

Risk Management Policy and Procedure

1. Introduction

The Australian Performing Arts Conservatory (APAC) recognises that risk management is an integral part of good governance and management practice. This Policy and Procedure supports the Risk Management Plan and Risk Appetite Statement by setting out the principles for fostering a “risk-smart” culture across APAC and specifying risk management responsibilities.

This Policy and Procedure, and the Risk Management Plan, are consistent with the principles contained in AS/NZS ISO 31000:2018 Risk Management – Guidelines.

1.1. Purpose

The intent of this document is to set out the expectations that APAC and the Board of Directors have with respect to risk management, and establishes the risk management responsibilities of the Board, committees, management, and staff.

1.2. Scope

This Policy and Procedure applies to all APAC staff, Board of Directors members, students, contractors, volunteers and visitors.

1.3. Principles

The following principles apply at APAC:

- Risk management is integrated by all staff into APAC’s culture, including strategic planning, operational policy and procedures, project management, day-to-day education, and business development and engagement activities.
- Risks, including emerging risks, are regularly identified, recorded in a prescribed risk register, reviewed, and updated.
- Decision-making on risk involves the consideration of the potential reward, assessment of the degree of risk and what can be done to mitigate the risk to acceptable levels.
- Incidents which result in injury, loss or damage, threaten the health of the APAC community or other adverse outcomes, are promptly reported.
- All relevant stakeholders’ knowledge, views and perceptions are considered when managing risks and information on risks is transparent and readily available.

2. Policy Statements

Risks can emerge, change, or disappear as APAC's external and internal contexts change. Risk management anticipates, detects, acknowledges, and responds to those changes and events in an appropriate and timely manner.

2.1. Risk Identification

Questions to ask when identifying potential risks might include:

- What are our top priorities?
- What could go wrong that will derail us from achieving our objectives?
- Where and how could this happen?
- Where are our vulnerabilities?
- How do we know if we are achieving our objectives?
- How do we know that we are making the right decisions?

Once a risk has been identified it will need to be rated using the Risk Matrix which is included as Appendix 1 in this document.

- The risk rating, also known as the inherent risk, depends upon the likelihood of an event occurring and the severity of consequence that might arise if the event does occur.
- The risk rating, coupled with the Risk Appetite Statement outlined in the Risk Management Plan, will determine whether to continue with the work or whether there is a need to adopt additional Control Measures to reduce or eliminate the risk further.

2.2. Risk Register

Once the risk has been identified, it is to be documented in a Risk Register. Risks are assessed against the APAC Risk Appetite based on the Risk Matrix (Appendix 1).

2.3. Risk Analysis

Risk analysis involves developing an understanding of the risk and provides an input to risk evaluation and to decisions on whether risks need to be treated, and if so, on the most appropriate risk treatment methods.

2.4. Risk Evaluation

The purpose of risk evaluation is to assist in making decisions, based on the outcome of risk analysis, about which risks need treatment and the priority for treatment implementation.

2.5. Risk Treatment

Risk treatment options are varied and can involve, for example, avoiding the risk by not engaging in the activity, to changing the risk likelihood and consequences by implementing or enhancing internal controls.

For documentation purposes, internal controls are to be considered ‘treatments’ until they are fully implemented; after which point, they are to be listed as ‘controls’ within the risk register.

2.6. Legislative and Regulatory Compliance

Risk identification, mitigation and response systems and processes will be compliant with education provider obligations under the Higher Education Standards Framework (Threshold Standards) 2021. Risk identification consistent with the scale and context of APAC and its environment will guide APAC’s preparedness to manage and monitor risk.

2.7. Monitoring and Reporting

The purpose of monitoring and review is to ensure that the risk management process is operating effectively as external and internal contexts change. Monitoring and review can either be carried out formally or informally, including, but not limited to management reviews (e.g., risk self-assessments) and continuous informal reviews (e.g., discussing emerging risks in meetings).

