

RISK MANAGEMENT POLICY

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POLICY STATEMENT

Apprenticeship Are Us Ltd is a not-for-profit and registered charity with the Australian Charities and Not-for-Profits Commission (ACNC). Apprenticeships Are Us Ltd is also a registered Group Training Organisation registered under the National Standards for Group Training Organisations. Apprenticeship Are Us Ltd will perform the tasks of managing risks in a manner consistent with an integrated management approach. Our risk management approach is consistent with the requirements of *ISO 31000:2018 Risk Management* and the National Standards for Group Training Organisations.

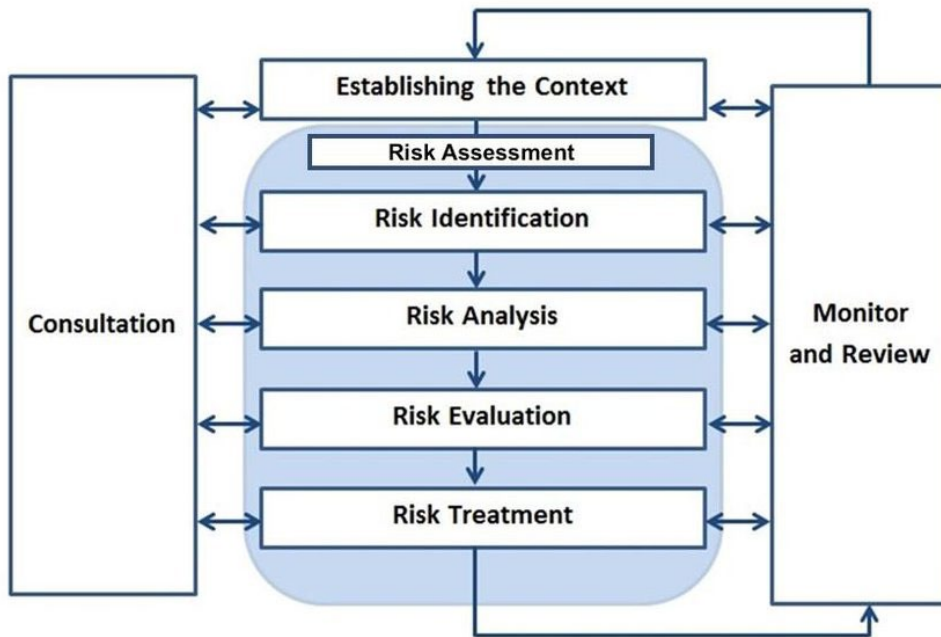
SCOPE

This policy and procedure apply to Apprenticeships Are Us Ltd as a whole.

DEFINITIONS

Acceptable level of risk, or 'valid' risk.	The acceptable level of risk reflects the decision by the organisation's management to accept the risk (likelihood and consequences of a risk). In some cases, it may be more appropriate for a not-for-profit such as Apprenticeships Are Us Ltd to consider a risk 'valid'. This is also known as the organisation's risk appetite.
Communication and consultation	Continual and iterative processes that an organisation conducts to provide, share, or obtain information, and to engage in dialogue with stakeholders regarding the management of risk.
Consequence	The outcome of an event affecting objectives.
Control	A measure that modifies (usually, reduces) risk.
Likelihood	The chance of something happening.
Residual risk level	The risk remaining after risk treatment.
Risk	The effect of uncertainty on objectives.
Risk appetite	The amount and type of risk that an organisation is willing to retain.
Risk assessment	The overall process of risk identification, risk analysis and risk evaluation.
Risk level	The risk rating calculated using likelihood and consequence criteria after considering the existing control environment.
Risk management	Coordinated activities undertaken by an organisation to control or reduce risk.
Risk Management Framework	This broadly articulates how risk management is integrated into and aligned with your organisation's policies, procedures, practices, and values.
Risk Management Policy	An organisation's formal statement of its overall intentions and direction regarding risk management.
Risk Management Process	The systematic application of management policies, procedures, and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring, and reviewing risk.
Risk matrix	A tool for ranking and displaying risks by identifying ranges for consequence and likelihood.
Risk Register	A record of risks identified and how they're managed.
Risk retention	Acceptance of the potential benefit, or burden, of a particular risk.
Risk tolerance	An organisations or stakeholder's readiness to bear the risk after treatment in order to achieve its objectives.
Risk treatment	The process of selecting and implementing measures or 'treatment options' to modify risks or their potential consequences.
Stakeholder	A person or organisation that may affect, be affected by, or perceive themselves to be affected by, a decision or activity.

PROCEDURE



The ARU Board is responsible for ensuring that Apprenticeships Are Us Ltd has strategic guidance regarding risk management.

The CEO is accountable for ensuring risks are identified and that risks are appropriately mitigated or managed.

The Management and Executive Team are responsible for identifying risks and managing risks as directed by the CEO and the ARU Board.

Apprenticeships Are Us Ltd must ensure that it maintains good standards of governance and manages and reduces risks in accordance with its obligations as a registered charity and group training organisation. As such, risk management occurs at two levels:

1. at the organisational level (high-line, compliance, and organisational risks); and
2. at the process level (operational risks).

