating" (RRR) which takes into account the effectiveness of risk Controls

For risks requiring the attention of management, SCC will develop a Risk Action Plan (RAP) to outline each risk's status and the improvement strategies to be implemented in order to improve the management of that risk.

Business Risk Register

The Business Risk Register contains an outline of the identified and rated material risks for SCC. Risks are evaluated using a risk rating model which includes calibrated risk rating criteria, for Risk Consequence, Likelihood and Controls, matched to the College's risk appetite.

Criteria for the Risk Consequence, Likelihood and Control Ratings are outlined in the tables below:

Consequence Description							
Rating	Descriptor	Financial	People & Safety	Operational	Reputation (General)	Reputational (Academic)	Strategy & People
5	Catastrophic	>$5,000,000	Multiple deaths and/or permanent disabilities.	Interruption during a critical period causing major, long term, loss of facility use and/or business interruption.	Major media headlines for several days and/or VRQA intervention.	Academic results (VCE & NAPLAN) significantly lower than comparable schools for several years.	Loss of multiple key staff/board members with highly specialisted skill sets. Difficult to source successors. Extensive training period required for successors.
4	Major	$1,000,000 to $5,000,000	Single death and/or permanent disabilities.	Interruption during a critical period causing moderate loss of facility use and/or business interruption.	Local or social media spread over several weeks and/or VRQA enquiry.	Academic results (VCE & NAPLAN) significantly lower than the previous year.	Loss of single key staff/board member with highly specialisted skill sets. Difficult to source successor. Extensive training period required for successor.
3	Moderate	$100,000 to $1,000,000	Serious individual injury and/or illness.	Interruption during a normal operations moderate and isolated loss of facility use and/or business interruption.	Local newspaper (not front page) and social media discussion for one/two days and/or VRQA enquiry.	Academic results (VCE & NAPLAN) noticeably lower than comparable schools for several years.	Loss of capabilities that are specialised. Successors can be sourced from limited internal or external areas.
2	Minor	$10,000 to $100,000	Medical treatment.	Interruption during a normal operations causing isolated loss of facility use and/or business interruption.	Suburban newspaper and local radio.	Academic results (VCE & NAPLAN) noticeably lower than the previous year.	Minor inconvenience as capabilities are broad and widely available internally/externally
1	Insignificant	<$10,000	Minor injury no first aid or medical treatment required.	Interruption causing minor loss of facility use and/or business interruption.	Reporting (not front page) in suburban newspaper.	Academic results (VCE & NAPLAN) lower than the previous year.	Minor inconvenience replacement of role not time critical.

Likelihood Description			
No.	Rating	Description	Frequency Values
5	Almost certain	The event is expected to occur in most circumstances	Once a year or more frequently
4	Likely	The event will probably occur in most circumstances	Once per year
3	Possible	The event might occur at some time	Once every 5 years
2	Unlikely	The event is unlikely to occur.	Once every 10 years
1	Rare	The event may occur in exceptional circumstances	Once every 50 years

Control Description		
No.	Control Rating	Control Effectiveness Description
1	Inadequate.	Unprepared or ineffective. Immediately improvement needed. Senior management attention required.
2	Action Initiated.	Improvement required by operations management.
3	Opportunity for Improvement	Opportunities for improvement have been identified.
4	Adequate	Adequate in the circumstances. Aware of risk and have taken precautions to minimise likelihood and/or consequence, and mitigate risk by avoidance or contractual transfer.
5	Excellent.	Significant attention to risk. Undertaken all feasible economic controls. Maintaining a monitoring system

Once the individual variables are determined for each risk, the risks are evaluated from an Inherent and a Residual risk basis.

Inherent Risk Rating (IRR)

From an Inherent Risk Rating perspective, the risk is evaluated assuming nil controls and/or treatments in place. This is taking an assumption that the existing controls are either not effective or fail for some reason. This risk evaluation provides a worst case evaluation of the scenario, which may be regarded as pessimistic, but is also important for SCC to understand these potential implications. The Risk Consequence and Likelihood Ratings are then applied to the Inherent Risk Heat Map to determine the Inherent Risk Rating.