The APAC Risk Register serves as the central repository of risk data and information. It is the basis for internal risk reporting to enable decision makers to fulfill their risk management obligations whilst providing data and information for reporting to external stakeholders.

3. Procedure

3.1. Risk Identification

Where possible to do so, APAC will conduct risk identification through a team-based approach with all members of the group having a good understanding of the tasks and objectives of the area being assessed. This will help reduce the chance of any risks being overlooked. Other techniques such as desktop risk assessments or management reviews can also be used when identifying risks.

Once a risk is identified, a risk rating is to be applied. A risk rating is necessary to ensure that the highest rated risks to APAC can readily be identified and management of risks can be prioritised in a way that has the greatest overall benefit. The risk rating depends upon the likelihood of an event occurring and the severity of the outcome that might arise if the event does occur and keeping APAC’s Risk Appetite in mind. Further guidance on risk rating including assigning a consequence and likelihood can be obtained within the Risk Matrix (Appendix 1).

Identified risks are documented in APAC’s Risk Register. The Risk Register will capture the risk owner who will be responsible for managing the risk. The register will be the source of truth to ensure that the risk is regularly monitored, appropriately addressed, and reviewed.

3.2. Risk Register

All identified risks are to be entered in the Risk Register. As a minimum, the following information must be included:

- The source of risk
- Issues that trigger a risk occurring
- Potential consequences should the risk occur
- Risk owner
- Reporting body

In undertaking its functions, the Quality and Risk Management Committee (QRMC) will have regard to this Risk Management Policy and Procedure and the Risk Register. The QRMC oversee and monitor the Risk Register through a Standing Agenda Item in their quarterly meetings. The Risk Register will be reviewed monthly by the relevant risk owner and included as a standing Agenda item for every Quality and Risk Management Committee meeting.

3.3. Risk Analysis

All risks within APAC are addressed using a common scale outlined in the Risk Rating Matrix (Appendix 1), that considers the potential consequences if the risk were to occur, and the likelihood of APAC being impacted.

The consequence and likelihood are then used to rank the risk in accordance with the following categories (Appendix 1, Table 2). Separately consider and score the consequence likelihood of a risk, then come to an understanding of Risk Rating using Table 2. This Risk Rating is also referred to as the Inherent Risk.

- Minimal
- Low
- Medium
- High
- Extreme

To calculate the risk rating, the letter (A, B, C, D or E) allocated to the likelihood of the risk arising together with the number (1, 2, 3, 4, or 5) allocated to the potential consequence if the risk were to occur provides the rating as in Appendix 1, Table 1. This is deemed the inherent risk. When allocating the rating, consideration is to be given for any control measures that are already in place to reduce the risk and any controls which will be put into place, the frequency of exposure and APAC Risk Appetite Statement. This is deemed the residual risk.

Further information and details around the risk management processes are outlined in the Risk Management Plan.

3.4. Risk Evaluation

Risk evaluation involves comparing the level of risk found during the analysis process to determine where additional action is required.

A decision can be made to:

- Do nothing further
- Consider treatment options
- Undertake further analysis to better understand the risk
- Maintain existing controls
- Reconsider objectives

3.5. Risk Treatment

Risk treatment is required when the residual risks remain unacceptably high, or where there is a desire to bring this risk down. Where risk treatment is required, one or more options for modifying the risk will be selected and implemented.

Risk treatment options are not necessarily mutually exclusive. The purpose of this step is to put in place one or more options (controls) to reduce the level of residual risk to a level that is considered acceptable.

Treatment options include:

- **Avoid the risk:** by deciding not to proceed or continue with the activity or choosing an alternative approach to achieve the same outcome.
- **Mitigate:** Reduce the likelihood by improving management controls and procedures. Reduce the consequence by putting in place strategies to minimise adverse consequences.
- **Transfer the risk:** Shifting responsibility for a risk or sharing the responsibility to another party by contract or insurance.
- **Accept the risk:** Controls are deemed appropriate. These must be monitored, and contingency plans developed where appropriate.

