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| Policy Name | RISK MANAGEMENT POLICY |
| Policy Number | TBA |
| Responsible Officer: | Chief Executive Officer |
| Approval Authority | The Board of Directors |
| Approval Date | 30 July 2016 |
| Revision Frequency | Annual |
| Last Revision Date | 30 July 2016 |

1.0 Purpose

Risk management is an important element of ACD's Corporate Governance. Effective risk management:

- Supports the achievement of ACD's objectives;
- Enables ACD to anticipate its operational and strategic risks and aims to prevent or minimise the impact of those anticipated risks;
- Provides assurances to the Board of Directors and its members that risks are managed appropriately and in-line with ACD objectives;
- Improves strategic thinking, process performance and effectiveness;
- Aims at developing and promoting a culture of transparency and accountability;
- Improves financial strength and financial planning practices;
- Improves statutory compliance and stakeholder relationships.

The purpose of this policy is to:

- a. Define responsibilities and processes to ensure that risk management is embedded into College strategic, business, project planning, and review processes;
- b. Ensure a consistent approach to risk management is applied across ACD;
- c. Promote a risk aware culture at ACD where all staff, State Faculty offices and ACD volunteer members assume responsibility for managing risk in their day to day College activities.

2.0 Scope

This policy applies to College Head Office (administrative units), all State Faculties and all other business activities of ACD. This policy should be read in conjunction with the attached Risk Management Framework & Guidelines.

3.0 Definitions

| Key Word | Definition |
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| Risk Control | A measure that modifies (and usually reduces) risk. Risk treatments become controls, or modify existing controls, once they have been implemented. |
| External Risk Controls | Some external controls are: Legislation, Code of Conduct and regulations affecting College operations and its members; external audit. |
| Internal Risk Controls | Some internal controls are: College Constitution; College internal policies, regulations or procedures, including operational policies, membership related policies, Member Code of Conduct and Ethics; staff/member training activity; position descriptions; role descriptions; segregation of duties; staff/trainee employment assistance services; structural or physical barriers (e.g. setting up IT firewalls); internal audit; College custom and practices (or practices already been adopted in processes – unwritten rules); technology, technique, method, or a device. |
| Control Ownership | A College officer, Governing Committee or authority that is assigned with an explicit responsibility to review, recommend, implement and monitor the implementation of all Risk Controls. |
| Residual Risk | Residual risk represents the remaining level of risk after existing controls. A risk is reduced from its 'inherent state' by the application of controls. |
| Target Risk | Desired state for a risk level after tightening controls or undertaking Projects or initiatives aimed at further reducing the likelihood or consequence of risk |
| Consequence | The outcome of an event affecting objectives. |
| Likelihood (probability) | The chance of something happening. |
| Risk | The effect of uncertainty on objectives. |
| Risk appetite | The amount and type of risk that an organisation is willing to retain. In College context – we attribute this definition to 'opportunities' or positive risks |
| Risk Tolerance | An organisation's readiness to bear the risk after treatment in order to achieve its objectives. |
| Risk attitude | Risk appetite and risk tolerance of an organisation. |
| Risk Assessment | Overall process in identification, analysis and evaluation of risks. |
| Risk Rating | The risk rating calculated using likelihood and consequence criteria after considering the existing control environment. |
| Risk Level | Same as risk rating. |
| Risk Management Policy | College's formal statement of its overall intentions and direction regarding risk management. |
| Risk Management Framework | An overarching conceptual framework from which College policies, procedures, practices and values are described and derived. |
| Risk Matrix | A tool for ranking and displaying risks by identifying ranges for consequence and likelihood. |
| Risk Owner | A person with the accountability and authority to manage a risk. |
| Risk register | A record of risks identified and how they're managed. |
| Risk treatment | The process of selecting and implementing measures or 'treatment options' to modify risks or their potential consequences. |
| Risk Assessment Criteria | Developed set of rules to assessing likelihood and consequence of a risk i.e. Assessment Criteria for Likelihood |
| Hazard | A source of potential harm or a situation that could cause a loss. |