Inherent Risk Rating Matrix

		Consequence				
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Likelihood	Almost Certain (5)	Medium	High	High	Extreme	Extreme
	Likely (4)	Medium	Medium	High	High	Extreme
	Possible (3)	Low	Medium	Medium	High	High
	Unlikely (2)	Low	Low	Medium	Medium	High
	Rare (1)	Low	Low	Low	Medium	High

Residual Risk Rating (RRR)

From a Residual Risk Rating perspective, the risk is evaluated assuming current controls and treatments are functioning as intended. This risk evaluation provides a "normal" loss estimate, as it takes in to account the correct operation of existing mitigation strategies for each risk scenario.

Risk Tolerance and Action Priority

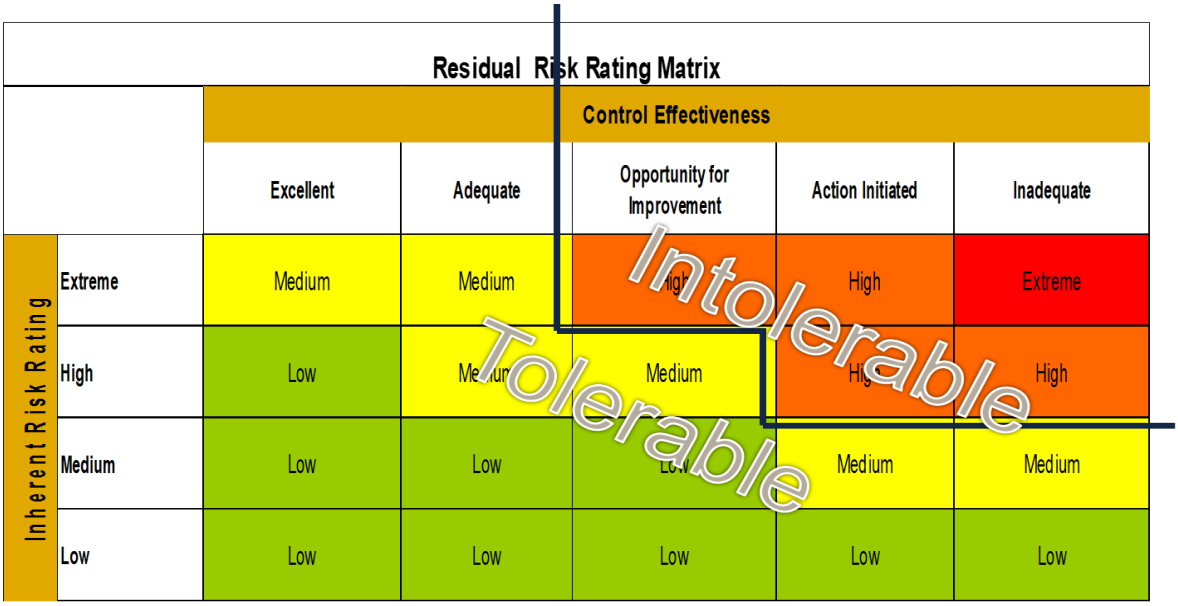
Intolerable (Unacceptable) Risk

When the risk assessment determines a "Residual Risk Value" as High or Extreme, it is assumed there is inadequate risk control mitigating the specific risk scenario. Accordingly, this risk is deemed "Unacceptable" to SCC and the event, circumstances or activity should not be allowed to proceed, without further review.

"Intolerable" risks must be further evaluated to determine whether the activities can be amended to mitigate the risk or whether the controls can be improved to mitigate the risk.

Tolerable (Acceptable) Risk

When the risk assessment determines a "Residual Risk Value" as Low or Medium, there is an appropriate and effective level of risk control mitigating the specific risk scenario. Accordingly, this risk is deemed "Acceptable" to SCC and the event, circumstances or activity should be allowed to proceed.



Risk Action Priority		
Residual Risk Rating	**Risk Tolerance**	**Action Priority**
Extreme	Highly Intolerable	Very high priority; require immediate risk improvement action
High	Intolerable	Prompt action required, in order to reduce or eliminate exposure (say within 3 months)
Medium	Tolerable with regular review	Review existing control measures to reduce risk as low as reasonably practicable; Moderate priority action required (say within 6 months)
Low	Acceptable with periodic review	Ensure ongoing review and monitoring of existing controls.

Risk Tolerance / Appetite, Approvals and Escalation Procedures

When the risk assessment determines a Residual Risk Rating (RRR) as Extreme or High, this risk must be notified referred to SCC Principal and/or Senior Leadership Team for review and approval. The event or risk scenario will be allowed to continue with appropriate Approval and an active Risk Action Plans developed to mitigate and manage this risks as reasonably practicable.

