



# Risk Management Policy

Version RMP2022-1.0

<b>Purpose:</b>	The purpose of this policy is to outline guidelines for managing risks that may threaten the operational viability Ohana College. These include, but are not limited to, financial, operational, competitive, political (public perception/image), social, client, cultural and legal aspects of the College's functions.	
<b>Scope:</b>	This policy applies to employees, volunteers, parents & carers, students, and people visiting the College site and outlines procedures for identifying, analysing, evaluating, prioritising and treating risks and monitoring and reviewing the procedures.	
<b>Status:</b>	APPROVED	<b>Supersedes:</b> RMP2021-1.2
<b>Authorised by:</b>	Ohana College Board	<b>Approval Date:</b> 17 August 2022
<b>Approved &amp; References:</b>	<i>Corporations Act (2001) Cth</i> Anti-Discrimination Policy Child Protection Policy Child Risk Management Policy Complaints Handling Policy Conflict of Interest Policy Critical Incidents Management Policy Whistle-blower Policy Workplace Bullying Policy Workplace Health and Safety Policy	
<b>Reviewed:</b>	Annually	<b>Next Review:</b> August 2023
<b>Responsibility:</b>	Ohana College Board	<b>Point of Contact:</b> CEO

## Policy Statement

Ohana College ('the College') is committed to protecting the safety of its students, staff, visitors and volunteers and operating in a financially sustainable manner that is consistent with the needs of its stakeholders.

Risks that are inherent to the operation of the College will be identified, analysed, evaluated and undertaken in a consistent manner. Risk management procedures that form the Risk Management Framework will be used to ensure that risks are monitored and managed to an acceptable level of tolerance to the College, as defined by the Board.

The College will:

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- Undertake to identify reasonably foreseeable risks associated with its activities that may have a material impact on the College;
- Assess any identified risks;
- Put in place controls and treatments to reduce risks to a target level that is consistent with the College's requirements and the Board's tolerance limits;
- Communicate issues in relation to risks and risk management activities to key stakeholders; and
- Perform on-going monitoring and review of key risks to ensure that changes to the risks affecting the College are identified and managed in a timely manner.

## Definitions

<b>CONSEQUENCE</b>	The expected outcome or impact of a risk event
<b>CURRENT RISK</b>	The risk that remains after mitigating actions or controls have been considered. Current risk is assigned a rating based on current consequence and current likelihood (commonly considered the residual risk rating)
<b>INHERENT RISK</b>	Rating of a risk assuming no controls are in place
<b>LIKELIHOOD</b>	The probability or chance of a risk event occurring
<b>OPERATIONAL RISK</b>	Key risks arising from the College's operational activities. Operational risks are component risks within each strategic risk
<b>RESIDUAL RISK</b>	The level of risk that remains after assessing the effectiveness of the controls, management strategies and other mechanisms in place to mitigate a particular risk (Treated Risk)
<b>RISK</b>	Risk is often characterised by reference to any event that will have an impact on the College or any of its activities. Risk is measured in terms of the consequences that could arise from an event (including changes in circumstances), and the likelihood of that particular consequence occurring. Risks to the College are generally assessed in terms of their people, reputation, business operations, governance, financial and educational/ academic outcomes respectively
<b>RISK APPETITE</b>	The risk appetite of the College is the amount and type of risk that the College is willing to take in order to meet its strategic objectives.
<b>RISK IDENTIFICATION</b>	The process of determining the what, where, when, why and how something could happen
<b>RISK MANAGEMENT FRAMEWORK</b>	Framework enabling the consistent management and reporting of risk throughout the College. The framework includes a risk policy, risk assessment protocol, risk reporting protocol and risk register
<b>RISK RATING</b>	A categorisation or prioritisation of risk combining likelihood, consequence and mitigating actions. See current risk and target risk
<b>RISK REGISTER</b>	Register that defines and assesses key components of each risk
<b>RISK TREATMENT</b>	The process of implementing measures to modify risk
<b>STRATEGIC RISK</b>	Risk categories that represent the key risk areas for the College. Strategic risks impact on the achievement of the organisation's strategic objectives
<b>WORST CREDIBLE CONSEQUENCE</b>	The worst potential consequence arising from a risk event should that risk occur. Worst credible consequence should be used to calculate consequence ratings

## Responsibilities

### BOARD

The Board is responsible for ensuring that the College's risk management practices are appropriate and commensurate with the needs of the College and its stakeholders.

