
Risk Management Framework

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DIOCESE
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CATHOLIC
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LIMITED



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Risk Management Framework – Executive Summary

The Diocese of Ballarat Catholic Education Limited (DOBCEL) Board recognises that risk management is integral to achieving its vision, mission and goals. Risk management maximises the ability to deliver on DOBCEL Board objectives, promotes sound decision-making for resource allocation and investment, works to safeguard student and employee wellbeing and contributes to meeting the diocesan community and government expectations for accountable and responsible use of finances and resources.

Effective engagement in risk management processes is essential to allow DOBCEL to achieve its strategic and operational objectives. Early and accurate identification of risk minimises the threat of unexpected and undesirable events and maximises the identification and delivery of opportunities.

The DOBCEL Board, Standing Committees and Management are committed to implementing this Risk Management Framework (the Framework) to ensure an effective and consistent approach to managing risk in an environment of continuous improvement, and achieve ongoing business excellence that enhances the capacity to focus on learning and development. The Framework outlines the DOBCEL Board's organisational approach to risk which ensures processes and accountability requirements are clear and consistently applied. This framework ensures that all DOBCEL bodies embed a risk management culture and practices in their business and education processes so that risks are managed effectively and efficiently. The Framework will also guide and act as a reference for the development and updating of resources, guides, tools and training.

A clear and consistent set of processes assists DOBCEL to develop an effective and transparent risk culture and builds expertise across the organisation.

Purpose

DOBCEL's risk management processes are delivered through the following mechanisms:

- **Risk appetite statement:** clearly articulated risk tolerances agreed by the DOBCEL Board, through the Assurance and Risk Consultative Committee and management.
- **Clear processes:** well-defined risk management processes implemented at the strategic, enterprise and operational levels.
- **Accountability:** clear risk ownership and accountability at all levels.
- **Dedicated resources:** expert staff resources possessing contemporary risk management expertise and understanding of the strategic and operational drivers of DOBCEL.
- **Tools and templates:** tools, templates and guidelines to assist with consistent documentation and analysis of risk.
- **Centralised administration:** a centralised corporate support function that proactively drives DOBCEL's risk agenda through continual review and improvement.

Risk management objectives will be delivered using the following processes:

- **Communication and consultation:** an inclusive approach that engages all the relevant stakeholders to capture a broad view of risk, whilst recording and communicating that information effectively.
- **Analysis and action:** risk identification, analysis and treatment to identify strengths and weaknesses.

- **Regular review of risk action plans and profiles:** a cycle of activity that considers new and existing risk information on an ongoing basis. This includes the development and maintenance of risk action plans.
- **Reporting:** a reporting cycle that reports the right information, to the right people, at the right time.
- **Monitor and review:** a monitoring and review cycle, which ensures regular review of critical risks to the Assurance & Risk Consultative Committee and the Board, to inform decision-making.

Risk management practices will be applied to strategic and operational planning including strategic plan development. Business plan development, project management and day-to-day decision-making.

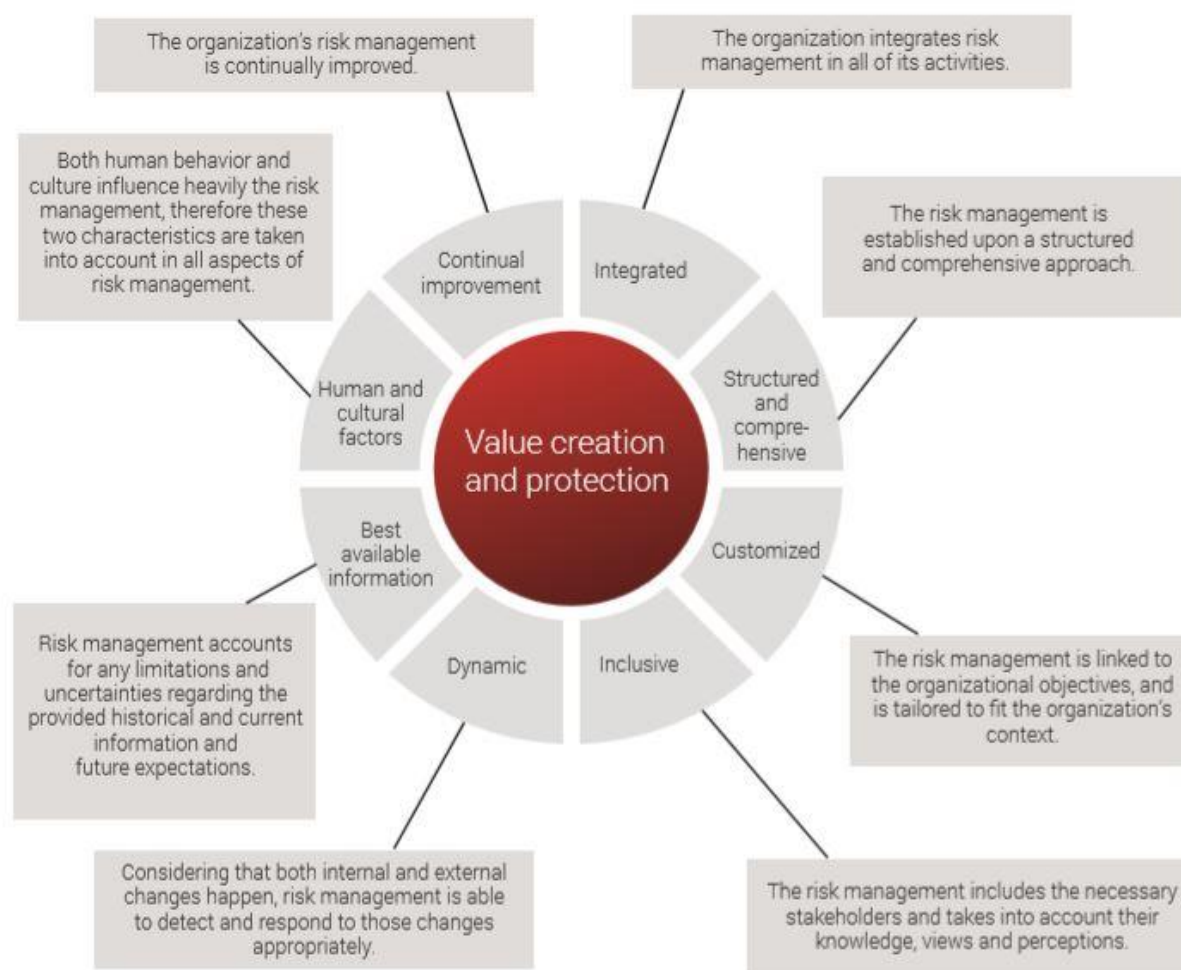
Objective

This framework details the requirements for identifying, managing and monitoring uncertainty. It clarifies how risk and opportunity are considered in strategic planning, review, approval and execution of DOBCEL initiatives and the monitoring of operational performance. The Framework, adopting the *ISO 31000:2018 principles* (Figure 1), addresses how DOBCEL will embed the management of risk into our culture and practices and, by doing so, support the Board in making informed decisions and provide assurance that a robust risk management approach is adopted across the organisation.

Framework objectives include:

- Enhanced decision making; evidenced by adoption and integration of the Risk Appetite into strategic decision making and operational monitoring processes.
- Strong engagement in and ownership of risk by all staff evidenced by a maturing risk culture. This culture will support clarity over the roles and responsibilities of people and governance forums, enable consistent review of and discussions regarding potential risks and co-ordination of people and activities.
- Integrated risk assessment process that adds value to DOBCEL, evidenced by the tailoring and integration of the assessments into existing processes and for context relevance, people are competent in carrying out the process and management seek to review and understand the output of risk assessments.
- Maturing risk culture that embraces risk management principles into cultural norms, evidenced by the consideration of risk as part of 'doing business' and reflected in discussions and questions regarding activities and initiatives.

Figure 1 ISO 31000 2018 Value Creation and Protection Principles:



The DOBCEL Risk Management Framework includes the following elements:

1. an organisation-wide culture of and commitment to managing risk proactively, transparently, and responsibly
2. roles and responsibilities for managing risk
3. policies and procedures to guide the work of DOBCEL Board, DOBCEL Management and DOBCEL schools in identifying, minimising, and managing risk, especially in meeting the requirements of Ministerial Order 1359 – Implementing the Child Safe Standards – Managing the risk of child abuse in schools and school boarding premises
4. a commitment to training and continuous improvement
5. a systemic approach to risk management procedures and processes, risk treatment plans, reviewing and reporting risk at all levels of the organisation.