The Risk Register identifies organisational-level risks only. These are risks that, if realised, may have a significant impact on the future of the Apprenticeships Are Us Ltd and its ability to provide services in line with its charitable purpose. These are regularly reviewed by the CEO, Management and Executive Team and ARU Board.

Process-level risks are identified and managed through Apprenticeships Are Ltd.'s policies and procedures and will be monitored through:

- (a) external audits (including annual financial audit for the purposes of ACNC reporting, the National Standards for Group Training Organisations and annual safe work audits); and
- (b) internal compliance reviews conducted in accordance with these policies.

Examples of process-level risks include vehicle and travel safety, fatigue management, work-related trauma/stress, and office, financial and purchasing.

RISK IDENTIFICATION

The Board of Apprenticeships Are Us Ltd recognises that unidentified risks can pose a major threat to the organisation. Identification should include all risks whether or not they are under the control of the organisation. A risk assessment may concentrate on one or many possible areas of impact relevant to the organisation or activity, but a standard methodology should be applied across all functions. Valid information is important in identifying risk.

The process for identifying risks will be consistent with an integrated management approach:

- identification of risks will be the results of analysis of audits
- surveys
- evaluation outcomes and the identification of risks associated with new initiatives
- will be integrated into decision-making processes

RISK ANALYSIS

Risk is analysed by assessing the likelihood of the risk occurring and the possible consequences if the risk materialises. An assessment of the consequences involves a consideration of the impact of an event occurring on the organisation in terms of magnitude. An assessment of the likelihood of a risk occurring is based on the probability of an event occurring in terms of frequency.

In the context of the existing controls, likelihood and consequence are combined to produce a level of risk. The level of risk is defined by the relationship between likelihood and consequence applicable to the area of risk or program under review.

Refer to **Table 1** below for the method the Apprenticeships Are Us Ltd uses to analyse likelihood.

Table 2 shows how likelihood and consequence determine the level of risk.

Table 1: Options for the likelihood of risk occurring.

LEVEL	LIKELIHOOD	DESCRIPTION	PROBABILITY
1	Rare	May only occur only in exceptional circumstances. This event is known to have occurred elsewhere – once every 5+ years	<5%
2	Unlikely	Could occur at some time – once every 5 years	5% - 30%
3	Possible	Might occur at some time – once every 3 years	30% - 60%
4	Likely	Will probably occur - once during the year	60% - 90%
5	Almost Certain	Is expected to occur in most circumstances - frequently during the year	> 90% - 100%

Table 2: Analysing level of risk

The following table illustrates the level of risk ranging from ‘Low’ to ‘High’.

LIKELIHOOD	Almost certain	5	10	15	20	25
	Likely	4	8	12	16	20
	Possible	3	6	9	12	15
	Unlikely	2	4	6	8	10
	Rare	1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Critical
CONSEQUENCE						

RISK LEVEL	LOW	MEDIUM	HIGH
RISK SCORE	1-4	5-12	15-25

Scoring system

The level of risk is assessed and quantified by applying the risk assessment matrix in the Risk Management Plan as contained in the ARU Risk Register.

See the Matrix in the ARU Risk Register.

QUESTIONS TO GUIDE THE RISK MANAGEMENT PROCESS

In assessing risks and identifying management strategies, the following questions should be asked as a minimum requirement:

1. Are the assumptions, including those made in relation to the environment, technology and resources, still valid?
2. What are the associated risks in implementing the strategy?
3. What are the associated risks if the strategy is not implemented?
4. Are the risk solutions effective in minimising the risks?
5. Are the risk treatments comparatively efficient/cost effective in minimising risks?
6. If relevant, are the management and accounting controls adequate?
7. Do the risk solutions comply with legal requirements, government and organisational policies, including access, equity, ethics, accountability?
8. How can improvements be made?

RISK EVALUATION

Risks are either acceptable or unacceptable. Defining a risk as acceptable does not imply that the risk is insignificant. The evaluation should take into account the degree of control that Apprenticeships Are Us Ltd has over each risk, the financial impact, benefits and opportunities presented by the risks. Also, the risks borne by other stakeholders that benefit from the risk should be considered. The significance of the risk and the importance of the policy, program, process, or activity need to be considered in deciding if a risk is acceptable.

Reasons why a risk may be acceptable:

- The level of the risk is so low that direct management of the risk is not appropriate within the available resources of Apprenticeships Are Us Ltd.

- The risk is such that there is no appropriate management strategy or there are insufficient resources available to manage the risk. For example, the risk that a project might be terminated following a change of government is not within the control of an organisation.
- The costs and/or resources required to manage the risk, including insurance costs, are unreasonably excessive in comparison to the benefit received from the management of the risk option. Generally, this is more applicable to lower ranked risks.
- The opportunities presented outweigh the threats to such a degree that the risk is justified.

Reasons why a risk may be unacceptable:

- Unacceptable risks are those which are required to be treated as they pose harm to Apprenticeships Are Us Ltd or its personnel or will cause Apprenticeships Are Us Ltd to breach its legal obligations or other obligations as a registered charity. These risks must be prioritised for subsequent management action as a component of the organisation's action plans.

