1.9 Risk Management Policy

Overview

John Street Community Early Childhood Co-operative ('John Street CECC') recognises that the organisation is exposed to certain risks due to the nature of its activities and the environment in which it operates.

The key to John Street CECC's success is the effective management of risk to ensure its organisational objectives are achieved.

Purpose

In order to fully understand risks, John Street CECC has established this Risk Management Policy (the **Policy**) which provides the framework for how risk will be managed within the organisation.

The Policy is based on the Australian Standard, AS/NZS ISO 31000:2009 Risk management – Principles and guidelines, and forms part of the governance framework of the organisation. It also integrates with the strategic planning process. The Policy addresses both strategic and operational risks.

We will use our skills and expertise to identify risks across the organisation on an ongoing basis. We will assess the size or degree of risk by taking into consideration the potential impact to our operations and its impact on stakeholders. Our assessment will include identifying operational controls in place which manage risk. Risks will be ranked in a common and consistent manner and a Risk Register will be maintained containing material risks to the organisation.

Risk treatment actions and plans will be developed for risks which are unacceptable to the organisation, utilizing the template at Appendix 1.

Risks, and the effectiveness of the risk management system will be monitored on a regular basis and we will communicate and consult with relevant stakeholders on our approach to managing risk.

Organisational objectives

John Street CECC's organisational objectives are:

- provide a program and practice that is stimulating and engaging, and enhances children's learning and development;

- safeguard and promote children's health and safety;

- to provide a physical environment that is safe, suitable and which provides a rich and diverse range of experiences that promote children's learning and development;

- qualified and experienced staff develop warm, respectful relationships with children, create safe and predictable environments, and encourage children's active engagement in the learning program;

- all relationships with children are responsive and respectful, and promote children's sense of security and belonging;

- create collaborative relationships with families as fundamental to achieving quality outcomes for children;

- management of community partnerships based on active communication, consultation and collaboration;

- effective leadership and management contributing to the quality environments for children's learning and development;

- functioning as a learning community with well documented policies and procedures, well maintained records, shared values, clear direction and reflective practices; and

- families engaged in an ongoing cycle of planning and review to create a climate for continuous improvement.

In delivering these objectives, risks will arise due to the organisation's operational undertakings and from external sources. Risks occur in numerous ways and have the potential to impact financial performance, reputation, health and safety, community and the overall performance of the organisation.

Risk Tolerance

Our tolerance for adverse risks will be used to determine which risks are treated through the development of risk treatment actions to manage risks to an acceptable level. During this process we will consider additional control measures to manage the risks to acceptable levels. In doing so we will apply the principles set out in Appendix 1: Risk Matrix and Appendix 2: Risk Consequence Criteria.

Accountability

The Policy forms part of the governance framework and integrates with the strategic planning process. The Policy addresses both strategic and operational risks and the requirement of the organisation to operate in its regulatory environment.

Ownership of risks and risk treatment actions will be assigned to relevant roles within the organisation. John Street CECC has incorporated risk management accountability in executive, management and supervisory roles which are required to report on risks and risk treatment actions.

Risk Management Oversight

John Street CECC's Board will oversee the Policy and the organisation's exposure to risk. Oversight of the effectiveness of our risk management processes and activities will provide assurance to the Board and stakeholders and will support our commitment to continuous organisational improvement.

Reporting, Monitoring and Review

John Street CECC will monitor risks and treatment actions on an ongoing basis. Performance of the risk management system and outstanding risk treatment actions will be reported to the Board on a regular basis. Formal reviews of both the risk management system and the Risk Register will take place on an annual basis and the Board will assess the effectiveness of the Policy annually.

Communication and Consultation

John Street CECC will communicate and consult with its stakeholders (internal and external) on its approach to risk management.

Regular review

This policy will be reviewed every two years and following significant incidents if they occur. We will ensure that families and children have the opportunity to contribute. Where possible we do our best to work with local Aboriginal communities, LGBTQIA, culturally, and/or linguistically diverse communities, and people with a disability.

Responsibility

It is the responsibility of all stakeholders to implement this policy.

Legislative Provisions

DEEWR Child Care Service Handbook 2011-2012

Section 6.5	*What are my services responsibilities to parents?*
Section 6.6	*What are my responsibilities to children?*
Section 6.6	*What are my services responsibilities to staff?*

Education and Care Services National Law Act 2010 (Vic) - Section 165, 167, 174

Education and Care Services National Regulations 2016:

r.101(2)(f)	*Supervision during excursions*
r.115	Premises designed to facilitate supervision
r.155	*Interactions with children*
r.156	*Relationships in groups*
r.168 (2)(i)	*Policies and procedures are required in relation to providing a child safe environment*
r. 176	*Timeframes for notifying certain information to the Regulatory Authority*

National Quality Standard for Early Childhood Education and Care & School Age Care

