

# Risk Management Policy

RMP2017-1.1

<b>Purpose:</b>	The purpose of this policy is to outline guidelines for managing risks that may threaten the operational viability Arcadia 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> N/A
<b>Authorised by:</b>	College Governing Board / CEO	<b>Approval Date:</b> 16 <sup>th</sup> December 2015
<b>References:</b>	Allergies Policy Anti-Bullying Policy Anti-Discrimination Policy Anti-Harassment Policy Child Protection Policy Child Protection Compliance Policy Conflict of Interest Policy Critical Incidents Policy Workplace Bullying Policy Workplace Health and Safety Policy Duty of Care Handbook Maintenance Plan	
<b>Reviewed:</b>	2 Years	<b>Next Review:</b> 16 <sup>th</sup> December 2017
<b>Responsibility:</b>	CEO / Deputy Principal / Head of Welfare	<b>Point of Contact:</b> Services Manager
<b>Policy Owner:</b>	College Governing Board	

## Policy

The policy of Arcadia College is to take a proactive approach to managing risk by carefully evaluating all areas of the college's operations where risks may occur and establishing procedures for managing them.

Because management of risk is such a broad area, all staff are involved in assessing and evaluating risk in their own areas of responsibility and the college actively works towards developing a culture of risk awareness and minimization.

The college has a Leadership Team, chaired by the CEO, which is responsible for this policy area. In order to reduce risks to the college and all members of the college community, the Committee applies the following steps to identify, evaluate and manage risks:

### 1. Establishing the context

To establish the strategic context, the Committee identifies the key stakeholders and their objectives and expectations.

The organisational context includes:

- community expectations
- corporate policy, such as Board policies
- government policy
- level of managerial commitment
- management structures
- relevant legislation.

These **key questions** help to establish the context:

- What is the policy, program, process or activity?
- What are the cost and revenue considerations?
- What are the major outcomes expected?
- What are the significant factors in the organisation that impact on this area?
- What is the best way of structuring risk identification?
- What risk criteria should be established?
- What were the issues identified by previous reviews?

## 2. Identifying the risks

The Committee examines all sources of risk from the perspectives of all stakeholders, both internal and external. Each source is identified so that the analysis can consider the contribution each makes to the likelihood and the consequences of the risk.

Risks are identified through:

- audits or physical inspections
- brainstorming
- decision trees
- examining local or overseas experience
- expert judgment
- flow charting, system design review, systems analysis
- history, failure analysis
- incidents or complaints
- interviews/focus groups
- operational modelling
- organisational experience
- personal experience
- scenario analysis
- SWOT Analysis
- survey or questionnaire
- systems engineering techniques, e.g. Hazard and Operability (HAZOP) studies
- work breakdown structure analysis.

These **key questions** help to identify risks:

- When, where, why, how are the risks likely to occur?
- What is the source of each risk?
- Who might be involved?
- How often might these risks occur?
- How reliable is the information?
- What are the consequences of each risk?
- What is the potential cost in time, money and resources?
- What controls presently exist to mitigate the risk?
- What are the accountability mechanisms - internal and external?
- Is there a need to research specific risks or seek further information?

Members of the Committee who are involved in identifying risks are knowledgeable about the policy, program, process or activity being reviewed, or access other members of staff or experts from outside the college, who are.

### 3. Analysing the risks

After identifying a wide range of risks, the Committee separates the minor risks from the major and begins to prioritise them. The level of risk is defined by the relationship between consequence and likelihood, applicable to the area of risk or program under review.

Answers to these **key questions** help to define risk levels:

- What are the potential consequences of each risk if it occurs?
- What is the potential likelihood of the risk happening?
- What controls exist to prevent or detect the risk?
- What controls exist which will lower the consequences or likelihood of the risk?
- How well are these controls enforced by management?

### 4. Evaluating and Prioritising

After analysing the risk, decisions are made by the CEO, in consultation with the College Board, regarding whether the risk is acceptable or unacceptable. This involves comparing the level of risk with the identified level of unacceptable risk.