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| Event | An incident or a situation which occurs in a particular place and at a particular time (or in time periods) |
| Risk Evaluation | Process to decide if a risk is 'acceptable' or 'unacceptable' |
| Acceptable / Unacceptable Risks | Whether a risk is acceptable or unacceptable relates to the risk appetite or the risk tolerance of the College; the willingness of the College to bear the risk after it is treated in order to achieve the desired objectives |
| Risk Acceptance | An informed decision to accept the consequences and likelihood of certain risks. |
| Stakeholder | Those people and organisations who may affect, be affected by, or perceive themselves to be affected by, a decision or activity. |
| Major Project | Any project that is targeting to enhance the quality and the quantity of College services and College infrastructure that require a minimum outlay of \$50k or more capital |
| Business Initiative | Business Initiatives (BI) are projects, joint-ventures or other business acquisitions that are targeting to enhance service capacity and/or revenue generation potential of the College and that require any amount of capital outlay including commitment of College staff time |
| Volunteer Members | Those College members (Fellows or Members) who willingly participate in College operations. |
| Operational Committee | Committees that are participating in implementation of College operations, in education and training and corporate matters. The definition includes committees operating under State Faculty structures. |
| Risk Prioritisation | Ranking risks according to their risk rating and prioritising risk management activities according to this ranking. |
| Ongoing risks | Risks that were already identified and included in the risk register |
| New Risks | Risks that are identified during the course of operations |
| Headline Risks | Risks that carry a rating of "moderate" and above |
| Key ACD Officers | Any officer who is formally appointed to a position in the College, including but not limited to the CEO, State Faculty Office bearers, Dean of Education, State Directors of Training, Chief Examiner and management staff. |

4.0 Policy

- 4.1 ACD will apply a corporate wide and structured approach to risk management, consistent with the Risk Management Standard AS/NZS ISO 31000:2009 Risk management – Principles and guidelines.
- 4.2 All College staff, State Faculty Chairs and Operational Committee Chairs are responsible for participating in ACD's Risk Management;
- 4.3 Risk management guidelines and risk management practices should be considered in all operational and strategic planning activities/processes of ACD.
- 4.4 All major College projects or new business initiatives should be considered as sources of risk, therefore prior to the commencement of such projects or new business initiatives, risk management guidelines should be applied.
- 4.5 Risk management activities should be based on information gained from truthful sources, including actual historical data, management, staff and member experience, observations and expert judgement.
- 4.6 Assessment, reporting, escalation and mitigation of risks should be made according to the ACD's Risk Management Guidelines.
- 4.7 Risks will be managed and monitored by College officers who are assigned with "risk responsibility" according to this policy.
- 4.8 All internal risk controls will be assigned to "control owners" who will be responsible from maintaining and continually improving internal risk controls.
- 4.9 Officers responsible from risk management (as per clause 4.7) and for all risks assigned to them; must ensure:
 - Adequacy and implementation of risk controls with the support of control owners;
 - Undertake, initiate or recommend necessary and timely actions to reduce risk exposure for all risks;
 - where risks are categorised as headline risks; functional and approved mitigation plans are in place, and
 - risk reporting is undertaken.
- 4.10 Risk monitoring and review will be undertaken regularly and according to the Risk Management Guidelines.
- 4.11 College will develop and maintain a "Risk Register". The Risk Register will be in the format disclosed in Risk Management Guidelines as endorsed by the College Audit and Risk Committee.

5.0 Roles and Responsibilities

| Role | Responsibilities | Risk Control Ownership |
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| Board of Directors | <ul style="list-style-type: none"> • Ensuring risks are managed and a system for risk management and risk assessment is in place; • Setting and reviewing College risk appetite; • Establishing the risk management policy and the risk management framework and reporting requirements; • Setting and maintaining a climate at Board, Board Committee and Officer level of risk awareness; • Establishing an effective and active Audit & Risk Committee, that enables the Board to meet its responsibilities and monitors the effectiveness of the Risk Management Policy and risk management framework across ACD; • Establishing and/or directing relevant Officers and committees for the establishment of risk controls; • Receiving reports on effectiveness of risk management framework and College Headline and emerging risks from the Audit and Risk Committee; • Owns specific risks in Board Administrative matters such as Board appointments, Board Committee appointments and appointment of College officers and CEO. | <ul style="list-style-type: none"> • The Board owns the control of the risk management system and its effectiveness |
| Audit and Risk Committee | <ul style="list-style-type: none"> • Informing the Board of the adequacy and effectiveness of ACD's Risk Management Processes and internal controls, where necessary taking appropriate actions to review, amend or establish new controls; • Assessment and recommendation of ACD's Risk Attitude and Risk Register; • Oversight of the processes for identifying and assessment of emerging risks; • Endorsement, monitoring and review of risk response plans for Headline Risks; • Overseeing Risk reporting; • Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws, and on any other significant breaches of policy within the College; • Receiving from management reports on College Insurance coverage and endorses annual insurance review and renewals; • Holds risk ownership of financial investment portfolios. | <ul style="list-style-type: none"> • Internal risk controls as directed by the Board. • External risk controls in legislative and compliance requirements. |

