

## RISK MANAGEMENT FRAMEWORK 2019

### Risk Management Framework

#### Purpose

This Risk Management Framework introduces the St. Michael's College approach to risk management. It includes a definition of risk, a summary of the purpose and key features of the Framework, and responsibilities for the management of risk throughout St. Michael's College

#### Scope

This policy applies to students and employees, including full-time, part-time, permanent, fixed-term and casual employees, as well as contractors, volunteers and people undertaking work experience or vocational placements.

#### Policy

St. Michael's 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.

St. Michael's College will therefore:

- Identify reasonably foreseeable risks associated with its activities that may have a material impact on the College;
- Assess identified risks;
- Put in place controls and treatments to reduce risks to a target level that is consistent with the College's requirements;
- 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

Consequence	The expected outcome or impact of a risk event
Current risk	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)
Inherent Risk	Rating of a risk assuming no controls are in place
Likelihood	The probability or chance of a risk event occurring
Operational risk	Key risks arising from St. Michael's College's operational activities. Operational risks are component risks within each strategic risk
Residual risk	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)
Risk	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 St. Michael's College are generally assessed in terms of their people, reputation, business operations, governance, financial and educational/academic outcomes respectively
Risk appetite	The risk appetite of St. Michael's College is the amount and type of risk that St. Michael's College is willing to take in order to meet its strategic objectives
Risk identification	The process of determining the what, where, when, why and how something could happen
Risk Management Framework	Framework enabling the consistent management and reporting of risk throughout St. Michael's College. The framework includes a risk policy, risk assessment protocol, risk reporting protocol and risk register
Risk rating	A categorisation or prioritisation of risk combining likelihood, consequence and mitigating actions. See current risk and target risk
Risk register	Register that defines and assesses key components of each risk
Risk treatment	The process of implementing measures to modify risk
Strategic risk	Risk categories that represent the key risk areas for St. Michael's College. Strategic risks impact on the achievement of the organisation's strategic objectives
Worst credible consequence	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 St. Michael's College 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 activities. These oversight responsibilities include:

- Receiving and challenging the strategic risk profile on a regular basis;
- Approving the Risk Management Framework on an annual basis; and
- Reviewing and approving risk information (including independent appraisals of the Risk Management Framework and external disclosures).
- Ongoing review and approval of St. Michael's College's risk register in accordance with the Risk Reporting Protocol;

### **Principal**

The Principal is responsible for:

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

### **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:

- Principal;
- Finance Manager;
- Deputy Principal;
- ELC Director.

### 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 College Board. 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;
- Reviewing all risks in their area at least once per year.

### All Staff, Contractors and Volunteers

Risk management is the responsibility of all St. Michael's College 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 St. Michael's 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 St. Michael's 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.

## Risk Consequence

**Matrix 2 - Risk Consequence**

Consequence	Insignificant	Minor	Moderate	Major	Severe
<b>Legal and compliance</b>	Breaches of a technical nature that do not expose the College to legal action and can be managed through routine activities	Breach resulting in exposure to civil action but fairly unlikely	Breach resulting in threats of: legal action (civil and criminal), investigation by an administrative body, registrations, licenses or permits being revoked to adverse comments made in relevant inspections	Breach resulting in warnings to senior management, fines or litigation greater than \$500,000, registrations, licences or permits being revoked or closure of a few key services	Breach resulting in prosecution, imprisonment, fines or litigation greater than \$1 million or closure of service
<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>Reputation</b>	- Expected consequence of conducting business	Internal disruption some disaffected students/ staff/ parents - Manager Review	Some attention from stakeholders with little to no publicity, but able to be resolved by routine management processes without impact to the College's reputation - Senior Management Review	Limited damage to the College's reputation; minor one-off negative local publicity or visible dissatisfaction with the College by stakeholders - Board Review	Negative publicity or short-term damage to the College's reputation resulting in internal inquiry, potential for impact on enrolment base - External Review
<b>Financial</b>	Impact on <1% of budget	Impact on 1% - 2% of budget	Impact on 2% - 5% of budget	Impact on 5% - 10% of budget	Impact on >10% of budget
	<\$1 000	\$1 000 - \$10 000	\$10 000 - \$50 000	\$50 000 - \$100 000	>\$100 000