A risk is 'acceptable' if it is not going to be treated. Unacceptable risks will be treated in some way.

Evaluation takes account of the degree of control over each risk and the cost impact, benefits and opportunities presented by the risks. Combining likelihood and consequences produces risk levels.

The Committee uses the following template to evaluate risks:

		Level of risk				
		Consequences				
		Insignificant	Minor	Major	Critical	Extreme
Likelihood	Almost Certain	Medium	Serious	High	High	High
	Likely	Medium	Medium	Serious	High	High
	Possible	Low	Medium	Serious	Serious	High
	Unlikely	Low	Low	Medium	Medium	Serious
	Rare	Low	Low	Medium	Medium	Serious

#### Risk descriptors

<b>High risk</b>	Immediate action required, senior management/Board will be involved
<b>Serious risk</b>	Senior executive management attention needed and management responsibility specified
<b>Medium risk</b>	Manage by specific monitoring or response procedures
<b>Low risk</b>	Manage by routine procedures, unlikely to need specific application of resources

In assessing whether or not the level of risk is acceptable the CEO and Board consider the following questions:

- How does the level of each risk stand up against the level of acceptable risk?
- Is the level of the risk so low that treatment is not appropriate?
- Do the opportunities outweigh the threats to such a degree that the risk is justified?
- Is the cost excessive compared to the benefit?
- Is there no treatment available?

## 5. Treating risks

Risk cannot be eliminated, but choosing and implementing a treatment plan help to master the risk.

A number of options are available:

- accept
- avoid
- reduce
- transfer

Following the CEO and Board's decisions with regard to which risks are unacceptable (and therefore need to be treated), the Committee assesses treatment or control options to minimise risk by asking:

- What is the feasibility of each treatment option?
- What is the cost of implementing versus the benefits?
- What is the extent of risk reduction versus the benefits?
- What are the resources needed (people, money, technical)?
- Do the risk treatments comply with legal requirements, government and organisational policies, including those concerning access, equity, ethics and accountability?
- What are the criteria of acceptability?
- What opportunities are created by the risk?
- Are there rare but severe risks?

The Committee then prepares treatment plans by deciding:

- Which option is the best choice?
- What will be monitored and reviewed to determine the success of the treatment?
- Who is best placed to treat each risk, either through better knowledge, technical expertise or financial capability?
- What job design and work organisation options are appropriate for staff treating the risks?
- Who is accountable and responsible for the treatment of the risk?

## 6. Monitoring and reviewing

The Leadership Team monitors risks, the effectiveness of the school's treatment plan or strategies and the management system that has been set up to control the implementation on an as needed basis. Some risks are reviewed daily, while others are addressed at the start of semester, biannually or annually.

**Key questions** when monitoring and reviewing risks are:

- Are the risk treatments effective in minimising the risks?
- Are the risk treatments comparatively efficient/cost effective in minimising risks?
- Do the performance indicators address the key elements for risk treatment?
- Are the assumptions you made about the environment, technology and resources still valid?
- Are the management and accounting controls adequate?
- Do the risk treatments comply with legal requirements, government and organisational policies, including access, equity, ethics and accountability?

- How can improvements be made?

A report arising from this review is presented to the Board by the CEO at least once per year.

### Risk Management Checklist

A Risk Management Checklist is available in the Appendix to this policy. The purpose of the list is to provide information about the potential exposures the college might face. The list is not exhaustive, but it gives the CEO, the Board and the Risk Management Committee an indication of exposures that may affect the college and therefore have to be managed.