DOBCEL Management has provided the following online tools:

- **School Operations and Risk Tool (eSORT).**
eSORT is available on SIMON and has a library of resources, including Guidelines to the

Minimum Standards and Other Requirements for the Registration of Schools and DOBCEL Policies and Procedures

- **Recording and Monitoring Risks (Risk Action Plan)**
for use by DOBCEL Management and DOBCEL Schools (refer to **Appendix 2 – SIMON Risk Register**)
 - **Reporting and Managing Hazards and Incidents (HINT)**
for use by DOBCEL Management and DOBCEL Schools
6. determining risk appetite and the level of risk that DOBCEL Board are willing to accept while pursuing their objectives, and before any action is determined to be necessary in order to reduce the risk.

Definitions

TERM	DEFINITION
Accountability	Responsibility for ensuring that a risk is appropriately managed, including implementation of treatment plans and monitoring the effectiveness of controls.
Assurance	Ensuring the critical responses strategies and processes are being implemented effectively and are delivering the benefits for which they are designed.
Child abuse	Includes— <ul style="list-style-type: none"> • any act committed against a child involving— <ul style="list-style-type: none"> ○ a sexual offence or ○ an offence under section 49B(2) of the Crimes Act 1958 (grooming) • the infliction, on a child, of— <ul style="list-style-type: none"> ○ physical violence or ○ serious emotional or psychological harm ○ serious neglect.
Child safety	Encompasses matters related to protecting all children from child abuse, managing the risk of child abuse, providing support for a child at risk of child abuse, and responding to incidents or allegations of child abuse (in relation to the Child Safe Standards).
Compliance	Identifies regulatory and statutory obligations and defines organisation obligations.
Consequence	Outcome of a risk event or situation expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain impacting value: <ul style="list-style-type: none"> • An event can lead to a range of consequences.

TERM	DEFINITION
	<ul style="list-style-type: none"> • A consequence can be certain or uncertain and can have positive or negative effects on objectives. • Consequences can be expressed qualitatively or quantitatively. <p>Initial consequences can escalate through knock-on effects.</p>
Continuous improvement	The ongoing process of change for the purpose of improvement to practices and processes.
Controls	The actions, activities or mitigation strategies in place to prevent the risk from materialising.
Governance	Encompasses the system by which an organisation is controlled and operates, and the mechanisms by which it, and its people, are held to account. Ethics, risk management, compliance and administration are all elements of governance.
Incident	Incidents are mostly of a smaller magnitude compared to crises. They require quick responses. A sequence of incidents occurring one after the other, or one incident leading to the next, could turn into a crisis.
Inherent risk	Is an assessed level of untreated risk; that is, the natural level or risk inherent in a process or activity without doing anything to reduce the likelihood or mitigate the severity of a mishap, or the amount of risk before the application of the risk reduction effects of controls.
Likelihood	The chance of probability or a risk materialising.
Residual risk	Is the amount of risk or danger associated with an action or event remaining after natural or inherent risk have been reduced by risk controls.
Risk	Is the possibility that an event will occur which adversely affects the achievement of objectives, whilst noting that an event may also create opportunities.
Risk appetite	The degree of risk that an organisation is prepared to accept in pursuit of its strategic objectives and business plan.
Risk assessment	Determines possible mishaps, their likelihood and consequences, and the tolerances for such events.
Risk categories	Broad categories of risk that DOBCEL uses to identify and group risks.

TERM	DEFINITION
Risk culture	Is a set of shared attitudes, values and behaviours that characterise how an entity considers risk and compliance in its day-to-day activities.
Risk management	<p>The coordinated activities to direct and control an organisation with regard to the “the effect of uncertainty on objectives”.</p> <p>It also includes communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk.</p>
Risk management framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management processes throughout the organisation. The foundations include the policy, objectives, mandate and commitment to manage risk.
Risk management plan	Provides a detailed plan to manage risk and is required for extreme or high level risks.
Risk owner	Person within the governance structure that is responsible for managing an identified risk.
Risk severity	Provides an overall rating taking into account the impact (likelihood and consequence) of the risk. The ratings are extreme (E), high (H), medium (M), low (L), Negligible (N).
Risk treatments	Measures or controls put in place to modify risk.
Risk treatment plan	Is the final document containing all the factors in risk management, risk action plan, analysis, tolerance, and mitigation actions.
Risk Action Plan	An action plan that identified risks, risk levels, treatments, risk owner and review dates.
Stakeholders	A person or an organization that can affect or be affected by a decision or an activity. Stakeholders also include those who have the perception that a decision or an activity can affect them.
School environment	Includes every school related activity and extends beyond the school grounds and outside school hours. It includes any physical or virtual place made available or authorised by the DOBCEL Board and Management for use by a child, during or outside of school hours, including a campus of a school, online school environments, and other locations provided by the

TERM	DEFINITION
	school for a child's use, such as those used for school camps and excursions.
School staff	Any individual working in a school environment who is directly engaged or employed by DOBCEL, a volunteer or a contracted service provider and a minister of religion.
Task owner	The person designated to ensure that specific treatments are put in place in the risk action plan.

Developing a Risk Management Culture

The Framework has been designed to align with the governance framework practices and reporting, to accommodate the organisational structure and to meet the requirements of *ISO 31000:2018 Risk Management Guidelines*. Other specialist risk functions such as Compliance, IT, Cyber, Finance, Health and Safety, will be informed by and aligned with the Framework, ensuring compliance with the applicable standards and regulations related to their discipline.

Commitment

The Board, Executive Director, Deputy Directors, and management at all levels of DOBCEL are committed to the pro-active management of all risks in a systematic way in order to enhance our operation as "one organisation" rather than as a group of individual entities. The risk management process makes a significant contribution towards establishing the priorities in the allocation of resources. Managers at all levels are accountable and responsible for the management of risk within their areas of control. The development of the Risk Management Framework, including the principles upon which it is based, contributes toward the development of DOBCEL and its Schools' Risk Management Philosophy and is evidence of the Executive's commitment to Risk Management.

Corporate Governance

Every organisation is governed by a set of rules and principles, which enable its effective and transparent operation. Transparency in decision making, accuracy in reporting and adequacy in compliance are all essential elements of good governance. The three pillars of governance are:

- Risk Management: identifies and assesses threats and opportunities confronting the organisation's attempts to achieve their business objectives and defines effective response strategies.
- Compliance : identifies regulatory and statutory obligations and defines organisational obligations.
- Assurance : ensuring the critical responses strategies and processes are being implemented effectively and are delivering the benefits for which they are designed.

Aligning Risk Management with Strategic / Business Planning

Strategic planning is informed, collective decision-making that leads to the establishment and maintenance of DOBCEL's key objectives, strategies and performance indicators. Risk Management is the culture, processes and structures that are directed towards those objectives, and is therefore inextricably aligned and integrated with the Strategic / Business Planning Processes.

Integrated Process

Risk is inherent in everything that we do; therefore our approach to risk management is also inherent - part of the fabric of our organisational culture. However, to maximise the value of risk management, it is necessary to define where a formalised approach to risk management is required. As such risk management techniques and principles will be integrated into DOBCEL's corporate systems and infrastructure.

Just as integrated management systems, holistically, provide added value and aim to create efficiency, so too does the integration of risk management systems.

Part of the "Decision Making" Process

Organisational growth and improved performance depend on informed decision making and the optimum use of scarce resources. By making risk explicit and readily communicable, the Risk Management Framework can assist with the selection of the best option from alternative courses of action. Risk management will inform decision making by making as clear as possible (using the best available information) the risk/ reward balance of different options.

Dynamic, Iterative and Responsive to Change

For any organisation to survive it has to constantly reinvent itself through a ceaseless process of innovation and change, as its environment constantly changes in terms of legislation, regulation, technology, communication, markets and competitors. DOBCEL sees Risk Management as a vital tool in assessing both the ramifications of change and the risk profile of alternative options.

Enterprise Wide

An underlying premise of enterprise-wide risk management is that it exists to provide value for its stakeholders. As with all other organisations, DOCEL faces a range of uncertainty in their day to day operations. The challenge for management is to determine how much uncertainty we are prepared to accept as we strive to grow our stakeholder value.

