

# *Board Policy and Procedure for Risk Management*



ST ANDREWS  
CHRISTIAN COLLEGE

INSPIRED BY  
FAITH

DISTINGUISHED BY  
CHARACTER

LEADERS BY  
INFLUENCE



# *Board Policy for Risk Management*

## PREAMBLE

All policy, protocols and procedures flow from the St Andrews Christian College Mission Statement:

*“To educate our students so that they are well skilled, understand life on the basis of biblical truth, and are motivated to walk with God and serve Him in their lives, so that they will be a positive Christian influence in the world.”*

## POLICY DOCUMENT INFORMATION

<b>TITLE:</b>	Board Policy for Risk Management
<b>AUTHORS:</b>	James Bligh, Sab Ambrosino, Adrian Rowley, Tim Farmilo
<b>ACKNOWLEDGEMENTS:</b>	Peter Prendergast
<b>PURPOSE:</b>	To provide policy and direction for the management of risk within the College.
<b>RELATED DOCUMENTS:</b>	Board Policy for Occupational Health and Safety Risk Register

## KEY DATES

<b>ISSUE DATE:</b>	October 2011
<b>REVIEWED AND APPROVED:</b>	August 2017
<b>SCHEDULED REVIEW DATE:</b>	August 2018



## 1. OBJECTIVE

The purpose of this document is to formalise and communicate the College's approach to the management of risk across the organisation.

It demonstrates compliance with the holistic approach to risk management described in Australian/New Zealand Standard 4360:2004 on "Risk Management" (ASNZ 4360).

The Risk Management Policy forms part of the internal control and corporate governance arrangements for the College. The primary objective of this policy is to provide for a structured and consistent approach to dealing with "uncertainty" in the context of the College strategic direction and its willingness to accept risk.

In particular it is designed to:

- Promote cultural awareness of the main risks confronting the organisation;
- Protect and enhance the organisation's assets and its reputation; and
- Ensure all significant risks are identified and treated as appropriate.

The policy defines the key risk terminology, outlines the risk management process and documents the roles and responsibilities of the Risk Committee (the Committee) and other key personnel.

## 2. DEFINITIONS

The College has adopted the following definitions from ASNZ 4360.

### **Risk**

The chance of something happening that will have an impact upon objectives. It is measured in terms of consequence and likelihood. Though generally associated with negative impacts, a "risk" can also have a positive impact. A risk should be specified in terms of an event or circumstance and the consequences that may flow from it.

### **Consequence**

The outcome of an event expressed either in financial terms or qualitatively, being a loss, injury, disadvantage or gain.

### **Likelihood**

The possibility of an event happening.

### **Risk Assessment**

The overall process of risk analysis and risk evaluation.

### **Risk Analysis**

A systematic use of available information to determine how often specified events might occur and the magnitude of their consequences.

### **Risk Evaluation**

The process used to determine risk management priorities by comparing the level of risk against target risk levels or other criteria.

