Risk Management Policy

Policy ID	G004
Previous versions	23 February 2013, 21 October 2019, 30 January 2023
Current version	Approved by Board of Governors, 31 March 2025
Scheduled review date	March 2028
Threshold Standard	6.2 (1.e)
Responsible person/s	Finance, Audit and Risk Committee and CEO
Appendix A:	Full list of amendments

1. INTRODUCTION

The Adelaide Central School of Art ('the School') operates within a framework that minimizes risk but in a way that does not stultify or diminish the need to make decisions and take action to achieve the agreed vision of the institution. It does this by using a risk management approach, as per this policy.

Risk Management is recognised in both the public and private sectors as an integral part of effective business practice as it provides the Board and management with a deeper insight and wider perspective for the effective management of the organisation within a dynamic changing environment.

2. PURPOSE

The purpose of this policy is to:

- implement Risk Management across the School in accordance with best practice guidelines
- integrate Risk Management into the culture of the School
- foster an environment where staff assume responsibility for managing risks

3. SCOPE

This policy applies to all activities and decisions of the Adelaide Central School of Art.

4. DEFINITIONS

4.1 Risk can be defined as the effect of uncertainty on objectives

4.2 Risk arises out of uncertainty and has two elements:

- The likelihood (or frequency) of something happening and
- The impact (or severity) of the consequences resulting from the event.

4.3 Risk Management is defined in the International Standard ISO 31000:2018 coordinated activities to direct and control an organisation with regard to risk (4.1) .

5. In the same standard, the Risk Management **Framework** is to assist the organisation in integrating risk management into significant activities and functions. The effectiveness of risk management will depend on its integration into the governance of the organisation, including decision-making.

Framework development encompasses integrating, designing, implementing, evaluating and improving risk management across the organisation.

6. Policy

5.1 The Adelaide Central School of Art (the 'School') adopts a Risk Management approach that provides a comprehensive and structured framework to assist the organisation in identifying and managing key risks and implementing cost-effective treatment strategies to achieve the School's vision and goals.

5.2 Risk management is an iterative process, which facilitates continual improvement in decision-making by providing an appreciation of organisational risks and their impact. See Appendix 1 for a schematic overview of the Risk Management process.

7. RESPONSIBILITIES

The Finance, Audit and Risk Committee of the Board, in conjunction with the Chief Executive Officer (CEO) of the School, is responsible for ensuring that the risk management approach adopted by the School through this policy is disseminated and implemented throughout the School

8. PROCEDURES

8.1 The Board, Academic Board, CEO and senior staff identify strategic, governance, operational and financial risks on at least an annual basis. Once this has occurred, these groups/individuals assess the likelihood (see Appendix 2) and impact (see Appendix 3) of each risk event. This produces a risk assessment rating (see Appendix 4) to enable priorities to be applied to the various events. Against each identified event, a comment on current management practices is made and then an assessment is given on whether this approach is sufficient to deal with the risk. Risk treatment options are shown in Appendix 5. These treatment options follow the traditional 'Hierarchy of Controls'. The risk assessment and risk management document is reviewed by the Finance, Audit and Risk Committee, the School's CEO, Academic Board and other key staff on an annual basis (at least) and is presented, through the Finance, Audit and Risk Committee to the Board for information and advice.

8.2 Risk is a standing agenda item for the Finance, Audit and Risk Committee, Academic Board and Board of Governors. Each risk is reviewed throughout the year – approximately two risks are presented to the Finance, Audit and Risk Committee and in turn the Board of Governors at each meeting. Academic Risk is monitored by the Academic Board.

8.3 Any new project of value greater than $20,000 that the School decides to undertake must have a risk assessment contained in the documentation. Some individual work groups may also develop risk management plans for their areas.

8.4 Risks may also be identified during both internal and external audit processes (financial, quality, WH&S etc). It is the responsibility of the CEO to incorporate risks identified through the audit process into the institutional risk management system described above in points 1 and 2.