The Framework

Five elements make up the framework:

1. The Risk Management Policy and Strategic Risk Appetite
2. The Risk Management Process
3. Communicating and Reporting Risk Information
4. Risk Accountability across DOBCEL
5. Monitoring and Review of the Framework

To ensure the ongoing relevance of the framework, four continuous improvement activities are integrated into the design and review components. They are:

1. Continual review of risk tools and practices by seeking feedback from 'users', champions and sponsors following the conduct of risk sessions.
2. Annual review of the Framework and its objectives against industry standards and innovations
3. Annual review of stakeholders to ascertain how the adoption of risk practices has added value to DOBCEL strategic, change/growth and operational performance

- Annual confirmation of the DOBCEL’s commitment to the Risk Management Strategy and aspirational targets

DOBCEL Board and all staff, including school staff, need to know the steps to be taken in commencing action to mitigate or eliminate a risk, including their responsibilities about notification. Consultation with staff and community is a critical governance responsibility. This enhances the risk management culture through drawing on expertise, knowledge and ideas so that all potential risks are identified. It also assists with effective implementation of risk procedures, as there is greater understanding of how risk management works and builds confidence that risk is taken seriously.

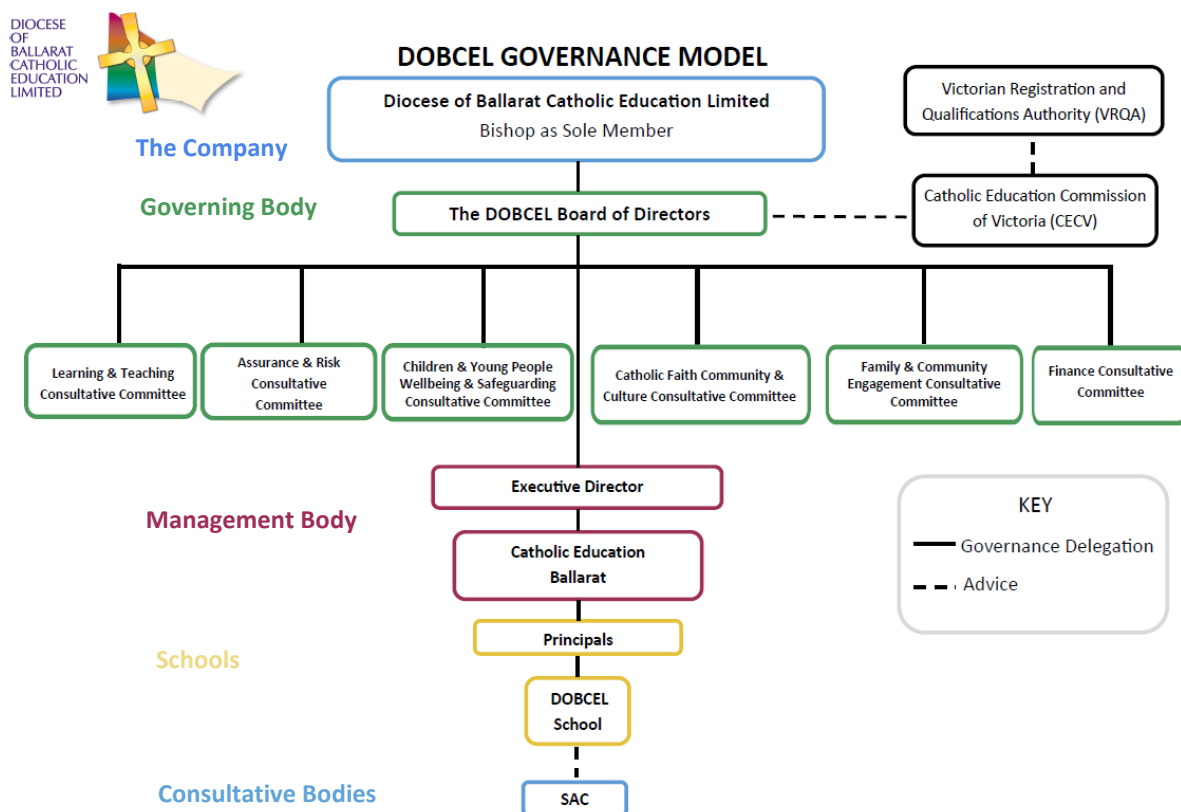
Risk Management Calendar

To support the Assurance & Risk Consultative Committee in executing its terms of reference and DOBCEL in implementing industry leading practice a series of activities are required. These are outlined in the Risk Management Calendar, prepared by annually by Assurance & Risk. Not listed in the calendar are the risk assessments and capability building activities, which includes internal reviews and audits, that will occur as and when projects and/or initiatives are identified and those scheduled to support the enterprise risk profile updates.

These activities will be scheduled annually and updated as required, and reported to the Assurance & Risk Consultative Committee.

Responsibilities

The DOBCEL Board has overall responsibility for overseeing and monitoring the assessment and management of risk and compliance. It receives information, recommendations and reports from the Assurance & Risk Consultative Committee. The diagram below depicts the different levels beginning with the company and extending to the DOBCEL schools:



The DOBCEL Board has the ultimate responsibility for overseeing and monitoring the assessment and management of risk and assurance.

The table below describes the roles and responsibilities of each level in relation to the Framework.

Body Responsible	Risk Management Framework Responsibility	Frequency
DOBCEL Board	<ul style="list-style-type: none"> ensuring that appropriate, adequate and effective systems of risk management and internal control are established and maintained 	Annually or as required Annually
Assurance & Risk Consultative Committee	<ul style="list-style-type: none"> Review DOBCEL’s risk appetite and risk tolerance as determined by the Board on a holistic, enterprise-wide basis and make recommendations to the Board as necessary Annual review of the implementation, maintenance, and adequacy of DOBCEL’s Risk Policy and Risk Management Framework, including reporting the review findings to the Board and any proposed amendments for Board approval Review and assess the various categories of risk faced by DOBCEL, including any concentrations of risk, interrelationships between risks and emerging risks Review and assess the likelihood of occurrence of risks, severity of impact, and any mitigating measures Review and assess the implementation of risk treatment and mitigation policies and procedures developed by CEB, including procedures for periodic and critical reporting to the Board and the Committee, to assess compliance and effectiveness Review the quality, type and presentation of risk-related information provided to the Committee and the Board Review how DOBCEL’s Risk Policy and Risk Management Framework is communicated throughout the organisation to ensure an appropriate risk-aware culture has been embedded within DOBCEL and its schools Review internal communication and controls systems to encourage the timely flow of risk related information from within the organisation 	Annually or as required
Finance Consultative Committee	<ul style="list-style-type: none"> Review and discuss with CEB and the external auditors the adequacy and effectiveness of DOBCEL’s accounting and financial control system 	Annually