| Role | Responsibilities | Risk Control Ownership |
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| Chief Executive Officer | <ul style="list-style-type: none"> • Chief Executive Officer is responsible for effective implementation of the risk management framework across ACD; • Champions the Risk Management culture and facilitates risk training for key ACD officers and supports the enhancement of Risk Management Practices; • Establishes structured processes to facilitate, advise and support: <ul style="list-style-type: none"> – State Faculty Chairs in managing risks at the faculty level; – Dean of Education, Chief Examiner and State Directors of Training in managing risks in their area of responsibility; – Chairs of operational committees in managing risks in committee related work • In conjunction with the Audit and Risk Committee develops and reviews ACD’s Risks and recommends changes to Risk Attitude; • Identifies emerging operational and strategic risks and escalates such risks to the Audit and Risk Committee; • Allocates priorities and internal resources in the establishment/review of risk controls, risk response plans and overseeing the management of risks escalated from all sources within ACD; • Risk ownership of major projects and commercial activities; • Delegates risk ownership of relevant internal (head-office processes) to management staff; • Establishes a structured process in the implementation, monitoring and continuous improvement of risk controls via all staff; | <ul style="list-style-type: none"> • internal risk controls in risks relating to employment practices; Head office administration practices and processes; Physical and IT assets management; project and business initiatives |
| Chair of State Faculty | <ul style="list-style-type: none"> • Identifying, evaluating and managing risks potentially hampering the achievement of College Objectives in their State faculty; • Manages risks with consultation and support of the CEO; • Ensures the implementation of risk controls and risk response plans, as directed by the Audit and Risk Committee, in their State Faculty with the support of the CEO; • Reports new risks, progress on the implementation of controls and if applicable the progress of risk response plans to the Audit and Risk Committee via the CEO. | <ul style="list-style-type: none"> • State Faculties do not hold ownership of risk controls |

| Role | Responsibilities | Risk Control Ownership |
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| Dean of Education Chief Examiner Chair of the National Training Committee | <ul style="list-style-type: none"> • The Dean of Education holds overarching responsibility in identifying, evaluating and managing risks potentially hampering the achievement of College Objectives in their portfolio. Dean of Education, depending on responsibility areas, delegates risk responsibilities to: <ul style="list-style-type: none"> – Chief Examiner, and – Chair of the National Training Committee (or “Chief DoT”) • Ensures the implementation of risk controls and risk response plans at national and state faculty levels with the support of Director Education Services. • Reports new risks, progress on the implementation of controls and if applicable the progress of risk response plans to the CEO via Director Education Services. | <ul style="list-style-type: none"> • Dean of Education, Chair of the Academic Standards Committee does not hold ownership of risk controls. |
| Director of Education Services (Director of Educational Innovation) | <ul style="list-style-type: none"> • Responsible for supporting the CEO in effective implementation of the risk management framework in their portfolio; • Establishes structured processes to facilitate, advise and support: <ul style="list-style-type: none"> – Dean of Education, Chief Examiner and Chair of National Training Committee in managing risks in their area of responsibility; – Chairs of relevant operational committees in managing risks in committee related work; • Ensures the implementation of risk controls and risk response plans in their portfolio; • Identifies emerging operational and strategic risks and escalates such risks to the CEO and CFO; • In consultation with the CEO allocates priorities and internal resources in the establishment/review of risk controls, risk response plans and overseeing the management of risks in their portfolios escalated from all sources within ACD. | <ul style="list-style-type: none"> • Director of Education Services owns all risk controls in their portfolio. • Risk ownership of (head-office processes) as assigned by the CEO. |

| Role | Responsibilities | Risk Control Ownership |
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| Chief Financial Officer | <ul style="list-style-type: none"> • Facilitates the development and implementation of Risk Management Framework in ACD through the Risk Management Policy and associated guidelines; • Works closely with the CEO in the development and review of ACD's Risk Attitude and Risk Register; • Ensures the review and continuous improvement of ACD's Risk Management Practice; • Administers ACD's Risk Register; • Coordinates reporting of Risk data to the Board of Directors via the Audit and Risk Committee; • Works closely with Risk Owners in identifying, assessing, monitoring/reviewing, communicating and reporting of the risks that may impact on ACD's objectives; and • Provides or facilitates the provision of training and support to Risk Owners and all ACD staff on Risk Management Policy and associated guidelines. | <ul style="list-style-type: none"> • Owns financial risk controls issued by the Audit and Risk Committee. • Risk ownership of (head-office processes) as assigned by the CEO. |
| All College Staff | <ul style="list-style-type: none"> • All ACD staff at all times should conduct their duties in a manner which does not place at risk the health and safety of themselves or any other person(s) in the workplace; • Meet their obligations under relevant legislation including Occupational Health and Safety, Equal Employment Opportunity and Anti-Discrimination; • Take practical steps to minimise or eliminate work place hazards or report such hazards to their supervisor; • Maintain an understanding of risk management framework and report emerging risks in their area of responsibility to their supervisor; • College staff is responsible for implementing and supporting the CEO and the management staff in continually improving risk controls in their area of responsibility | <ul style="list-style-type: none"> • College staff do not hold ownership on risk controls. (Except removal of an office hazard – if practical to do so) |

6.0 Attachments

Attachment 6.1: ACD Risk Management Framework & Guidelines

7.0 References

AS/NZS ISO 31000:2009 Risk management Standard