The Board shall determine the level of risk that the College is prepared to accept in undertaking its oversight responsibilities including:

- Receiving and challenging the strategic risk profile on a regular basis;
- Approving the Risk Management Framework on an annual basis;
- Reviewing and approving risk information (including independent appraisals of the Risk Management Framework and external disclosures) that is provided to the Board by the Risk Management Committee from time to time; and
- Any other matters for which it has responsibility.

### PRINCIPAL

The Principal is responsible for:

- Ensuring all risk owners, staff, students and volunteers adhere to the Risk Management Framework; and
- Reviewing and endorsing any information provided by the Risk Management Committee to the Board.

### RISK MANAGEMENT COMMITTEE

A Risk Management Committee has been established to oversee the College's risk management processes.

Functions of this role include:

- Ongoing review and approval of the College's risk register in accordance with the Risk Reporting Protocol;
- Annually reviewing and recommending to the Board any proposed changes to the Risk Management Framework;
- Monitoring adherence to the Risk Management Framework;
- Promoting awareness of the Risk Management Framework throughout the College; and
- Providing any relevant risk information (for example independent appraisals of the Risk Management Framework or external disclosures) to the Board for approval.

### EXECUTIVE MANAGEMENT TEAM

The Executive Management Team has responsibility for communicating and consulting with staff to ensure risks are identified, appropriate controls are in place and any necessary treatments are addressed in relation to the operational activities of the College.

The Executive Management Team comprises those persons incumbent in the positions of:

- CEO;
- Principal;
- CFO / HR Manager;
- Assistant Principals; and
- Other members as may be considered suitable from time to time.

### RISK OWNERS

Risk Owners are individuals who have been allocated ownership of strategic or operational risks and are responsible for managing, monitoring and reporting on the status of the risk to the Board and Risk

Management Committee. Risk Owners should follow the Risk Management Framework in fulfilling their obligations which include:

- Monitoring and updating risks and their associated ratings on at least a quarterly basis;
- Reporting any new or re-rated risks in accordance with the Risk Assessment Protocol; and
- Reviewing all risks in their area at least once per year.

#### ALL STAFF, CONTRACTORS AND VOLUNTEERS

Risk management is the responsibility of all staff, contractors and volunteers. This group should be aware of and are responsible for applying risk management principles and practices relevant to all areas of their work.

#### RISK ASSESSMENT PROTOCOL

Risk management is enhanced through the establishment of consistent and clear procedures for performing risk assessments. The Risk Assessment Protocol describes the criteria that will be used by the College to assess consequence and likelihood, leading to an overall risk rating. The overall risk rating will be measured for current risk (the risk level at the present time that takes into account all controls) and target risk (a future risk level that the College would like to reach in the short to medium term).

The Board has considered [ISO 31000](#) in developing its risk assessment process. It has developed its process using likelihood and consequence measures, and building these into a risk level matrix. Risk will be assessed on an inherent basis (before controls are applied), and on a residual risk basis (following the application of controls).

The Risk Assessment Protocol also describes the ownership, monitoring and management requirements for each level of overall risk.

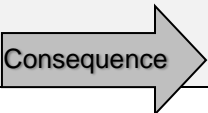
#### RISK CONSEQUENCE

Risk consequence describes the expected outcome or impact should a risk event occur. When assessing consequence, the *worst credible outcome* should be used. The potential consequence for a risk will be assessed using the following scale. The Board has determined that a 'material' risk is one that has the potential, if realised, to:

- Adversely affect the interests of students, staff and other stakeholders; or
- Have a significant impact on the business operations, reputation, profitability or net assets of the College.

In assessing risk, the most appropriate consequence descriptor or combination of descriptors to determine the consequence rating will be selected.