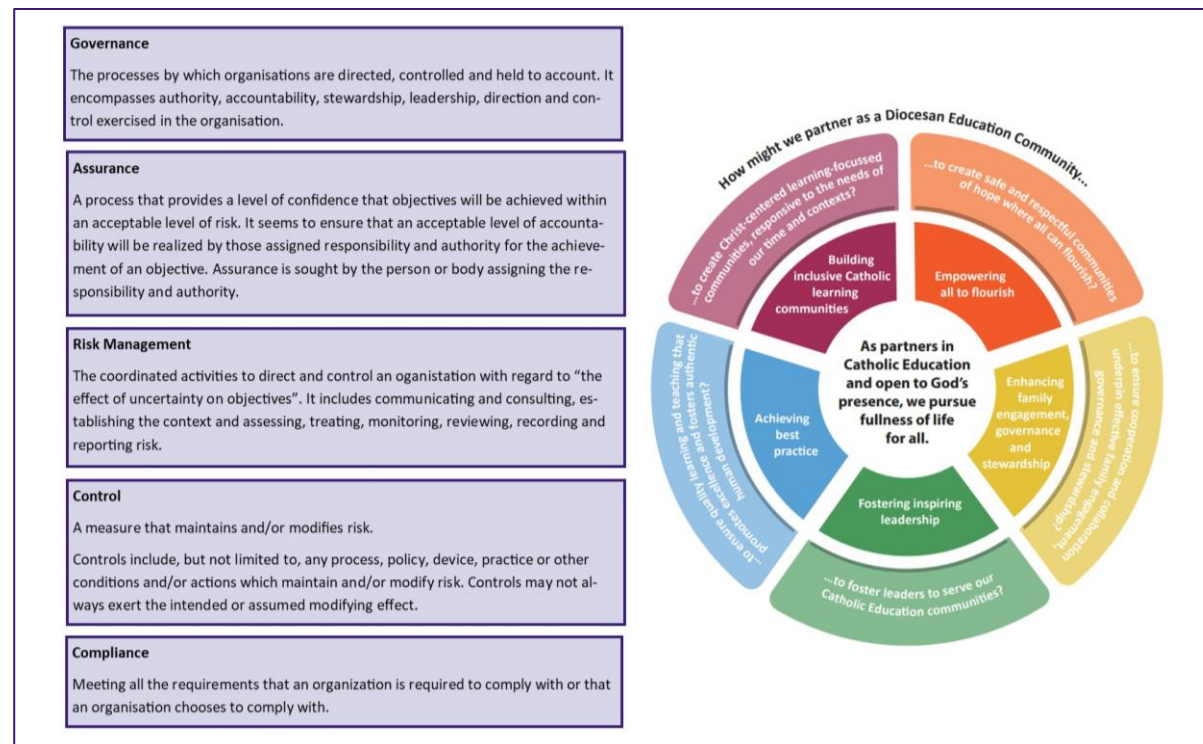
Body Responsible	Risk Management Framework Responsibility	Frequency
Children & Young People Wellbeing & Safeguarding Consultative Committee	<ul style="list-style-type: none"> • monitor the status of the DOBCEL Schools in relation to child safeguarding, including Ministerial Order No. 1359 Implementing the Child Safe Standards – Managing the Risk of Child Abuse in Schools and School Boarding Premises and reportable conduct; • monitor areas of risk associated with wellbeing and safeguarding of children and young people and provide a report of risk to the DOBCEL Assurance and Risk Consultative Committee monitor areas of risk associated with wellbeing and child safeguarding 	Ongoing
Learning & Teaching Consultative Committee	<ul style="list-style-type: none"> • Identifying risks associated with learning and teaching in DOBCEL schools and providing recommendations for assurance of the Board on appropriate mitigation controls 	Ongoing
Catholic Faith Community & Culture Consultative Committee	<ul style="list-style-type: none"> • Performance and accountability requirements 	As required
Family & Community Engagement Consultative Committee	<ul style="list-style-type: none"> • Making recommendations to the Board and Executive Director on areas of risk associated with family and community engagement that require support, intervention, or oversight; 	As required
Executive Director	<ul style="list-style-type: none"> • Overseas the delivery of risk related controls and actions • Reviews and monitors Risk Action Plan 	Ongoing
Deputy Director Stewardship	<ul style="list-style-type: none"> • provide Risk Management Report to ARCC • provide Hazard and Incident Detailed Reports ARCC • provide Risk Action Plan Detailed Reports ARCC 	As required
Manager, Assurance & Risk	<ul style="list-style-type: none"> • escalate high risks to Deputy Director Stewardship • monitor and manage risk treatments • monitor school risk action plans • provide regular Risk Management Reports to Deputy Director Stewardship • provide Hazard and Incident Detailed Reports Deputy Director Stewardship • provide regular Risk Action Plan Detailed Reports to Deputy Director Stewardship 	As required

Body Responsible	Risk Management Framework Responsibility	Frequency
Management	<ul style="list-style-type: none"> • provide Risk Management Report to ARCC • review and update DOBCEL Risk Action Plan • ensure staff DOBCEL and school staff have undertaken risk management training • monitor and manage Risk Management Treatment Plans • liaise with the external provider on outcomes of audits and control reviews • provide support for any new risk management matters or projects 	Quarterly Quarterly Ongoing Quarterly Quarterly As required
Management and DOBCEL School Principals	<ul style="list-style-type: none"> • manage and review risk action plan • report Hazards and Incidents • integrate risk management processes into existing business processes • notify Executive Director/ARCC of any changes in risk levels or new initiatives or projects that may expose DOBCEL Board to new risks 	Quarterly Quarterly Annually Ongoing As required

DOBCEL Strategic Priorities

The Risk Management Framework is aligned to the ISO 31000:2018 Risk Management – Guidelines and DOBCEL Strategic Priorities. It establishes the approach for DOBCEL to manage its risks within the whole organisation and defines the risk operating model, culture, responsibilities, methodology, monitoring and reporting obligations and aligns to strategic themes. It provides the foundations and arrangements for designing, implementing, monitoring, and continually improving risk management across all of DOBCEL operations. The Risk Management Framework also details and underpins the risk management approach as to how the Board and Consultative Committees will manage risks with regard to child safety in its role as a governing authority of schools and early childhood education and care services as stipulated in child safety legislation, including Ministerial Orders.

Figure 2 Governance and Strategic Elements Model for DOBCEL

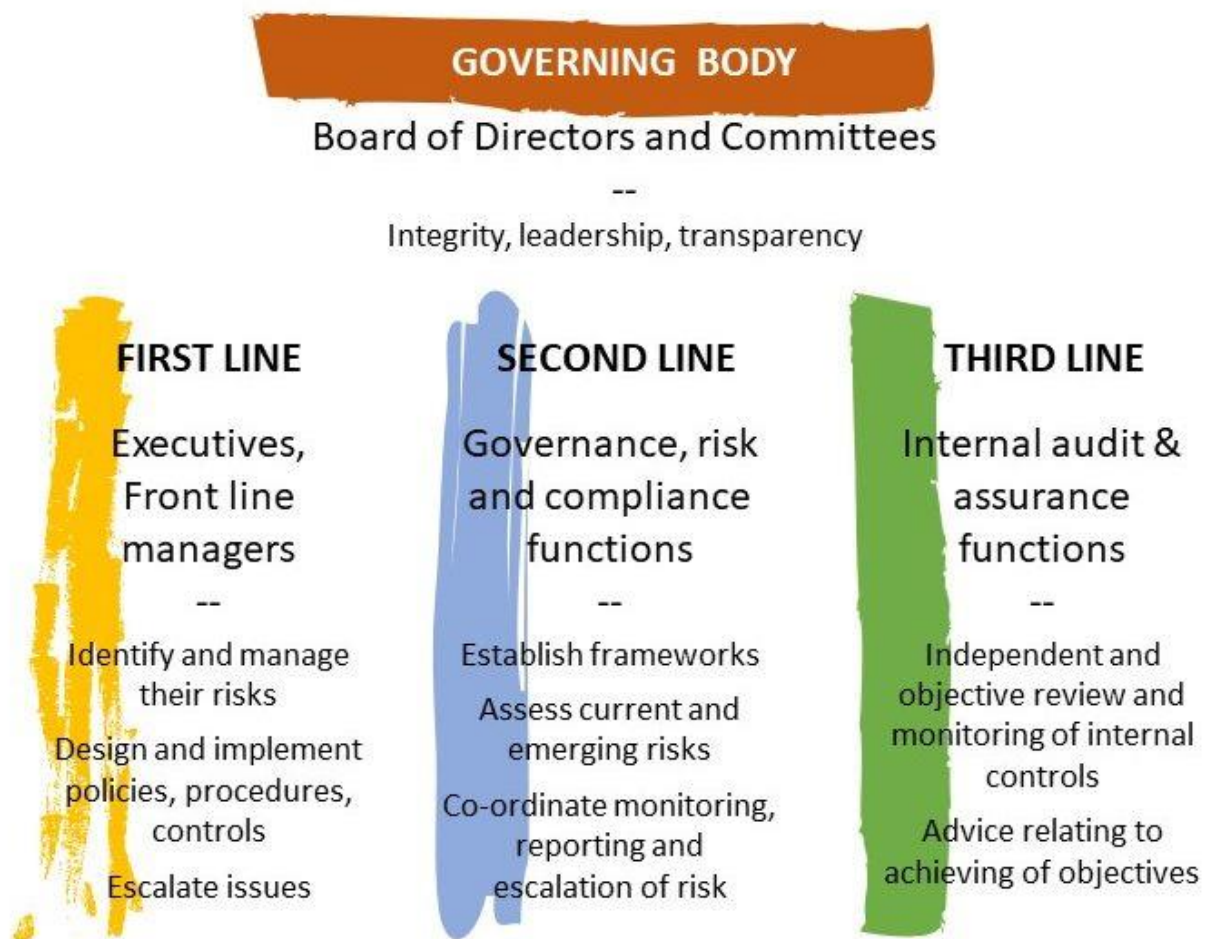


Three Lines of Defence Model

Risk management is the responsibility of everyone at DOBCEL offices and schools. Accountability refers to the ultimate responsibility for actions, decisions, and management of nominated activities. This does not mean that the function accountable must deliver the action, but, if it delegates responsibilities, it must seek assurance that the activity is, and continues to be appropriate and progressing as scheduled. DOBCEL's risk accountabilities and responsibilities are based on the Three Lines of Defence model (see Figure 3).