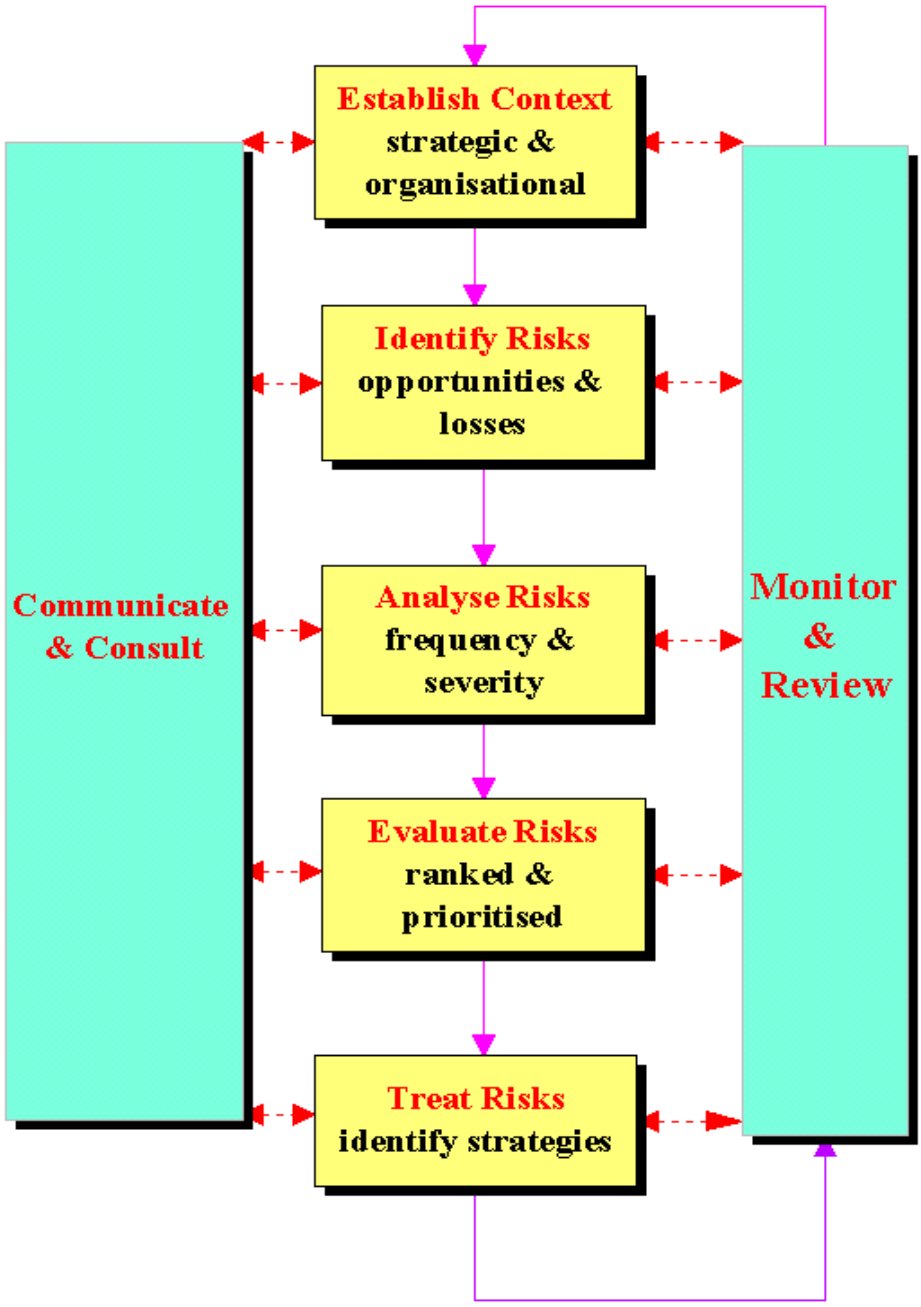
8.5 Risks, including those associated with the attainment of institutional goals, targets, KPI performance, benchmarking, public image and compliance/legislative issues may be bought to the attention of the CEO. S/he will consider these risks for inclusion into the institutional risk management system as described above in points 1 and 2.

Standards

- ISO 31000:2018 on Risk Management - Guidelines

Appendix 1

Risk Management Overview



Appendix 2

Management/Board action – Residual Risk

Low Risk	• No further action is needed at present, but monitoring will be necessary to ensure that controls are maintained. • Manage by Routine Procedures
Medium Risk	• Efforts must be made to reduce the risk, but the costs of doing so need to be carefully considered. • Approval required from relevant Manager or Officer, notification to CEO
High Risk	• The activity should be halted until the risk has been reduced or sufficient control measures are in place. • Approval required from CEO, notified to Board
Extreme Risk	• The activity that gives rise to the risk should be prohibited. • Approval required from Board to proceed with it.

