

Title	Risk Management Policy
Policy Category	Governance
Policy Type	Best Practice
NQF Standard	NQS: Quality Area 7
Related Legislation	See legislation map

Background and Context

All organisations are constantly faced with a multitude of risks. The success of an organisation depends on its ability to mitigate its risks and to tap into its opportunities. Many such risks can have positive consequences.

Some risks are minor and insignificant, whereas others have the potential to seriously affect the continued well-being of the organisation. It is important to understand both the likelihood and potential consequences of each risk in order to understand the true threat posed to the business.

For the more significant risks, we need to take sensible, responsive, cost-effective mitigation measures.

A key objective is to make employees 'risk aware' as opposed to 'risk averse' and to embed awareness throughout the organisation. The most successful risk management processes are those that involve not only the Board and Executive Management, but all employees - a 'top down' and 'bottom up' approach.

Involving people, raising awareness and giving employees responsibility for managing the risks (within their control), can have a significant impact on the overall resilience of the organisation.

At Board level, there needs to be commitment to understanding and overseeing these risks. At the Operational level, the commitment is to manage the Risk Register effectively by proactively identifying risks, analysing and ranking the risks and then applying appropriate risk management strategies.

The most successful organisations are the ones who are able to embed risk management in their culture; where risks and associated mitigation measures are identified at all levels, where risk registers are maintained by Executive and other managers and where risk management is seen by all employees as an embedded part of the way they do their jobs.

Glen Education's goals are embedded in its Rules of the Association 2022; and Statement of Purpose documents. They guide the strategic intent as outlined in the Strategic Plan.

Scope

The Risk Management Policy sets out the amount of risk that the Glen Education Board is willing to take in the pursuit of the organisation's goals.

It is used by the Executive Management Team to identify and address risks and opportunities which may affect the achievement of quality objectives.

This policy should be read in conjunction with the:

- Risk Management Procedure
- Business Continuity Plan
- Emergency Management Plans specific to each site

Definitions

Possible Likelihood Definitions

Possible Likelihood Definitions		
Unlikely (1)	1	Not expected to occur and has never occurred in the past. Almost inconceivable but cannot be ruled out entirely.
Possible (2)	2	Conceivable, but more likely not to happen than to happen.
Likely (3)	3	Expected to occur or has occurred several times in the past. More likely to happen than not to happen.
Almost Certain (4)	4	Expected to occur or occurs regularly. Difficult to conceive if not happening.

Possible Impact Definitions

Possible Impact Definitions			
Insignificant (1)	1	Inconvenience but no significant business impact	Minor short-term staff disruption, Minor stakeholder dissatisfaction, Negligible financial impact
Moderate (2)	2	Operational difficulty requiring significant time and/ or resource to manage	Minor injury, Stakeholder dissatisfaction, Moderate staff disruption, Non-trivial financial impact,
High (3)	3	High visibility, significant and/ or sustained business issues	Serious injury, Significant Stakeholder dissatisfaction, Damage to reputation, Regulatory issues, Serious staff disruption (e.g. service compromised), Significant financial impact

Severe (4)	4	Threat to viability or survival of the business unit or the business	Death, Unacceptable stakeholder impacts, Serious damage to reputation, Brand affected, Operating license revoked, High financial impact
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Policy

Risk Appetite Statement

The purpose of having a Risk Appetite Statement is to guide Board and staff in their decision making, and their reporting of abnormal events or abnormal exposures. Risk criteria, in conjunction with a risk matrix go part way to articulating risk appetite. A Risk Appetite Statement provides more clarity by providing additional perspectives on different categories of risk. The Board of Directors acknowledge their responsibility to provide clear leadership on their responsible approach to risk, and the significant and positive impact this will have on promoting a healthy culture throughout the organisation.

The Risk Appetite Statement covers:

- The key organisational objectives
- Other key fundamentals of the business such as financial resilience and safety

Glen Education's Board of Directors are the custodians of our community's investment in their future prosperity, and the supporting funds provided by government and families. Therefore, we seek to balance our risk position between:

- Investing in activities that carry risk for the pursuit of growth and diversification, and
- The need to remain a stable organisation with the capacity to continue to work for our community long into the future.

As a not-for-profit organisation, our risk appetite is necessarily conservative. Depending on our strategic intent and our results from year to year, we may choose to increase or decrease our appetite for higher risk activities.

Risk Category and Appetite Descriptor

Operational:

The Board encourages the workforce to operate at its most effective and to continuously look for operational efficiencies. Consequently, the Board will ensure that it is a strong focus for the entire workforce. The Board has moderate risk tolerance to achieve these effective and efficient operations.