The Three Lines of Defence model provides a simple and effective way to enhance communications on risk management and control by clarifying essential roles and duties. The three lines of defence represent an approach to providing structure around risk management and internal controls within DOBCEL by defining roles and responsibilities in different areas and the relationship between those different areas.

Figure 3 Three Lines of Defence Model



First Line

The international risk management standard, AS/NZS ISO 31000, introduced the term “risk owner” (the person or entity with the accountability and authority to manage a risk). Anybody in the organisation who has a delegation, deploys resources or makes decisions is responsible and accountable for managing the associated risks.

Operational management is responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis. This consists of identifying and assessing controls and mitigating risks. Additionally, business and process owners guide the development and implementation of internal policies and procedures and ensure activities are consistent with organisational goals and objectives.

Second Line

ISO 31000 advocates eleven key principles that underpin effective risk management. The second of these is that risk management is an integral part of all organisational processes. It is the role of the second line to provide the systems and advice necessary to integrate risk management into key processes and allow the front line to manage for success.

The second line supports management to help ensure risk and controls are effectively managed. Management establishes various risk management and compliance functions to help build and/or monitor the first line-of-defence controls. Typical functions in this second line of defence include:

- A risk management function (and/or committee) that facilitates and monitors the implementation of effective risk management practices by operational management and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the organization.
- A compliance function to monitor various specific risks such as noncompliance with applicable laws and regulations. In this capacity, the separate function reports directly to senior management.
- A controllership function that monitors financial risks and financial reporting issues.

Management establishes these functions to ensure the first line of defence is properly designed, in place, and operating as intended. The second line of defence serves an important purpose but because of their management function, they cannot be completely independent.

Third Line

The third line of defence provides assurance to senior management and the Board that the first and second lines’ efforts are consistent with expectations. The main difference between this third line of defence and the first two lines is its high level of organisational independence and objectivity. Internal Audit may not direct or implement processes, but they can provide advice and recommendations regarding processes. Additionally, Internal Audit may support enterprise risk management but may not implement or perform risk management other than inside of its own function. Internal auditors accomplish their objectives by bringing a systematic approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

Risk Management Process

The risk management process described in AS/NZS ISO 31000 Risk Management – Principles and Guidelines is one way of achieving a structured approach to the management of risk. Consistently implemented, it allows risks to be identified, analysed, evaluated and managed in a uniform and focused manner.

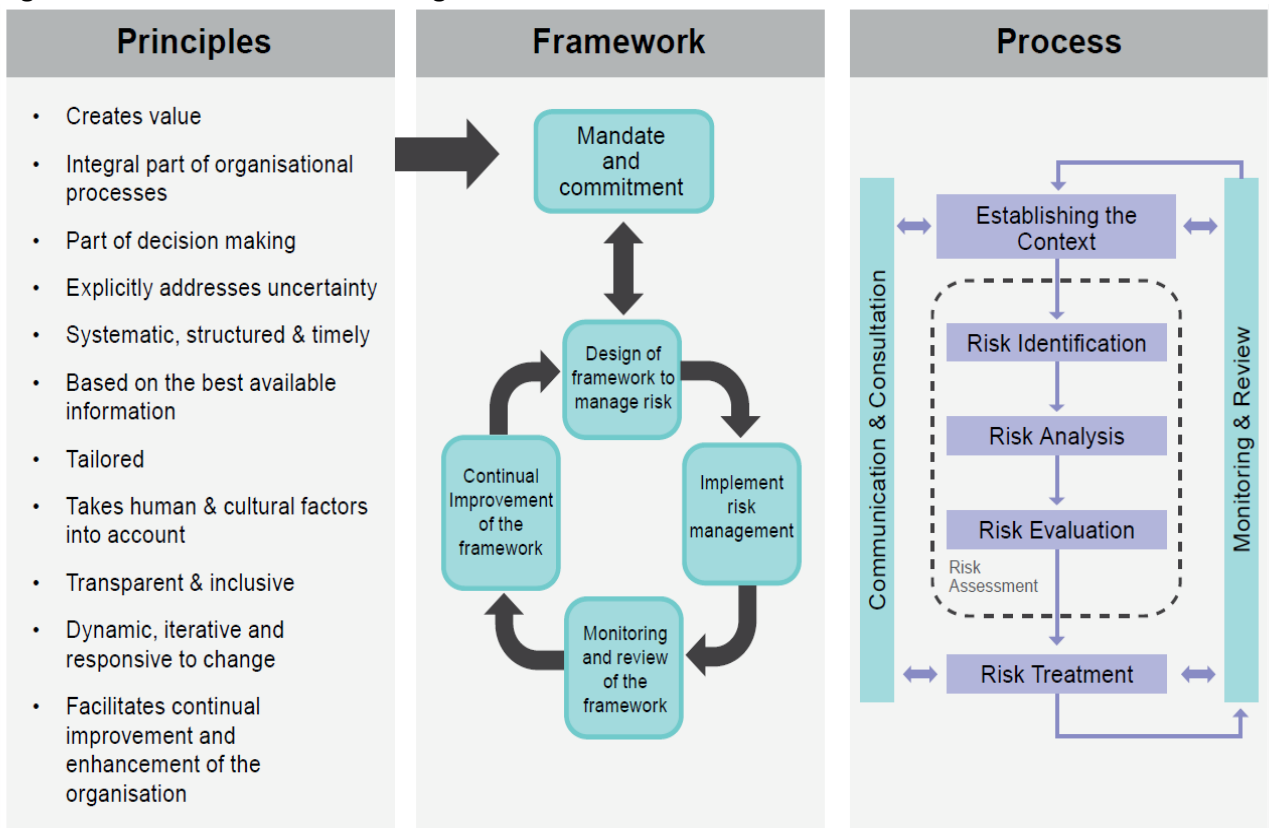
ISO 3100 recommends that risk management be based on three core elements:

- a set of principles that describes the essential attributes of good risk management;
- a risk management framework that provides a structure for risk management; and
- a risk management process that prescribes a tailored, structured approach to understanding, communicating and managing risk in practice.

DOBCEL Board aims to deliver a simple and effective seven step risk management process as outlined in the ISO31000 (2018):

- Establishing the context
- Identify the risk
- Analyse the risk
- Evaluate the risk
- Treat the risk
- Monitor, review and report the risk
- Communication and consultation

Figure 4 Overview of the Risk Management Process



Communication and Consultation

Communication and consultation are essential attributes of good risk management. Risk management cannot be done in isolation and is fundamentally communicative and consultative. Hence this step is, in practice, a requirement within each element of the risk management process.

Formal risk reporting is only one form of risk communication. Good risk communication generally includes the following attributes:

- encourages stakeholder engagement and accountability
- maximises the information obtained to reduce uncertainty
- meets the reporting and assurance needs of stakeholders
- ensures that relevant expertise is drawn upon to inform each step of the process
- informs other entity processes such as corporate planning and resource allocation.

Different stakeholders will have different communication needs and expectations. Good risk communication should be tailored to these requirements.

Establishing the Context

Establishing the context is the development of an understanding of the environment in which the risk management process will be undertaken. For the risk management process to be effective it must operate in conjunction and harmony with the DOBCEL's organisational goals and objectives. If risks are managed in isolation from the broader operations of the organisation and external situation; then any risk management actions are likely to provide limited support to these objectives.

Risks will be assessed and managed based on the best practice stipulated in AS/NZS ISO 31000:2018 Risk management – Guidelines. The key elements of the risk management process are:

- Establishing the context – DOBCEL considers both external and internal factors when identifying and managing risks associated with the achievement of strategic and operational matters.