Risk Likelihood

Almost certain	The event is expected to occur in next 12 months	Probability >90%
Likely	The event is expected to occur in next 1 to 2 years	60 to 90%
Possible	The event should occur at some time in next 2-5 years	25 to 60%
Unlikely	The event is out of the ordinary may occur in 5 – 10 years	5 to 25%
Rare	The event may occur only in exceptional circumstances. – every 10+ years	<5%

Appendix 3

Risk rating criteria: Consequence for Adelaide Central School of Art

Rating	Strategic	Reputation	Financial	Compliance	Work Health & Safety
Catastrophic (5)	- Failure to conduct operations to deliver strategic vision	- Board dysfunction and/ or significant members of the board resign at the same time -Government intervention required	- Loss of more than 35% ($700,000) or loss of 35% of FTE students	- Significant legal, regulatory or internal policy failure (e.g. lose accreditation) -Significant regulatory consequence	- Fatality
Major (4)	- Dismissal of key staff - Failure of course delivery	- Dismissal of Board member or key staff - High impact/ long term issue requiring BoG intervention - Loss of confidence by two stakeholder groups (e.g. gov and students) - Poor results in QLT survey - Unmanageable negative media coverage for more than 5 days	- Loss of 10% to 35% ($200,000-$700,000) or loss of 10% to 35% of FTE students	- Major legal, regulatory or internal policy failure - Major regulatory consequence	- Loss of limb or bodily function - Medical treatment that requires hospitalisation -More than 5 days off work
Moderate (3)	- One or more head of department dismissed -Significant changes to operating plans - Significant interruption to a course delivery	- Loss of confidence by one stakeholder group (e.g. gov or students) - High impact issue requiring BoG notification - Adverse media coverage. Manageable through good public relations	- Loss of 5% to 10% ($100,000-$200,000) or loss of 5% to 10% FTE students	- Moderate legal, regulatory or internal policy failure - Moderate regulatory consequence	- Person needs to be placed on modified duties for more than 2-3 days - Medical treatment that results in no hospitalisation or loss of function - 1 day or less off work
Minor (2)	- Adjustments to operating plans or execution - Limited interruption to course delivery	- Damage of confidence by one stakeholder group (e.g. gov or students) - Incident requiring management intervention	- Loss of 2% to 5% ($40,000-$100,000) or loss of 2% to 5% of students	- Minor legal , regulatory or internal policy failure -Minor regulatory consequence	- First aid treatment only - Person can return to normal duties if injury occurs
Insignificant (1)	- Limited adjustment to operating plans	- Issue of limited impact	- Loss of less than 2% ($40,000) or <2% of FTE students	- Legal, regulatory or internal policy failure with minimal or no impact on operations -Minimal or no regulatory consequence	- First aid treatment minimal if injury occurs (i.e. report only) - Rare to no potential for the event to occur in a near miss situation

Appendix 4

Risk Matrix

LIKELIHOOD	CONSEQUENCE				
	Insignificant (1)	**Minor (2)**	**Moderate (3)**	**Major (4)**	**Catastrophic (5)**
Almost Certain	**Medium**	**High**	**High**	**Extreme**	**Extreme**
Likely	**Medium**	**Medium**	**High**	**High**	**Extreme**
Possible	**Low**	**Medium**	**Medium**	**High**	**High**
Unlikely	**Low**	**Low**	**Medium**	**Medium**	**High**
Rare	**Low**	**Low**	**Medium**	**Medium**	**High**

Control Effectiveness

The following table was used when determining Control effectiveness.

Rating	Description
Highly Ineffective	Controls are non-existent or have major deficiencies and don't operate as intended
Ineffective	Limited controls in place, high level of risk remains
Significant Improvement Required	Key controls in place, with significant opportunities for improvement identified
Limited Improvement Required	Controls properly designed and operating, with opportunities for improvement identified
Effective	Controls properly designed and operating as intended

Appendix 5

Risk Mitigation Strategies

The following table was used when determining Risk Mitigation strategies.

Strategy	Detail
Avoidance	Not proceeding with task, project or activity that is likely to generate the risk
Acceptance	Accept risk and establish appropriate management plan
Reducing Likelihood	Develop processes to reduce likelihood of risk, e.g. preventative maintenance, audits, inspection and testing
Reducing Consequence	Develop processes to reduce consequence of risk. eg Contractual arrangements, redesign, security measures, contingency planning.
Transfer	Transfer all or part of risk to second party through insurance, contractual arrangements, organisational structures
Retention	Retain/Accept the risk

Appendix 6: Policy Amendments

1. Minor amendment (formatting changes and position title change from Finance Officer to Finance Manager

   Approval not required. 29 September 2016
2. Minor amendment – update Appendix 3 Impact Rating Guidelines to Risk rating criteria
3. Update all Appendix to reflect the Risk Management Framework developed in Dec 2021
4. Major updates based on the Risk Management review in December 2021