Standard 2.2	*Each child is protected*
Element 2.2.1	*At all times, reasonable precautions and adequate supervision ensure children are protected from harm and hazard.*
Element 2.2.2	*Plans to effectively manage incidents and emergencies are developed in consultation with relevant authorities, practised and implemented.*
Element 2.2.3	*Management, educators and staff are aware of their roles and responsibilities to identify and respond to every child at risk of abuse or neglect.*
Standard 7.1	*Governance supports the operation of a quality service*
Element 7.2.1	*Systems are in place to manage risk and enable the effective management and operation of a quality service.*
Standard 7.2	*Effective leadership builds and promotes a positive organisational culture and professional learning community.*
Element 7.2.1	*There is an effective self-assessment and quality improvement process in place.*

Sources

Department of Education and Training, Victoria – website at http://www.education.vic.gov.au

ACECQA guidance on Quality Area 2 – at https://www.acecqa.gov.au/sites/default/files/2018-04/QA2-ActiveSupervisionEnsuringSafetyAndPromotingLearning_1.pdf

Related John Street Policies, Procedures and Guidelines

Policies	*Philosophy; Child Safe Standards Policy; Code of Conduct; Expectations of Educators; Dealing with Complaints; Inclusion of Children with Additional Needs; Managing Poor Work Performance & Gross Misconduct; Personal Safety & Security; Equity, Diversity & the Children's Program; Program Planning; Educational Equipment & Toys; Supervision of Children.*
Appendices	Appendix 1: Risk Matrix Appendix 2: Risk Consequence Criteria Appendix 3: Risk Treatment Plan Template Appendix 4: Glossary of Terms

Authorisation

This policy was approved by the John Street Board in July 2018.

Appendix 1: RISK MATRIX

Risk Rating					
	Consequence				
		Critical 5	Major 4	Moderate 3	Minor 2	Insignificant 1
Likelihood	Certain 5	Extreme	Extreme	High	Medium	Medium
	Likely 4	Extreme	High	High	Medium	Low
	Possible 3	High	High	Medium	Medium	Low
	Unlikely 2	Medium	Medium	Medium	Low	Low
	Rare 1	Medium	Medium	Medium	Low	Low

LIKELIHOOD		
LIKELIHOOD LEVEL	DESCRIPTION	PROBABILITY
Certain (5)	Is expected to occur in most circumstances – frequently during the year	> 95% - 100%
Likely (4)	Will probably occur – once during the year	70% - 95%
Possible (3)	Might occur at some time – once every 3 years	30% - 70%
Unlikely (2)	Could occur at some time – once every 5 years	5% - 30%
Rare (1)	May occur only in exceptional circumstances. This event is known to have occurred elsewhere – once every 5+ years	<5%

Appendix 2 - RISK CONSEQUENCE CRITERIA

SEVERITY LEVEL	Financial	Management Effort	Work Health & Safety	Reputation/ community	Legal/ Compliance
CRITICAL (5)	Loss, error or omission >15% of annual budget or projected revenue	An event so severe in nature it could lead to a significant restructure of the organisation or its major parts or a change in the management structure	Fatality and/or severe irreversible disability (>30%) to one or more persons or permanent disabling injury or disabling illness to one or more persons	Ongoing serious public or media outcry (state or national coverage)	Significant prosecution and fines, very serious litigation
MAJOR (4)	Loss, error or omission 10% - 15% of annual budget or projected revenue	An event, which with proper management can be endured, may involve some changes in management, additional resources required	Series of significant but reversible disabilities requiring hospitalisation	Serious public or media outcry (local coverage)	Major breach of regulation, prosecution or major litigation
MODERATE (3)	Loss, error or omission 5% - 10% of annual budget or projected revenue	An event that can be managed under normal circumstances, additional resources required, potential reallocation of resources	Significant but reversible disability requiring hospital visit	Heightened and/or significant adverse media attention	Breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible
MINOR (2)	Loss, error or omission 1% - 5% of annual budget or projected revenue	An event, where the consequences can be absorbed but management effort is required to minimise the impact, potential reallocation of resources	First aid treatment required	Adverse media attention and/or heightened concern of local community	Minor legal issues, non-compliances and breaches or regulations

INSIGNIFICANT (1)	Loss, error or omission up to 1% of annual budget or projected revenue	An event, where the impact can be absorbed through business as usual activity	Minor incident not requiring first aid	Minor local adverse public attention or complaints	Minor compliance issue

Appendix 3 - RISK TREATMENT PLAN TEMPLATE

RISK TREATMENT PLAN			
Risk #:		Plan Ref #:	
Risk Name:		Dare Logged:	
Complied by:		Review Date:	
Treatment Plan Owner:		Target Date:	
Reviewer:		Priority Level H/M/L	
TREATMENT PLAN:			
Treatment Plan Objective(s):			
1 Proposed actions:			
2 Resources required:			
3 Responsibilities:			
4 Timing for implementation:			
5 Monitoring requirements (i.e. weekly/monthly):			

Appendix 4 – GLOSSARY OF TERMS

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 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 owner	A person or entity with the accountability and authority to manage a risk.
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 organisation's 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.