External context may include:

- social, regulatory, cultural, competitive, financial and political environment
- international, national, state, industry and community impact, trends and practices
- DOBCEL external opportunities and threats
- health and safety
- media
- legal and regulatory obligations.

Internal context may include:

- DOBCEL Strategic Plan
- budgets

Risk Identification

Risk identification involves the development of a comprehensive and tailored list of future events which could be uncertain, but are likely to have an impact (either positively or negatively) on the achievement of DOBCEL strategic objectives - these are the risks.

Risks need to be documented including key elements such as the risk event, the potential cause and the potential impact should the risk be realised.

Thorough identification of potential risks is critical to the success of any risk assessment. It is important not be too narrow or constrained in the identification process. Care needs to be taken to ensure that the identification process does not just focus on today's challenges but rather also considers a diverse range of sources including risk events that are emerging or in the future.

It is important to identify actions, scenarios, events and other external agencies that may give rise to risks. For each risk identified ensure that its potential source or cause is well understood and documented.

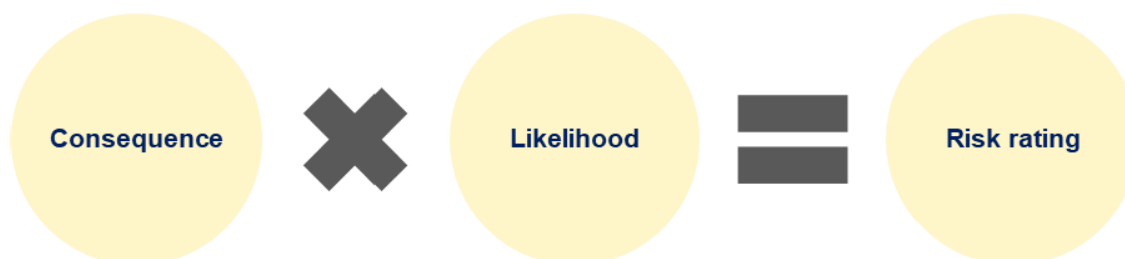
Risk Analysis

Risk analysis establishes the potential impact of each risk and its likelihood of occurrence. The combination of these two factors determines the severity of the risk, which may be positive or negative. Although there are many ways to achieve this, a common approach is to use a matrix or 'risk heat map'. Consequence and likelihood are plotted on the two axes of the matrix, with each corresponding cell assigned a level of severity.

it is important to ensure all risks are assessed consistently.

Risk will be assessed and rated based on the risk rating methodology outlined in the risk assessment Criteria. This considers two elements of risk:

1. Consequence rating for risk occurring – this is an assessment of potential people, financial, reputation, compliance or business process/system impact.
2. Likelihood rating for risk occurring – this is an assessment of the potential frequency of occurrence without reference to know management controls and mitigating processes.



Inherent risk is the initial risk that exists before any control is used to address or reduce the impact of that risk. Understanding inherent risk allows DOBCEL to understand which risks have the greatest potential for disrupting the business operation and therefore require strong and effective controls with appropriate ongoing oversight.

Considerations in assessing the likelihood and consequence (impact) include:

- competence, experience and qualifications of staff leading an activity or project
- levels of supervision required
- modes of transport
- environmental factors
- duration or frequency of exposure to hazard such as sun exposure
- individual and student cohort factors
- safety, wellbeing and student outcomes
- professional learning required
- communication of policies
- 'hot spots' and 'hot times'
- Control effectiveness rating (see below table).

The mitigating controls associated with the inherent risks are then assessed to determine the control effectiveness rating. The combined inherent risk rating and control effectiveness are assessed to provide the residual risk rating and treatment plan.

The residual risk is the level of risk that remains within DOBCEL after consideration of all existing mitigating practices/controls.

The residual risk provides guidance on the required level of management attention and when treatment plans are required to be developed to ensure effective management of the risk. Residual risk rating must be in line with DOBCEL tolerance levels and risk appetite. Where this is not the case, the risk owner is required to develop a treatment plan. Options for risk treatment include:

- Reduce – reduce the risk level by applying additional treatments until the risk level is acceptable
- Share - if practical, share the risk through outsourcing or insurance
- Terminate - cease the activity/project
- Accept – risk acceptance requires appropriate authority.

Figure 5 Risk Severity Matrix

Risk Severity Matrix		Consequence				
		Insignificant	Minor	Moderate	Major	Severe
Likelihood	Almost Certain	Medium	High	Extreme	Extreme	Extreme
	Likely	Medium	Medium	High	Extreme	Extreme
	Possible	Low	Medium	Medium	High	Extreme
	Unlikely	Low	Low	Medium	Medium	High
	Rare	Low	Low	Low	Medium	Medium

Determine Likelihood – what is the possibility that the consequence of the risk will occur?

Level	Descriptor	Example
5	Almost certain	Expected to occur, multiple times in a year, greater than 95% chance
4	Likely	Probably will occur (no surprise) at least once in the next year, 66 – 95% chance
3	Possible	May occur at some time, once in the next 3 years, between 26 – 65% chance
2	Unlikely	Would be surprising if it occurred, once in the next 5 years, between 5 – 25% chance
1	Rare	May never occur, once in the next 10 years, less than 5% chance

Determine **Consequence** – what will be the most likely impact of the risk be?

Level	Descriptor	DOBCEL Consequence Rating
1	Insignificant	DOBCEL has established the consequence rating for each DOBCEL risk category. Refer to Appendix 2 - Consequence Ratings
2	Minor	
3	Moderate	
4	Major	
5	Severe	

Below is the control effectiveness table:

CONTROL EFFECTIVENESS RATING	CRITERIA
Fully effective	<ul style="list-style-type: none"> Risk is being managed effectively, controls are well designed and address root cause Only requires monitoring and review of existing controls Controls are effective and reliable at all times
Substantially effective	<ul style="list-style-type: none"> Most risk controls are designed correctly and are effective Some existing risk controls require more work to improve operating effectiveness There are some concerns about the effectiveness and reliability of some controls
Partially effective	<ul style="list-style-type: none"> Risk controls are designed correctly in that they address root cause, but are not very effective Some controls are not well designed, do not treat root cause or there is too great a reliance on reactive controls Not enough of the controls are effective or reliable
Largely ineffective	<ul style="list-style-type: none"> Insufficient risk controls Risk controls, if they exist, are reactive Risk controls do not treat the root cause or do not operate effectively Controls require significant improvement or replacement
None or totally ineffective	<ul style="list-style-type: none"> No reliable risk controls are in place or available There is no confidence in the risk controls

Risk Evaluation

Risk evaluation aids an organisation to understand if they are carrying the right amount of risk, thereby helping decision makers know if there are areas, they could potentially take more risk in, and areas where they are carrying too much, and need to reduce.

The evaluation of risk determines the tolerability of each risk. Tolerability assists to determine which risks need treatment and the relative priority. This is achieved by comparing the risk severity established in the risk analysis step with the risk criteria found in the likelihood and consequence criteria.

At its simplest, DOBCEL might decide that risks above a certain severity are unacceptable, and risks below this are tolerable.

Decisions on tolerability should also be made after considering the broader context of the risk including the impact of the risk upon other entities outside of the organisation. Treatment decisions should consider financial, legal, regulatory and other requirements. Ultimately though, the considered and informed acceptance of risk supports decision-making and is essential to entity performance including the achievement of objectives.

Priorities for action will be determined through a process of consultation with the school community and/or staff, and will include consideration of all information available.

The Risk Priority Table below provides examples of actions and timeframe. For risks with a low or negligible risk rating, taking into consideration controls already in place, no immediate further treatments may be required. However, they should be monitored.

Level of Risk	Response to Risk
Extreme	Unacceptable level of risk exposure that requires urgent and immediate corrective action by the Principal, Executive Director and escalation to the ARFSC Standing Committee and DOBCEL Board.
High	Action required to mitigate/reduce/control the risk urgently. Re-organise, change location or defer activity as soon as possible, whilst introducing more immediate temporary measures. Immediate temporary measures to reduce the risk should be developed within a week. Escalate to the Executive Director, ARFSC Standing Committee and DOBCEL Board.
Medium	Acceptable level of risk exposure but requires regular and active monitoring by the risk owner – Principal/School Leadership Team. Consult with staff, volunteers, School Advisory Council, parents and/or students to identify solutions and establish a timeline for any additional controls that may be necessary. Short-term actions should be completed within 2 weeks.
Low	Acceptable level of risk. No additional controls are required but existing controls should be reviewed to ensure adequacy - consult with staff, volunteers and/or students to identify any further improvements. Short terms actions should be completed within 28 days.
Negligible	Acceptable level of risk. No further action required. Continue to monitor to ensure the risk remains negligible.