- An Extreme Risk is "Highly Intolerable" and require immediate review by Principal for Approval
- A High Risk is "Intolerable" and requires prompt review by the relevant Senior Leadership Team and/or Principal

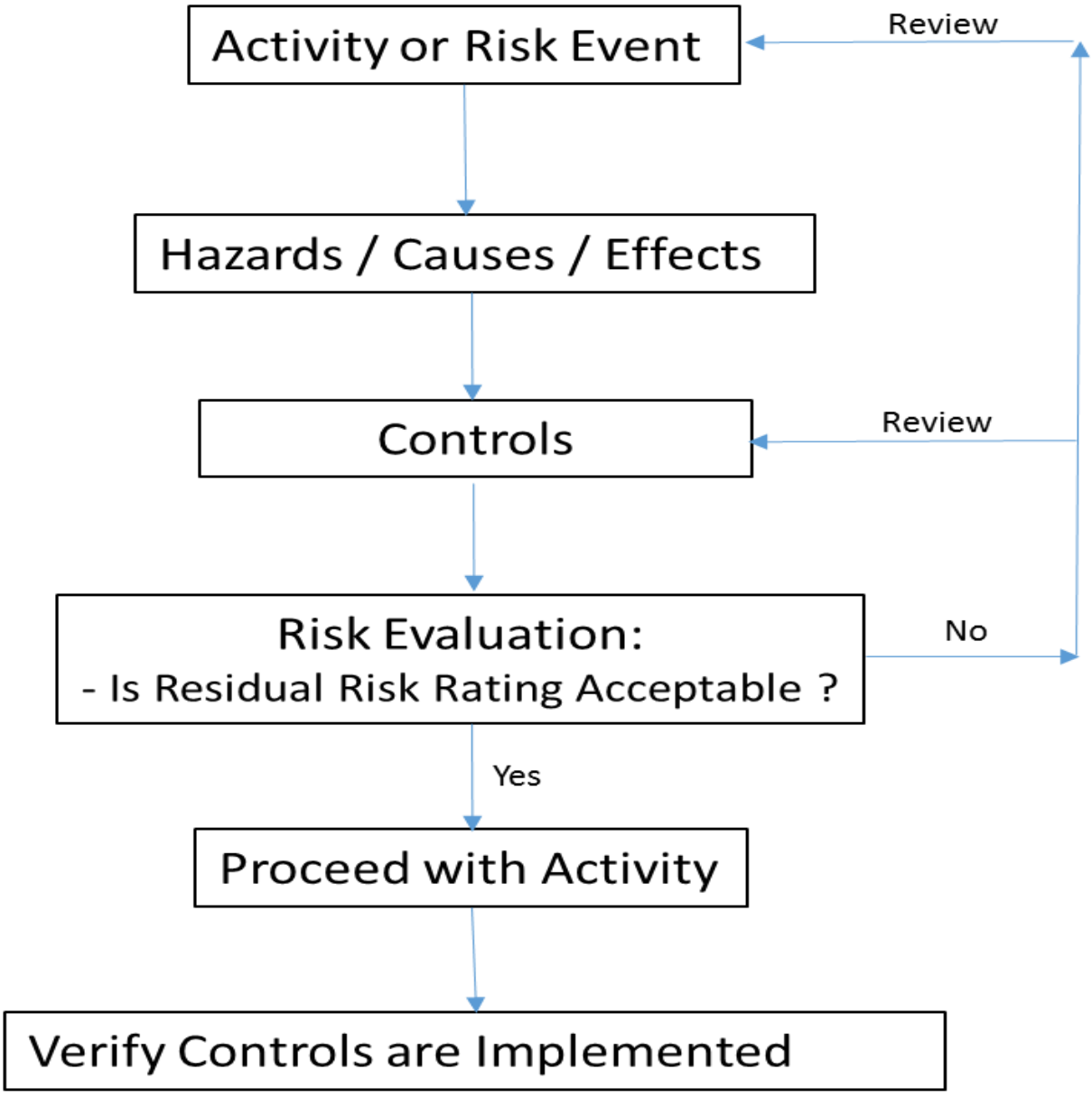


Fig 1. SCC - Risk Assessment Framework