RISK MANAGEMENT

Managing risk involves identifying the range of options for managing risk, assessing the range of options, preparing risk management plans, and implementing risk management plans.

Identifying options for risk management

These may include:

- **Accepting** the risk if the likelihood and consequences of that risk are consistent with the established criteria. These criteria should establish the threshold of what, would constitute unacceptable exposure. The ability of the organisation to absorb an incident will, to a large degree, depend on the size and “financial health” of that organisation.
- **Avoiding** the risk by deciding either not to proceed with the activity that contains an unacceptable risk, choosing an alternative and more acceptable activity which meets the objectives and goals of the organisation, or choosing an alternative less risky methodology or process within the activity.
- **The option of adopting an alternative work practice** of lower risk reduces the consequences and/or likelihood of harm or loss and therefore is a treatment and not necessarily avoidance of risk. Avoiding the risk is equivalent to refusing to accept the risk.
- **Reducing** the likelihood or the consequences of the risk, or both. Note that there is a trade-off between the level of risk and the cost of reducing those risks to an acceptable level. As already stated, the acceptable level should be consistent with the established risk criteria.
- **Transferring** the risk, in full or in part, to another party. Again, the risk criteria should establish the level of acceptability of risk transfer in each instance. For example, where goods and/or services are being acquired from a contractor, and the contractor is in the best position to manage that particular risk, risk transfer would be acceptable.
- **Retention** of either residual risks, following completion of risk reduction measures, or of those risks which are required to be retained.

Assessing options for treatment

Any one of several decision points may be chosen. These include:

- A satisfactory (but not optimum) solution.
- The most cost-effective solution.
- The accepted practice (industrial norm, good business practice).
- The best achievable result (given current technology); and
- The absolute minimum.

Which risk reduction is considered to be the most acceptable depends on the circumstances and the established risk context within which the decision has to be made. With the right scenario, a valid argument can be made for any of the above options.

Where risk reduction is considered both feasible and cost effective, the required funding will need to be budgeted, with the responsible person ensuring that the risk reduction measures are carried out to the level determined.

MONITORING, REVIEWING, AND REPORTING RISKS

The CEO will, as part of quarterly reporting to the Board, prepare and provide a general overview of the organisation's risk profile.

Monitor and review

Should a risk emerge, it will be reviewed and treated immediately. The CEO, Management, and Executive Team will formally review the organisation's risk register every 3 months.

The Board will review the entire risk register on an annual basis. The risk register will be rolled over at the beginning of each calendar year.

The CEO is responsible for monitoring risks and the effectiveness of control measures implemented to manage risks. This is to ensure changing circumstances do not alter risk priorities.

Ongoing review of risk is undertaken by the Compliance Officer to ensure the risk audit schedule remains relevant. Factors which may affect the likelihood and consequences of an outcome may change as many of the factors which affect the suitability or cost of the various risk management options may change.

Methods of reviewing risks:

- Quarterly compliance audits
- Workplace Health and Safety audit
- Annual Financial audit
- Compliments and complaints
- Staff performance review
- Business / operational plan review
- Review of contract agreements
- Monthly WHS claims reviews
- Risk Assessment reports

Communication of risk

As part of reporting on processes where risk management has been integrated, it is a requirement for the report to include a risk assessment report. The report must identify all risks rated "medium" or above and include strategies for managing the risk. Risks that are rated "high" must also be verbally communicated to the respective supervisor immediately. The matter should then be raised with the CEO as a matter of priority. There are no requirements to record risk rated as "low". These reports are then to be tabled at the next scheduled management meeting for consideration and endorsement where appropriate.

Disaster management and business continuity

Apprenticeships Are Us Ltd will develop and maintain disaster management and business continuity plans to ensure that, in the event of an unforeseen incident, we can continue to operate and provide services to our clients, wherever possible. Plans will be reviewed by the CEO and the Board at least every 12 months.

Should an unforeseen event occur, we will participate in local disaster management planning to assess and support vulnerable people. This will be managed by the Compliance Officer.

IMPLEMENTATION

The implementation of this policy is to be recorded on the ARU Risk Register. The Risk Register records:

1. the type of risk
2. potential consequences
3. steps to mitigate risk
4. monitoring frequency
5. an assessment of:
 - (a) likelihood of risk occurring
 - (b) impact of risk occurring
 - (c) controls in place to manage the risk
6. total risk rating

The Risk Register is to be categorized into matters that pertain to:

1. corporate governance
2. operations
3. financial management

The Compliance Officer, reporting to the CEO, is to update the Risk Register for presentation to the Board at least annually.

SUPPORTING DOCUMENTS

- Risk Register

REVIEW

This document is to be reviewed every 12 months.

AUTHORISATION

Michael Wentworth



Chief Executive Officer

Apprenticeships Are Us Limited

DOCUMENT CONTROL

Version	Authorized by	Authorization Date	Sections	Amendment
1.1	M Wentworth	16/06/2023	All	N/A