Risk Treatment

Risk treatment is the action taken in response to the risk evaluation, where it has been agreed that additional mitigation activities are required.

This involves changing the magnitude and likelihood of positive and negative consequences to achieve a net increase in benefit. The assessed risk level determines the degree of the treatments to minimise the potential risks including the regularity of the monitoring and review. In applying risk treatments (controls), the following should be considered:

- remove - remove risk source
- isolate - create a barrier to access
- redesign / replace - consider an alternative way of doing the activity or process
- policy and procedure - review policy or procedures to address or mitigate the risk
- professional learning - prioritise long and short-term requirements
- protective gear or equipment - provide as necessary
- additional supervision or resources

- abandon/suspend activity - risk unacceptable
- share risk – insurance, contracts
- retain the risk by informed decision

Selecting the most appropriate treatment requires balancing the cost and effort of implementation against the benefits derived from additional risk mitigation. In some cases, further treatment may be unachievable or unaffordable and the residual risk may need to be accepted and communicated.

Risk treatment is a cyclical process where individual risk treatments (or combinations of treatments) are assessed to determine if they are adequate to bring the residual risk levels to a tolerable or appropriate level. If not, then new risk treatments are generated and assessed until a satisfactory level of residual risk is achieved.

Risk treatments should be documented in a risk treatment plan, as part of the risk action plan. The following information should be included:

- reasons for treatment selection, including expected benefits and potential risk
- accountabilities for approving the plan and its implementation
- resource requirements
- reporting, assurance and monitoring requirements
- priorities, timing and schedules
- progress of the implementation of the treatment.

Monitoring and Review

Risks change over time and hence risk management will be most effective where it is dynamic and evolving. Monitoring and review is integral to successful risk management and consists of measuring risk management performance against indicators, which are periodically reviewed for appropriateness. It involves checking for deviations from the risk management plan, checking whether the risk management framework, policy and plan are still appropriate given DOBCEL's external and internal context, reporting on risk, progress with the risk management plan and how well the risk management policy is being followed, and reviewing the effectiveness of the risk management framework.

Risk assessments should be reviewed regularly and when:

- an incident occurs or there is evidence that the risk assessment is no longer valid
- there are significant changes to workplace activities, services and goods supplied

To give assurance at all governing levels that risks are being managed, the Executive Director will ensure that the DOBCEL Board, the Assurance & Risk Consultative Committee and DOBCEL Management are provided with the following reports:

- Hazard and Incident Reports (trends/root cause analysis)
- Risk Action Plan Status (highlight any movements in risk ratings from the previous report and providing assurance that proposed treatment plans are being implemented)
- Executive Director Risk Management Report: Emerging risks/regulatory matters/changes in legislative or compliance requirements
- Notifications to any regulators
- Summary of any findings around Internal/External audits carried out

Key objectives of risk monitoring and review include:

- detecting changes in the internal and external environment, including evolving entity objectives and strategies

- identifying new or emerging risks
- ensuring the continued effectiveness and relevance of controls and the implementation of treatment programs
- obtaining further information to improve the understanding and management of already identified risks
- analysing and learning lessons from events, including near-misses, successes and failures

The results and observations from monitoring and review are most useful when well documented and shared. They may be included in formal risk reports be recorded and published internally and externally as appropriate and should also be used as an input to reviews of the whole risk management framework.

Relationship Between Internal Audit and Risk Management

A valuable source of process risk and control information is found in the activities of Internal Audit. This information supports the risk profiling activity and provides assurance around key controls. Conversely, the information captured by risk provides an important input for the annual internal audit program and also for each audit.

Risk Management and Internal Audit areas of interest

Risk Management	Internal Audit
Develop the risk management framework	Audit the adequacy and effectiveness of the risk management framework
Implement the risk management framework	Audit implementation of the risk management framework
Advise management on integration of risk management into business operations and their roles in making it work	Audit management's commitment to risk management and the take up of their roles
Advise on the allocation of accountability for risks, controls and tasks	Audit whether accountable managers fulfil those roles and are capable
Advise management and the Board on the interpretation of risk management information	Provide independent assurance of the risk management information submitted to the Board
Provide appropriate risk management status and performance information to the Assurance & Risk Consultative Committee	Provide an independent view on the credibility and reliability of the risk management information submitted to the Assurance & Risk Consultative Committee
Act as an advisor and mentor to management on risk management matters	Act as an independent reviewer to provide assurance on management's capability and performance in risk management

Policies and Procedures

The DOBCEL Board have developed policies and procedures to ensure that there is a line of sight to the Board with regard to all matters concerning risk, and which assist in minimising risk across the many areas of DOBCEL management and DOBCEL school operations. The DOBCEL Board endorses policies for ratification by the Bishop/Member of DOBCEL. DOBCEL management and DOBCEL schools must implement all DOBCEL policies and procedures that are applicable to activities undertaken.

Training and Continuous Improvement

On-line training is required to be completed by all DOBCEL staff, to ensure compliance with DOBCEL's various regulatory obligations. Staff training requirements do vary in accordance to position requirements.

All staff are required to complete the following training:

- Protecting Children - Mandatory Reporting and other Obligations
- Cyber Security for Schools
- Privacy for Schools
- Whistleblower Training
- Work Health and Safety for Schools
- Essentials for Ergonomics and Manual Handling
- Preparing for Emergencies / Emergency Management
- Safeguarding Essentials
- Workplace Behaviours for Schools – including bullying, harassment, discrimination and diversity & Inclusion

DOBCEL Leadership Team will be provided with annual risk awareness training to ensure understanding of the identification and management of risk within their respective areas.

A risk awareness program for all members of consultative committees and Board will be provided annually.

Additional training is provided on various topics to assist with instilling a best practice approach in the development and maintenance of the organisation.

Monitoring & Review of the Risk Management Framework

This framework will be reviewed and updated annually against industry standards and innovations and following review of the organisation's performance and maturity in managing risk.

The revised framework will be submitted to the Assurance & Risk Consultative Committee annually for endorsement.

Appendix 1 - DOBCEL Consequence Ratings

DOBCEL School Consequence Ratings					
Category	Levels				
	Severe (5)	Major (4)	Moderate (3)	Minor (2)	Minimal (1)
Child Safety	<ul style="list-style-type: none"> Major non-compliance with Ministerial Order 1359 resulting in suspension of registration from regulatory authority. Failure to protect children and young people resulting in criminal convictions, civil action and/or removal of registration of school. Significant legal / reputational / financial impact 	<ul style="list-style-type: none"> Ongoing non-compliance Ministerial Order 1359 resulting in warning from regulatory authority. Substantiated findings of Reportable Conduct and/or serious misconduct against a staff member(s) Legal / reputational / financial impact 	<ul style="list-style-type: none"> Failure to act following a notification of non-compliance with Ministerial Order 1359. Substantiated findings of Reportable Conduct and/or misconduct against a staff member(s). Minor or no regulatory or legal sanctions, minor or no financial impact. 	<ul style="list-style-type: none"> Notification of non-compliance with Ministerial Order 1359. Allegation of Reportable Conduct or misconduct against an individual staff member. 	<ul style="list-style-type: none"> Allegation of non-compliance with Ministerial Order 1359. Internally identified minor non-compliance
Financial	<ul style="list-style-type: none"> Loss of key assets >15 % deviation from budget High value fraud committed Significant legal / reputational / financial impact 	<ul style="list-style-type: none"> Loss of significant assets 6% - 15% deviation from budget External audit qualification on accounts High end fraud committed Legal / reputational / financial impact 	<ul style="list-style-type: none"> Loss of minor assets 2% - 5% deviation from budget External audit management letter adverse comments Minor or no regulatory or legal sanctions, minor or no financial impact 	<ul style="list-style-type: none"> Loss of 'consumable' assets, < 2% deviation from budget Low value fraud committed 	<ul style="list-style-type: none"> Small loss that can be absorbed
Health and Safety	<ul style="list-style-type: none"> Fatality or permanent disability Stress / trauma event requiring extensive clinical support for multiple individuals Significant legal / reputational / financial impact 	<ul style="list-style-type: none"> Injury / ill health requiring inpatient hospital admission Stress / trauma event requiring ongoing clinical support Legal / reputational / financial impact 	<ul style="list-style-type: none"> Injury / ill health requiring external medical attention Stress / trauma event requiring professional support Minor or no regulatory or legal sanctions, minor or no financial impact 	<ul style="list-style-type: none"> Injury / ill health requiring one visit to doctor Peer support for stress / trauma event 	<ul style="list-style-type: none"> Minor injury requiring first aid or peer support for stress / trauma event
Information Technology	<ul style="list-style-type: none"> Normal school operations cease Significant legal / reputational / financial impact 	<ul style="list-style-type: none"> Whole of school operations disrupted Assistance sought from CEB School not able to use digital platforms Legal / reputational / financial impact 	<ul style="list-style-type: none"> Key school operations temporarily disrupted School leadership team meets to return school to normal operations Minor or no regulatory or legal sanctions, minor or no financial impact 	<ul style="list-style-type: none"> Some school operations disrupted Minor workarounds return school to normal operations 	<ul style="list-style-type: none"> School operations continue with slight interruptions to normal activities.