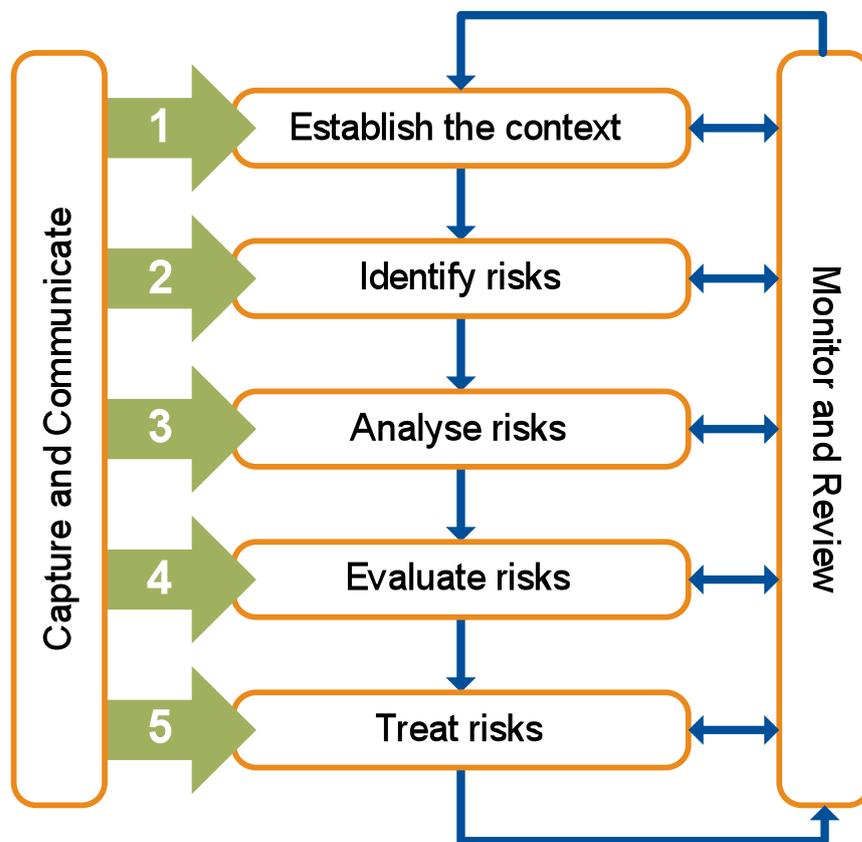
### **Risk Management**

The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.

### 3. RISK MANAGEMENT PROCEDURE

#### 3.1 Risk Management

Risks can relate to both threats to operation, and the failure to take advantages of opportunities. The College takes an enterprise wide view of risk incorporating risks from all activities. Both strategic and operational risks to the achievement of the College’s corporate objectives are considered.



**Establish the context**

The key to an effective risk management is clear identification of the “subject” of the framework i.e. a clear understanding of the question “risk to what”? To establish context it is necessary to examine the external and internal environment. Core issues that need to be addressed are:

- Who are the key stakeholders?
- Where does this uncertainty sit in relation to the organisation’s strategic objectives?
- What is an acceptable level of risk?

**Identify risks**

After establishing the context, a comprehensive list of all potential risk exposures is developed. This list expresses the event or circumstance and the impact of that event or circumstance on the

objectives of the organisation. This step should include the identification of possible causes, or scenarios leading to all the events listed, sometimes referred to as risk drivers.

<b>Analyse Risks</b>	Once all possible risks are identified, each risk should be analysed in terms of how likely it is to happen (likelihood) and the possible severity or magnitude of the effect (consequence). This analysis will be influenced by the controls and other mitigating factors presently in place.
<b>Evaluate Risks</b>	The purpose of evaluation is to make decisions based on the analysis about which risks need treatment. It involves prioritisation of treatment plans. In some cases evaluation may lead to further analysis.
<b>Treat Risks</b>	For 'extreme' and 'high' risk exposures, it is necessary to identify options to treat these risks, evaluate the options and develop and document a risk management strategy or treatment action plan for implementation. Risk treatment options available include: accepting risk, reducing risk, transferring risk or avoiding risk.
<b>Monitor and Review</b>	It is necessary to incorporate monitoring and review procedures to capture any new risks arising from changing circumstances and work environment, and to review implementation of risk reduction strategies. This step will include the nomination of the "risk owners" responsible for monitoring each risk and ensuring that treatment plans are actioned.
<b>Communicate and Consult</b>	Communication and consultation are important elements at each step of the risk management process. Effective communication is essential to ensure that those responsible for implementing risk management, and those with a vested interest understand the basis on which risk management decisions are made and why particular actions are required.

Risks are analysed and evaluated by reference to the parameters set out in **Appendix 1**

### 3.2 Risk Register

All risks with the potential for significant impact to the College will be documented using Risk Register that is to be maintained by the Risk Sub-committee.

The risk register will contain comprehensive information for each risk including:

- Reference and title
- Description setting out the event and the consequences that will flow from it as well as information on the main sources of the risk
- Current ratings from extreme and high to low
- Current consequence and likelihood ratings
- Information on the acceptability or otherwise of current ratings
- Treatment strategies and action plans
- The responsible official or "risk owner"

The risk register will be available to the Board and regularly tabled for discussion with the Board.



### **3.3 Roles & Responsibilities**

The following describes the key roles and responsibilities incorporated into the College's risk management framework. The management of risk is an essential component of the operations of the College so all parts of the organisation have a role to play:

#### **Board**

The Board will confirm the Risk Management policy and strategy based on the recommendation of the Risk Sub-committee. The Board will be advised on a regular basis on the 'Risk Profile' of the organisation and the adequacy and effectiveness of the risk management system. The Board holds ultimate responsibility for the management of risk within the College but delegates the operational management according to the Board Policy for Delegation of Authority.