### Appendix – Risk Management Checklist

<b>Human Resource Management</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Risk level</b>	<b>Action</b>
1. enterprise bargaining disputes					
2. over-reliance on small number of staff					
3. problems with outside contractors					
4. problems with own staff					
a. badly-designed workplaces					
b. claims of sexual harassment					
c. criminal activity					
d. cultural/religious conflicts					
e. equal Employment Opportunity/					
Anti-Discrimination dispute					
f. inadequate/inappropriate training					
g. inappropriate skills mixes					
h. industrial disputes					
5. insufficient technical skills					
a. language difficulties					
b. loss of key staff					
c. Occupational Health and Safety disputes					
6. unfair dismissal/litigation					
<b>Personnel</b>					
<b>Personnel</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Risk Level</b>	<b>Action</b>
1 accident/injury to head of college					
2. resignation of CEO					
3. loss of key personnel					
4. lack of succession planning					
5. inadequate skills, training					
6. theft, misappropriation					
7. wrongful acts					
8. inability to access staff in particular subject areas					
<b>Student Welfare - General</b>					
<b>Student Welfare - General</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Risk Level</b>	<b>Action</b>
1. accident/death of student on campus					
2. accident/death of student off campus					
3. bullying/cyber-bullying					
4. non-compliance with disability legislation					
5. harm/abuse on campus					
6. harm/abuse off campus					
7. harm/abuse from home/billeting					
8. academic failure					
9. sexual harassment					
<b>Student Welfare - International</b>					
<b>Student Welfare - International</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Risk Level</b>	<b>Action</b>
1. inappropriate homestay placement					
2. inadequate homestay selection and orientation processes					

3. inadequate guidelines for homestay parenting					
4. inadequate communication with homestay parents/agents/family					
5. escalation of homestay incident					
6. lack of English leading to academic failure					
7. lack of English leading to physical risk					
8. lack of cultural understanding					
9. student in breach of visa conditions					
10. passports not current					
11. lack of appropriate medical and other insurance cover					
12. issues re travelling – security, quarantine, personal safety, immigration, and on arrival					
13. lack of understanding and compliance with Australian laws, e.g. relating to age					
14. financial issues – credit card management, gambling, theft, extortion, student responsibility in relation to finances					
<b>Resources</b>					
	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Risk Level</b>	<b>Action</b>
1. lack of quality resources					
2. breaches of <i>Trade Practices and Fair Trading Acts</i>					
3. contaminated or unsafe products					
4. equipment breakdown or unavailability of parts					
5. inexperienced personnel					
6. poor service leading to angry stakeholders					
6. poorly maintained equipment/infrastructure					
7. equipment obsolete					
8. supply delays					
<b>Financial</b>					
	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Risk Level</b>	<b>Action</b>
1. loss of government funding					
2. audit risk					
3. bad debts					
4. business interruption					
a. industrial action					
b. natural disaster					
c. flu epidemic					
5. cash / fund management shortfall					
6. exchange rate movements					
7. fines/judgment orders					
8. fraud					
9. inaccurate accounting and/or reporting					
10. inadequate costing systems (leading to unsustainable fee levels)					
11. inadequate insurance					
12. inventory risk with loss or obsolescence					
13. negligence					
14. over-reliance on small number of enrolments					
15. poor cash flow					
16. utilities interruption					
<b>Disasters</b>					
	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Risk Level</b>	<b>Action</b>
1. arson					
2. attack by deranged person					
3. staff/student/site exposure to long term hazards/ pollution					
4. electricity surge					
5. power cuts					
6. epidemic among staff and/or students					
7. fire					

8. flooding					
9. industrial accident					
10. lightning strike					
11. vandalism					
12. water cuts					
<b>Political</b>					
	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Risk Level</b>	<b>Action</b>
1. changes in government					
2. community expectations					
3. legislative changes					
4. loss of accreditation					
5. changes to school funding					
<b>Economic/Marketing</b>					
	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Risk Level</b>	<b>Action</b>
1. competitors may innovate successfully					
2. over-reliance on international students					
3. scandal may result in loss of enrolments					
4. subject/services offering too limited					
5. undetected change in market/customer demand					
6. new school established in catchment area					
<b>Legal</b>					
	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Risk Level</b>	<b>Action</b>
1. breach of contract					
2. director and officer liability					
3. errors and omissions					
4. limitation of liability					
5. public liability					
6. statutory breaches					
7. occupational injury					