**Matrix 1 - Risk Consequence**

Consequence 	Insignificant	Minor	Moderate	Major	Severe
<b>People (Staff, Students, Volunteers, Contactors)</b>	- Minor irregular capacity / capability failures or Injuries or ailments not requiring medical treatment	- Minor capacity/ capability failures or minor injury or first aid treatment case	- Repetitive failure in business capacity/ capabilities causing some reputational impact or serious injury causing hospitalisation or multiple medical treatment cases	- Parts of business fail due to capacity/ capability failures or life-threatening injury or multiple serious injuries causing hospitalisation	- Business failure due to capability failures or Death or multiple life-threatening injuries
<b>College Reputation</b>	- Expected consequence of conducting business - Manager Review	- Minor disruptions in business - Senior Management review	- Internal disruption some disaffected students/ staff/ parents – Principal or Board scrutiny.	- Intense public, political and media scrutiny. Will significantly impact enrolment base. Board or external party review.	- Will impact organisational viability.
<b>College Business Operations</b>	- Minor errors in systems or processes requiring corrective action, or minor delay without impact on overall business.	- Policy procedural rule occasionally not met or services do not fully meet needs.	- One or more key accountability requirements not met. Inconvenient and disruptive but not organisationally threatening.	- Strategies not consistent with organisation’s agenda. Trends show service is degraded. - Significant and repetitive control failures leading to major impact in business operations	- Critical system failure, bad advice or ongoing non-compliance. - Business severely affected.
<b>College Financials</b>	- % of revenue or x% reduction in enrolments	- % of revenue or x% reduction in enrolments	- % of revenue or x% reduction in enrolments	- % of revenue or x% reduction in enrolments	- % of revenue or x% reduction in enrolments

<p><b>Educational/ Academic Outcomes</b></p>	<p>- Immaterial reduction in students graduating with an OP result; minor changes in curriculum and delivery expect in line with normal College management</p>	<p>- Small trend showing reduction in students graduating with an OP result; increasing instability in curriculum and delivery resulting in some parent complaints</p>	<p>- Moderate (%) reduction in students graduating with an OP result; loss of recognition as leading College in educational delivery; narrowing extra-curricular activity</p>	<p>- Material (%) reduction in students graduating with an OP result; substantial loss of recognition as leading College in educational delivery; narrowing extra-curricular activity showing possible impact on reputation and enrolments</p>	<p>- High (%) reduction in students graduating with an OP result; serious loss of recognition as leading College in educational delivery; narrowing extra-curricular activity delivery impacting reputation and enrolments</p>
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SAMPLE

## RISK LIKELIHOOD

Risk likelihood describes the chance of a given risk consequence occurring. Likelihood will be assessed using the scale shown in the following table.

### Matrix 2 - Risk Likelihood

Likelihood	Frequency/Probability	Control Environment
<b>Almost Certain</b>	<ul style="list-style-type: none"> <li>The most likely and expected result if the event takes place.</li> <li>This option may occur many times daily or it may be expected to occur in the timeframe under consideration.</li> </ul>	Control commonly fails (more than 75% of the time)
<b>Likely</b>	<ul style="list-style-type: none"> <li>Would not be unusual.</li> <li>May occur approximately once per day or once per week.</li> </ul>	Control failure not unexpected (more than 40% of the time)
<b>Possible</b>	<ul style="list-style-type: none"> <li>Unusual but possible or a 10% chance of happening.</li> <li>This may occur on an occasional basis, i.e. once per month or once per annum.</li> </ul>	Control could possibly fail (20% - 50% of the time)
<b>Unlikely</b>	<ul style="list-style-type: none"> <li>Remotely possible; may occur within a 10-year period or a 5% chance of happening.</li> <li>This event occurs rarely, but has been known to occur</li> </ul>	Control failure unexpected (or less than 20% of the time)
<b>Rare</b>	<ul style="list-style-type: none"> <li>Has never happened after many years of exposure, but is conceivably possible.</li> <li>May occur within a 20-year period or less than 1% chance of happening</li> </ul>	Control not known to fail.

## RISK RATING

The overall risk rating is assessed using the following matrix and rating criteria.