The Board has no tolerance to deviate from the National Quality Standards (NQS) 2011 and the Early Childhood Australia (ECA) Code of Ethics 2016.

Regulatory Compliance:

The Board has a very low tolerance for compliance breaches. While minor breaches may occur from time to time due to the complexity of working with children, there should be no excuse for substantive breaches at any time.

Health and Safety:

The Board has no appetite for compromising workforce safety or putting the welfare of others at risk. There is no reason for anyone associated with our business to take safety risks; or put the welfare of the workforce at risk. It has a very low appetite for practices or behaviours, that could be expected to lead to staff being harmed while being at work.

Strategic and Governance:

The Board is willing to take or accept a moderate level of risk in pursuit of its strategic priorities and for the Public Good. There is low willingness to accept risks that have no alignment with our strategic direction or tarnish the credibility, role in the community or values of Glen Education. To this end, the Board seeks a balance between building the reserves of the organisation for the future and investing to create an environment where innovation and research thrives to build the brand, reach and range of the organisation. The Board will ensure that, at all times, our initiatives remain ethical and will be appropriately considered in terms of the feasibility of success and the investment required.

Financial:

The Board requires a stable financial position to be maintained, as outlined in our Financial Reserves Policy, Investment Policy and Financial Ratios. The board has a very low appetite for risk of loss of the financial reserves of the organisation and expects any investment portfolio to be structured in such a way to reflect this.

People:

The Board relies on high quality staff to perform its functions. It aims to create an environment where staff are supported and empowered to reach the full extent of their abilities. The Board expect staff to conduct themselves, with a high degree of integrity, to respectfully strive for excellence in the work they perform and the outcomes they achieve, and to promote the community's interest. The appetite for behaviour which do not meet these standards is very low. The Board takes any breaches of its Code of Conduct and the Early Childhood Australia (ECA) Code of Ethics 2016 very seriously.

Technology:

The Board has a very low appetite for risks to the availability of systems, which support its critical business functions and damage to Glen Education's assets. The implementation of new technologies creates new opportunities, but also new risks. The Board has a low appetite for I.T system related incidents which are generated by poor change management practices. The Board has a very low appetite for the compromise of processes governing the use of information, its management and publication.

Risk Ranking System

Glen Education has adopted a 1-4 rating for likelihood of an event to happen and a 1-4 rating for the severity of the impact or consequences.

LIKELIHOOD 1 - 4 KEY	
Unlikely (1)	1
Possible (2)	2
Likely (3)	3
Almost Certain (4)	4

IMPACT 1 - 4 KEY	
Insignificant (1)	1
Moderate (2)	2
High (3)	3
Severe (4)	4

Risk Matrix

The objective of the Risk Assessment is to separate lower priority risks from the major high priority risks. For each risk identified, determine the local context and analyse the risk in terms of impact and likelihood, considering the range of potential impacts and how likely they are to occur.

By multiplying the “Likelihood” score and the “Impact” score, we can then place the risk into the matrix to understand how significant the risk is to the business.

- 12 - 16 = “**Red Risk**” must be immediately reported to the Glen Education Board. A Special meeting must be convened by the Company Secretary within seven days (or added to Board Agenda if board meeting falls within the next seven days) to discuss and agree on actions.
- 8 - 9 = “**Orange Risk**” must be reported to the Chair and Company Secretary and added to the Agenda for the next board meeting.
- 6 = “**Yellow Risk**” must be reported at the next board (quarterly) meeting during the Risk Report Update.
- 1 - 4 = “**Green Risks**” are entered onto the Risk Register.

Likelihood	4	Almost Certain	4	8	12	16
	3	Likely	3	6	9	12
	2	Possible	2	4	6	8
	1	Unlikely	1	2	3	4
			Insignificant	Moderate	High	Severe
			1	2	3	4
			Impact			

Mechanisms for Risk Management

The implementation of Risk Management occurs through the following:

- Delegations to the CEO
- Frameworks and management plans that oversee, recognise, manage, treat and control risk, compliance and quality
- Programmed reports to the Committees of the Board and the Board of Directors
- Operational policies and procedures
- Adherence to legislative and regulatory compliance
- Assessment against quality and safety standards by external reviews
- Promotion of a risk aware environment where risk is assessed against the benefit to the community
- Communication of these actions and outcomes to the workforce and all stakeholders

Approvals and Revision

Date	Version	Author	Revision Description
Q2 2019	1.00	Glen Education Management & Glen Education Board	New Policy
Q2 2022	2.00	Glen Education Executive Management Team & Glen Education Board	Policy amended due to rebranding May 2022 and to align with updated BCP