#### **Risk Sub-committee**

The risk sub-committee of the College Board will stay informed of the College's diverse risk and compliance profile. It will also review the adequacy and effectiveness of the risk management framework. The sub-committee will receive the updated 'Risk Profile' for the organisation from operations on a regular basis.

#### **Principal**

Approve operational risk policy and strategy, review operational risk reports for the organisation as a whole, and support an environment that promotes prudent risk management practice. The Principal will receive the 'Risk Profile' for the organisation and a status of any overdue risk action plans on a regular basis.

#### **Risk Coordinator**

The Risk Coordinator will represent the operations of the College in the Risk Management framework and will be appointed by the Principal. The Risk Coordinator will ensure a structured and consistent approach is adopted throughout the College; set standards for operational risk documentation and monitoring; co-ordinate overall risk profile and risk action plans; develop and communicate organisational policy and information about the risk management programme to all staff; and establish appropriate reporting processes to the Risk Sub-committee and Principal.

#### **Executive Leaders**

All Executive Leaders of the College will actively support the Principal and the Risk Coordinator in all risk management activities and ensure all relevant treatment plans are actioned as efficiently and effectively as possible.

## APPENDIX 1 — *Risk Parameters*

CONSEQUENCE		Financial (Total Cash Impact)	Human	Business Interruption	Reputation & Image	Environment
5	<b>Catastrophic</b>	Above \$100,000*	Single death/Permanent Disability	Critical service loss for more than one month	Public inquiry/ Director prosecution.	Long term harm
4	<b>Major</b>	\$50,000 to \$100,000*	Extended Hospital Stay	Critical service loss for up to one month	Embarrassment for Board/ Contractor prosecution	Significant harm
3	<b>Serious</b>	\$5,000 to \$50,000*	Injury/ Hospital	Critical service not back in agreed time	Local Community concern	Moderate harm
2	<b>Minor</b>	\$1,000 to \$5,000*	Injury/ Treatment	Local only, service loss for minimum period	Senior Mgt involvement	Transient harm
1	<b>Insignificant</b>	Below \$1,000*	First Aid	Negligible impact, brief loss of service	Resolved in day-to-day mgt.	Brief pollution

LIKELIHOOD		DESCRIPTION
5	<b>Almost Certain</b>	The event is expected to occur in most circumstances, say many times a month, or is already happening
4	<b>Likely</b>	The event will probably occur in most circumstances say once a year (50-80% chance of occurring)
3	<b>Possible</b>	The event should occur at some time, say once in 3 years (30-50% chance of occurring)
2	<b>Unlikely</b>	The event may occur at some time, say once in 5 years (10-30% chance of occurring)
1	<b>Rare</b>	Event may occur only in exceptional circumstances (less than 10% chance of occurring)



RATING	ACTION
<b>Extreme</b>	Modify the threat, frequency or consequence to reduce the risk rating to Significant or lower ( where possible)
<b>High</b>	Review the risks and where practicable reduce by additional mitigation measures such as hedging, insurance etc
<b>Significant</b>	Modify the threat, frequency or consequence to ensure the risk class is reduced to Moderate or Low. Where the risk class cannot be reduced to Moderate or Low, action shall be taken to minimise the risks far as reasonably practical.
<b>Moderate</b>	Management responsibility must be specified, and monitor to determine if risk changes and needs to be reassessed
<b>Low</b>	Manage by routine processes and reassess at next review

		CONSEQUENCE				
		1 INSIGNIFICANT	2 MINOR	3 SERIOUS	4 MAJOR	5 CATASTROPHIC
LIKELIHOOD	5 ALMOST CERTAIN	MODERATE	HIGH	EXTREME	EXTREME	EXTREME
	4 LIKELY	MODERATE	SIGNIFICANT	HIGH	EXTREME	EXTREME
	3 POSSIBLE	MODERATE	MODERATE	SIGNIFICANT	HIGH	EXTREME
	2 UNLIKELY	LOW	LOW	MODERATE	SIGNIFICANT	HIGH
	1 RARE	LOW	LOW	MODERATE	MODERATE	SIGNIFICANT