Where no viable risk treatment option is available, the Academic Board and the Chief Executive Officer may propose to the Quality and Risk Management Committee to retain the risk based on informed decision. The Quality and Risk Management Committee will consider the proposal and make a recommendation to the Board of Directors to accept the risk at existing levels.

3.6. Monitoring and Reporting

The risk management process and its outcomes are reported to the Quality and Risk Management Committee every QRMC meeting and The Board of Directors receives regular reports from the Quality and Risk Management Committee. Outcomes are made available to staff where appropriate. This assists with decision making, improving risk management and transparency and the monitoring of risks.

Managers are responsible for the regular monitoring and review of risks and mitigation plans documented in the Risk Register within their area of responsibility. It is the intention that risk management is embedded as part of a business-as-usual management activity instead of a separate process.

As a minimum, this Policy and Procedure, coupled with the Risk Management Plan will be reviewed annually by the Quality and Risk Management Committee with input from the Academic Board for approval by the Board of Directors.

4. Responsibilities

The following points set out the relevant responsibilities in relation to the risk management process.

4.1. The Board of Directors

The Board of Directors has primary responsibility of:

- Approving the risk appetite of APAC and its attitude to risks with respect to particular major issues;
- Approving major policies in relation to risk management;
- Approving major decisions affecting the APAC's risk profile or exposure;
- Reviewing overall risk mitigation strategy for principal, whole of organisation, and academic risks;
- Approving the acceptance of risks exceeding the risk appetite, as per the Risk Appetite Statement;
- Monitoring and evaluating APAC's performance in relation to risk management via quarterly reporting from the Quality and Risk Management Committee as outlined in the Risk Management Plan.
- Facilitating the Annual review of this Policy and Procedure, and the Risk Management Plan with input from the Academic Board where necessary.

4.2. Academic Board

The Academic Board has responsibility to:

- Exercise academic governance of APAC on behalf of the Board of Directors through institutional oversight, risk management and reporting to the Quality and Risk Management Committee on academic standards compliance, academic risk, quality and outcomes in teaching and learning;
- Providing advice and recommendations to the Board of Directors and the Quality and Risk Management Committee on academic matters, including advice on academic outcomes, policies and practices;
- Production and submission of reports in relation to academic issues from, or referring academic matters to; management, other organisational units or committees for consideration and action as required;
- Setting and monitoring benchmarks for academic quality and outcomes;
- Reviewing relevant risk reports and risk treatment actions for academic risks, including for those that exceed the risk appetite as per the Risk Appetite Statement outlined in the Risk Management Plan.

4.3. Quality and Risk Management Committee

The Quality and Risk Management Committee has primary responsibility, on behalf of the Board of Directors, for:

- Overseeing risk management across APAC and granting relevant approvals with respect to risk activities;
- Reviewing the Risk Appetite Statement, risk assessments, the Risk Register, and internal control systems in place that underpin these;
- Reviewing risk management related policies and procedures to make any necessary recommendations to the Board of Directors;
- Reviewing the relevant risk reports to the committee and establishing or updating the organisational risk treatments for all relevant risks;
- Establishing risk mitigation strategies for risks that exceed the risk appetite, as per the Risk Appetite Statement, and also approve the entry of all new risks into the Risk Register;
- Quarterly reporting to the Board of Directors of APAC's performance in relation to risk management as outlined in the risk management plan.

4.4. All Employees

All employees are required to apply risk management processes within their roles by:

- Identifying, and evaluating current and potential risks in work areas, to staff or to students, and reporting identified risks immediately;
- Ensuring that the risks they own are managed appropriately;
- Monitoring progress against treatment plans;
- Ensuring that the risk review is timely;
- Ensuring the currency of the Risk Register and responding to actions that have been assigned to them;
- Accepting that risk escalation does not remove risk owner's responsibilities.