	Temporary disruption to delivery of products, services or systems	Minor disruption to delivery of products, services or systems	Restrictions or disruption to delivery of products, services or systems	Sever delays or restrictions to key products, services or systems	Non-delivery or loss of critical products, services or systems
	1% reduction in enrolments	1 - 2% reduction in enrolments	2 - 5% reduction in enrolments	5 -10% reduction in enrolments	>10% reduction in enrolments
<b>Teaching &amp; Learning</b>	Minor changes in curriculum and delivery in line with normal school management	Increasing instability in curriculum and delivery resulting in some parent complaints	Loss of recognition as leading school in educational delivery; narrowing extra-curricular activity	Substantial loss of recognition as leading school in educational delivery; narrowing extra-curricular activity showing possible impact on reputation and enrolments	Serious loss of recognition as leading school in educational delivery; narrowing extra-curricular activity delivery impacting reputation and enrolments
<b>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>Staff Morale</b>	Isolated incidents of short term decline in individual staff confidence/ morale	Some short term decline in staff confidence/ morale	Frequent decline in staff confidence/ morale	Long term decline in staff confidence/ morale	Ongoing lack of staff confidence and low staff morale across the organization
<b>Business Continuity</b>	Minor business disruption or security threat that causes no material disruption to College services. No impact on stakeholders. Incident absorbed by routine management.	Minor business disruption or security threat that causes localised material disruption to College services. Minimal impact to stakeholders.	Moderate business disruption or security incident resulting in disruption to some of the department's critical services. Some inconvenience to stakeholders.	Significant business disruption or security incident resulting in prolonged disruption to critical services across the College. Considerable impacts to stakeholders.	Extreme business disruption or security incident resulting in indeterminate prolonged suspension of critical services across the College. Debilitating impact on stakeholders.

## 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>	The most likely and expected result if the event takes place. This option may occur many times daily or it may be expected to occur in the timeframe under consideration.	Control commonly fails (more than 75% of the time)
<b>Likely</b>	Would not be unusual. May occur approximately once per day or once per week.	Control failure not unexpected (more than 40% of the time)
<b>Possible</b>	Unusual but possible or a 10% chance of happening. This may occur on an occasional basis, i.e. once per month or once per annum.	Control could possibly fail (20% - 50% of the time)
<b>Unlikely</b>	Remotely possible; may occur within a 10 year period or a 5% chance of happening. This event occurs rarely, but has been known to occur	Control failure unexpected (or less than 20% of the time)
<b>Rare</b>	Has never happened after many years of exposure, but is conceivably possible. May occur within a 20 year period or less than 1% chance of happening	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				
	Insignificant	2 Minor	3 Moderate	4 Major	5 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>	<p><b>Very High Risk</b> Principal/Board attention needed, action plans and management responsibility specified. Risk escalated to the Board as required.</p>
<b>H</b>	<p><b>High Risk</b> Senior executive management attention needed, action plans and management responsibility specified.</p>
<b>M</b>	<p><b>Medium Risk</b> Manage by specific monitoring or response procedures, with management responsibility specified.</p>
<b>L</b>	<p><b>Low Risk</b> Manage by routine procedures, unlikely to need specific application of resources.</p>

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 St. Michael's 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 St. Michael's 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

	Strategic Risks	Operational Risks	Responsible to
<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>- Oversight of all strategic risks – implementation, monitoring, review and approval</li> <li>- Review annually and monitor adherence to the Risk Management Framework</li> </ul>	<ul style="list-style-type: none"> <li>- Oversight of all operational risks through the Principal and Executive Management Team</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 Framework</li> </ul>	<ul style="list-style-type: none"> <li>- Report to College Board 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 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 College 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 Finance Manager will maintain the risk management documentation on behalf of the College Board which oversees the operational risks management at St. Michael's College. The College Board 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 College Board 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.

Medium risks will be monitored by the Principal, ELC Director and/or the Finance Manager. High and Very High risks will be managed by the Principal on an ongoing basis and will be monitored closely by the Board. 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 Chair.

### Appendices

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

## Policy Release Details

<b>Date of Policy:</b>	Jan 2019	<b>Supersedes:</b>	Previous
<b>Authorised by:</b>	Board Chair	<b>Date of Authorisation:</b>	Feb 2019
<b>Review Date:</b>	Annually	<b>Next Review Date:</b>	Jan 2020
<b>Policy Owner:</b>	St. Michael's College Board.		



**APPENDIX B: Risk Register**

Area:  
Section:

Risk No	Nature of the Risk	Impact	Likelihood	Consequence	Risk Rating	Existing Treatments/Controls	Residual Risk Rating	Further action required	Person Responsible
	What can happen & how	Outcomes if event occurred	Rating from Policy	Rating from Policy	Matrix from Policy	Strategies to eliminate or minimise risk	Evaluate the effectiveness of treatment/control strategies	Additional treatments/ controls required to make risk acceptable	Person responsible for managing the risk
1.									
2.									
3.									
4.									
5.									
6.									