DOBCEL School Consequence Ratings

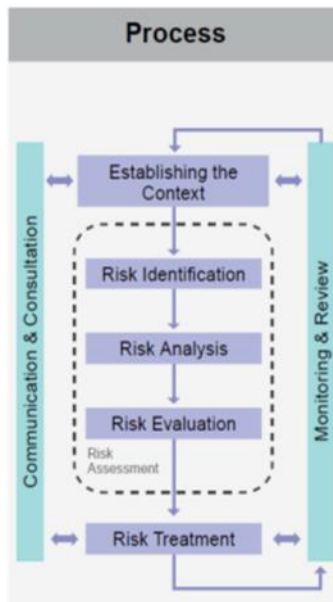
Category	Levels				
	Severe (5)	Major (4)	Moderate (3)	Minor (2)	Minimal (1)
Legal & Regulatory	<ul style="list-style-type: none"> Multiple severe non-conformance resulting in loss of key license or accreditation Significant legal / reputational / financial impact 	<ul style="list-style-type: none"> Major enforceable undertaking resulting in suspensions or conditional licences. Legal / reputational / financial impact 	<ul style="list-style-type: none"> Moderate enforceable undertaking resulting in suspensions or conditional licences Minor or no regulatory or legal sanctions, minor or no financial impact 	<ul style="list-style-type: none"> Minor enforceable undertaking and/or additional reporting without sanction applied 	<ul style="list-style-type: none"> Internally identified minor non-compliance Can be resolved internally
Operational	<ul style="list-style-type: none"> Unsatisfactory outcome of service delivery School not able to function Major disruption to student learning Significant legal / reputational / financial impact 	<ul style="list-style-type: none"> Evidence of significant variation in expectations and outcomes of service delivery Change in timelines Disruption to wellbeing and work processes Remote learning and working arrangements required Legal / reputational / financial impact 	<ul style="list-style-type: none"> Expected processes and procedures not always being met Discussion with contractor required to resolve issues Timelines need slight adjustment Disruption of service having moderate impact on wellbeing and work processes Minor or no regulatory or legal sanctions, minor or no financial impact 	<ul style="list-style-type: none"> Minor misunderstanding of expectations Some readjustment of outcomes of service delivery Minor wellbeing issues arise and can be addressed easily 	<ul style="list-style-type: none"> Minor alteration of expected service delivery Little or no impact
People & Capability	<ul style="list-style-type: none"> Critical failure(s) preventing core operations from being performed Significant legal / reputational / financial impact School closure due to inability to fulfil principal leadership position 	<ul style="list-style-type: none"> Significant impact arising from failure to provide critical training, resources or equipment impacting core operations Serious misconduct, wilful breach of policy or legislation or behaviour that places others at serious & genuine risk, industrial action may be taken Student outcomes affected by frequent changes to principal or other leadership positions Legal / reputational / financial impact 	<ul style="list-style-type: none"> Impact on operational effectiveness such that targets are not met and/or there is significant impost on other people, resources/systems. Repeated unsatisfactory performance or behaviour despite prior intervention, may place others at risk, impact on employee morale or core operations. Formal intervention required. Leadership position is managed but results in some changes to school organisation and with effect on educational program 	<ul style="list-style-type: none"> Minor and brief impact on work activities arising from a lack of training or resources required or continued inappropriate behaviour or under performance The impact can be addressed at the local level with intervention Some disruption or uncertainty regarding leadership position that may impact on community confidence in school 	<ul style="list-style-type: none"> Minimal impact on some work activities arising from a delay in training or resources, inappropriate behaviour, or under performance The impact can be addressed through routine management Minor disruption of leadership positions

DOBCEL School Consequence Ratings

Category	Levels				
	Severe (5)	Major (4)	Moderate (3)	Minor (2)	Minimal (1)
Strategic	<ul style="list-style-type: none"> • Little or no evidence of the school having a lived Catholic identity in any of its functions • Parish and community connections are minor or enacted only when necessary • Pending school closure • Unable to meet eligible enrolment requests 	<ul style="list-style-type: none"> • Significant drop in families and staff valuing the importance of Catholic identity • Parish and school connections are limited to sacramental program • Increasingly not being able to meet eligible enrolment requests 	<ul style="list-style-type: none"> • Professional learning not building capacity of all staff in strengthening Catholic identity across the curriculum • School is involved with parish - but not always as a partner • Not able to meet slight growth in enrolment requests (in given year) 	<ul style="list-style-type: none"> • Low percentage of staff and families not valuing the importance of Catholic identity in the life of the school 	<ul style="list-style-type: none"> • Some questioning of staff and families in the value of being a Catholic school • Some aspects of Catholic identity in the life of the school requires minor strengthening • The purpose of some Parish and community connections need to be reviewed for effectiveness
Student Outcomes	<ul style="list-style-type: none"> • Significant evidence of decline in levels Literacy and Numeracy competence • Significant evidence of unsatisfactory student engagement and connection to the school and their peers • Significant evidence that there are no options for student pathways • Significant evidence that transition programs are affecting school enrolments 	<ul style="list-style-type: none"> • Major evidence of decline in levels of Literacy and Numeracy competence • Major evidence of unsatisfactory student engagement and connection to the school and their peers • Major evidence that there are no options for student pathways • Major evidence that transition programs are affecting school enrolments 	<ul style="list-style-type: none"> • Moderate evidence of decline in levels of Literacy and Numeracy competence • Moderate evidence of unsatisfactory student engagement and connection to the school and their peers • Moderate evidence that there are no options for student pathways • Moderate evidence that transition programs are affecting school enrolments 	<ul style="list-style-type: none"> • Minor evidence of decline in levels of Literacy and Numeracy competence • Minor evidence of unsatisfactory student engagement and connection to the school and their peers • Minor evidence that there are no options for student pathways • Minor evidence that transition programs are affecting school enrolments 	<ul style="list-style-type: none"> • Minimal evidence Of decline in levels of Literacy and Numeracy competence • Minimal evidence of unsatisfactory student engagement and connection to the school and their peers • Minimal evidence that there are no options for student pathways • Minimal evidence that transition programs are affecting school enrolments

Appendix 2 - SIMON Risk Register

All DOBCEL Schools use the online SIMON Risk Register, a tool for identifying, analysing, evaluating and treating risk. The following diagram illustrates the risk cycle. To take reasonable precautions and to avoid foreseeable risks, risk analysis takes into account legislation, organisational and governance requirements and duty of care.



The SIMON Risk Register provides an overall assessment of risks as well as measures to minimise or eliminate risks. It records the following details:

- Current status of identified controls
- activity and risk description
- inherent risk assessment - the current risk status including current controls, consequence, likelihood, and current risk level rating
- a residual risk assessment (to be developed) - - new controls that have been put in place and the new risk level rating (which would usually be lower than the pre-mitigation assessment)
- accountabilities - indicating the risk owner and task owner
- monitoring and communication strategies
- review date