### Matrix 3 – Risk Rating

Likelihood	Consequence				
	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Severe
5 Almost Certain	<b>M5</b>	<b>H10</b>	<b>H15</b>	<b>VH20</b>	<b>VH25</b>
4 Likely	<b>M4</b>	<b>M8</b>	<b>H12</b>	<b>H16</b>	<b>VH20</b>
3 Possible	<b>L3</b>	<b>M6</b>	<b>H9</b>	<b>H12</b>	<b>H15</b>
2 Unlikely	<b>L2</b>	<b>L4</b>	<b>M6</b>	<b>M8</b>	<b>H10</b>
1 Rare	<b>L1</b>	<b>L2</b>	<b>M3</b>	<b>M4</b>	<b>H5</b>



## RISK TREATMENT

The following table describes the actions that should take place for the risk depending on its overall risk rating.

### Matrix 4 – Risk Treatment

<b>VH</b>	<b>Very High Risk</b> Principal/Board attention needed, action plans and management responsibility specified. Risk escalated to the Board as required.
<b>H</b>	<b>High Risk</b> Senior executive management attention needed, action plans and management responsibility specified.
<b>M</b>	<b>Medium Risk</b> Manage by specific monitoring or response procedures, with management responsibility specified.
<b>L</b>	<b>Low Risk</b> Manage by routine procedures, unlikely to need specific application of resources.

Risks identified as inherently 'Low' or 'Medium' are considered acceptable. However, these risks will be managed and monitored regularly to ensure they remain acceptable to the changing environment and to the College. Inherent risks identified as "High", or 'Very High' are considered as material risks and therefore are managed more stringently. Where appropriate, a treatment plan will be designed to improve the residual risk status of these risks.

## RISK TREATMENT OPTIONS

In preparing the Risk Treatment Action Plan, the following treatment options will be considered:

1. Avoid the Risk
  - Do not proceed with the activity likely to generate the risk
2. Reduce the Likelihood of the occurrence
  - Documented policies and procedures;
  - Structured training and induction programmes;
  - Effective supervision processes;
  - Effective monitoring, review, audit and compliance procedures
3. Reduce the consequences of the occurrence
  - Appropriate qualifications;
  - Documented emergency/incident management procedures
4. Transfer the risk
  - Outsource the activity to a third party;
  - Seek legal or other external advice;
  - Insurance
5. Retain the risk following cost/benefit analysis

## RISK REPORTING PROTOCOL

Risk reporting allows the College to manage and monitor key risks at all levels of the organisation. It represents how risk management is communicated and helps ensure that the appropriate people receive timely risk information to make informed decisions and take appropriate risk management actions.

### Overview

	<b>Strategic Risks</b>	<b>Operational Risks</b>	<b>Responsible to</b>
<b>College Board</b>	<ul style="list-style-type: none"> <li>- Ensure that the strategic risk profile is reviewed annually</li> <li>- Establish, implement and monitor the business plan and objectives</li> <li>- Review and approve risk information from Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>- Oversight of all operational risks through the Principal and Executive Management Team</li> </ul>	
<b>Risk Management Committee</b>	<ul style="list-style-type: none"> <li>- Oversight of all strategic risks – implementation, monitoring, review and approval</li> <li>- Review annually and monitor adherence to the Risk Management policy</li> </ul>	<ul style="list-style-type: none"> <li>- Oversight of all operational risks through the Principal and Executive Management Team</li> </ul>	<ul style="list-style-type: none"> <li>- Report to College Board quarterly on all operational and strategic risks with a high or very high-risk rating</li> </ul>
<b>Principal</b>	<ul style="list-style-type: none"> <li>- Action plans and management responsibility allocated for all high and very high-risk areas</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure all risk owners, staff, students and volunteers adhere to the Risk Management policy</li> </ul>	<ul style="list-style-type: none"> <li>- Report to Risk Management Committee on changes to strategic and operational risk areas quarterly and on any new, changed or re-rated risk as needed</li> </ul>
<b>Executive Management Team</b>	<ul style="list-style-type: none"> <li>- Action plans and management responsibility allocated for all high and very high-risk areas</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible for identification, monitoring and reporting of all operational risks</li> </ul>	<ul style="list-style-type: none"> <li>- Report to Risk Management Committee via Principal on changes to strategic and operational risk areas quarterly and on any new, changed or re-rated risk as needed</li> </ul>
<b>Risk Owners</b>	<ul style="list-style-type: none"> <li>- Responsible for identification, monitoring, review and reporting on specific strategic risk area</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible for identification, monitoring, review and reporting on specific risk area</li> </ul>	<ul style="list-style-type: none"> <li>- Report to Executive Management Team quarterly;</li> <li>- Report on any new, changed or re-rated risk as needed</li> </ul>