5. Relevant Documents

- APAC Risk Management Plan
- APAC Risk Register
- Australian and New Zealand Standard AS/NZS ISO 31000:2018 Risk Management – Guidelines
- Higher Education Standards Framework (Threshold Standards) 2021 TEQSA Guidance Note: Wellbeing and Safety
- Tertiary Education Quality and Standards Agency (TEQSA) Act 2011

6. Definitions

- **Likelihood** – The probability of a risk occurring, described with a percentage weighting.
- **Consequence** – The expected level of impact on APAC should the risk occur.
- **Inherent Risk** – The risk prior to the implementation of any controls.
- **Residual Risk** – The risk rating after the application of controls.
- **Risk** – The effect of uncertainty upon APAC's objectives which may have a positive or negative impact.
- **Risk Appetite** – The amount and type of risk APAC is prepared to accept in the pursuit of its organisational objectives.
- **Risk Assessment** – Overall process of risk identification, risk analysis and risk evaluation.

Version Control and Document Owner

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Version	Author	Change Summary	Date Approved	Date Effective
1.0	DVE Business Solutions Pty Ltd	New document.	19 October 2022	
2.0	DVE Business Solutions Pty Ltd	Updated and reviewed together with the Risk Register and Risk Management Plan.	10 January 2023	
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Appendix 1

Table 1: Risk Rating Matrix

The APAC Risk Rating Matrix is a table which matches specific Likelihood ratings and Consequence ratings to a Risk Rating of minimal, low, medium, high, or extreme. This rating is the Inherent Risk.

LIKELIHOOD	CONSEQUENCE				
	1 - INSIGNIFICANT	2 - MINOR	3 - MODERATE	4 - MAJOR	5 - CRITICAL
E - RARE	MINIMAL	LOW	LOW	MEDIUM	MEDIUM
D - UNLIKELY	LOW	LOW	MEDIUM	MEDIUM	HIGH
C - POSSIBLE	LOW	MEDIUM	MEDIUM	HIGH	HIGH
B - LIKELY	LOW	MEDIUM	HIGH	HIGH	EXTREME
A - ALMOST CERTAIN	MEDIUM	MEDIUM	HIGH	EXTREME	EXTREME

Example: The event of academic misconduct by a large cohort of students has happened once every 2 – 3 years at APAC, hence, a “Possible” event. Such an event would attract some media coverage and scrutiny from regulators which can be of “Major” consequence. Therefore, the inherent risk rating of this event is “High.”

Table 2: Risk Rating Table

Risk Matrix Ratings			Assessed Risk Rating and Action	
Likelihood	x	Consequence	Risk Rating	Action
Rare- E		Insignificant- 1	Minimal Risk (1E)	Maintain existing measures.
Unlikely- D		Minor- 2	Low Risk (1B, 1C, 1D, 2D, 2E, 3E)	Review control measures.
Possible- C		Moderate- 3	Medium Risk (1A, 2A, 2B, 2C, 3C, 3D, 4D, 4E, 5E)	Improve control measures.
Likely- B		Major- 4	High Risk (3A, 3B, 4B, 4C, 5E)	Improve control measures immediately. Consider stopping until risk reduced.
Almost Certain- A		Critical- 5	Extreme Risk (4A, 5A, 5B)	Stop until risk reduced.

- **Minimal Risk** - Accept the risk and continue current routine management.
- **Low Risk** - Even if the risk is low, there may be measures that can be taken to bring the risk rating back down to minimal.
- **Medium Risk** - If the risk rating is medium a review is necessary and a review of control measures to bring the risk back down to low. If control measures are already applied and the risk is still medium, approval is to be sought by the Quality and Risk Management Committee to continue the action.
- **High Risk** - The event should be brought to the attention of the Quality and Risk Management Committee. It may be necessary to engage with a professional advisor with a view to re-examine the risk and approval sought by the Board of Directors to continue as 'high risk'.
- **Extreme Risk** - The event is not to continue until such time as the risk rating drops down to a 'high risk' with approval from the Board of Directors.