## **STRATEGIC RISK ASSESSMENT AND REPORTING**

Risk registers are maintained by the College to identify, rate and monitor risk. A strategic risk register sets out identified strategic risks within the whole of College context. These risks underpin organisational strategy and are reviewed by the Risk Management Committee reporting through to the Board on a quarterly basis.

The Board is active in monitoring the effectiveness of the controls to ensure that the residual risk remains within prudent limits Appendix A outlines the standard reporting for strategic risk.

## **OPERATIONAL RISK ASSESSMENT AND REPORTING**

The Executive Management Team, as risk owners, is responsible for identification, monitoring and reporting on operational risks. Each business area will identify, document, monitor and report on operational risks. Appendix B is the template register for operational risks.

### ***Operational Risk Documentation***

Each Risk Owner conducts a risk management review which is documented on its:

- Risk Register; and
- Risk Treatment Action Plan.

The Risk Register provides information on the identified risks, including material risks, of the College. The Risk Owner for each risk area is responsible for development of a Risk Register and Risk Treatment Action Plan which follows the risk identification and evaluation methods set out in this Framework. The College Business Manager will maintain the risk management documentation on behalf of the Risk Management Committee which oversees the operational risks management at the College. The Risk Management Committee is active in monitoring the effectiveness of the controls to ensure that the residual risk remains within prudent limits.

### ***Operational Risk Monitoring and Review***

The Principal and the Executive Management Team shall report, on their respective delegated areas of responsibility, to the Risk Management Committee on a quarterly basis, but additionally at any other time when there is a significant change in the College's risk exposure. The reports will provide details on:

- The status of risks and risk treatments with an inherent risk rating of high or extreme in the risk register; and
- Any additional action required.

High risks will be monitored by the Principal and/or the College Business Manager. Very high risks will be managed by the Principal on an ongoing basis and will be monitored closely by the Board through the Risk Management Committee. Where any risk is rated "high" or "very high" a comprehensive risk treatment plan is to be in place. Any worsening of the risk is to be immediately reported to the Board through the Chair.

### **Appendices**

- Appendix A – Reporting Strategic Risk;
- Appendix B – Risk Register and Risk Update

**Appendix A: Strategic Risk Reporting**

**Risk Description:**

**Risk Owner:**

Inherent Risk Rating			Internal Controls	Residual Risk Rating		
Likelihood	Consequence	Rating		Likelihood	Consequence	Rating
<b>Risk Owner</b>	<b>Proposed further action/treatment</b>					



### Risk Update

- Provide a short description of any significant control breakdowns that have been detected, and whether or not these led to an incident. Where accidents or losses have occurred, provide a summary of the incident and the key outcomes from the investigation
- Describe any changes that may affect the College's risk profile either now or in the foreseeable future. This may include information on competitors' actions, changes that have affected other Colleges, and even speculative comments on the possible impact of upcoming changes for example changes to legislation, government policy etc.
- Provide updates on significant changes to the College's risk management activities and any other relevant events for example status report on on-going projects, progress reports on the implementation of changes following incident investigations etc.

### SUMMARY OF NEW, RE-RATED OR CLOSED RISKS

- Provide a summary of all new, re-rated or closed operational risks with a rating of very high since the last Board meeting, using the table below

Risk	Risk Description	Previous Rating (if re-rated)	New Rating	Comments

### DETAILED RISK DESCRIPTION

- For all new or re-rated very high strategic risks, management must provide a report using the template in Appendix A