Risk Management Policy

"Management of risk is considered the responsibility of the Committee of Management, employees, contractors and volunteers, and is to be integrated throughout Merinda Park Learning and Community Centre Inc."

Purpose

This policy will guide decisions about how to manage risks to Merinda Park Learning and Community Centre's (MPLCC) objectives. This includes decisions about

- strategy, procedures and other elements of our risk management framework
- how we will embed risk management into decision-making across the organisation
- what sort of culture we want our organisation to have when it comes to managing risk
- how we will manage state-significant and shared risk
- governance and compliance with mandatory requirements and other obligations
- how managing risk will help us perform better
- how we will grow to achieve the risk maturity that is right for our organisation.

Scope

This policy applies to all decision-makers in the organisation whether they work on the Committee of Management, Administration, Educators and Trainers. It also applies to our volunteers, suppliers and businesses contracted to provide services to the Centre and Centre Users.

What is risk management?

Risk management is the coordinated activities of assessing, controlling, monitoring and reviewing risk in the pursuit of an organisation's objectives. Good risk management sets an appropriate balance between realising opportunities and minimising losses. Effective risk management must be integrated into strategy, planning and operations.

Risk management principles

Risk management

- is integrated into organisational processes and decision-making

- is systematic, structured, and comprehensive

- is based on the best available information

- is customised to our operating environment

- takes people and cultural factors into account

- is dynamic, iterative and responsive to change

- is transparent and inclusive

- facilitates continual improvement

Where do we stand on risk?

Creating and Protecting Value

MPLCC seeks to create economic, financial, environmental, social and cultural value both internally and externally.

Internal Value Creation – Staff and Contractors
- Respect, empathy and positive culture
- Job satisfaction
- Effective Communication
- Improving processes
- Decreasing the risks of hazards
- Work-life balance
- Regular review and update of Policies and Procedures
- Fair and equitable recruitment
- Professional development
- Career progression

External Value Creation – Centre Users, Stakeholders, Funding Bodies
- Focusing on long-term sustainable business practices

- Ensuring the Centre's Vision, Mission and Objectives are in line with the Strategic Plan
- Meeting the needs of the Community and creating sustained customer satisfaction
- Maintaining long-term customers who inspire new programs and Centre offerings through word of mouth
- Actively seeking competitive advantage through a differentiation strategy
- Transparent communication regarding goals, performance, and assets with stakeholders which enables sustaining the balance between internal initiatives and stakeholder engagement
- Creating the most viable financial position that benefits both internal and external stakeholders
- Managing change by refocusing efforts and innovating offerings that can meet evolving customer expectations to retain old customers and attract new ones

Taking and Creating Risks

Risks that are taken and created at the Centre are benefitted in the following ways:

- focusing efforts and resources on strategic initiatives that will support long-term success
- understanding the importance of weighing opportunities and threats and using these risk insights to drive Strategic planning
- adopting a proactive approach to risk management rather than a reactive one that helps in minimising business disruptions and potential losses promptly
- uncovering high-impact risks that are either hidden or overlooked promotes Centre wide resilience and a competitive advantage
- adding value and setting MPLCC up for success in the future

Improved Performance

Risk management illuminates the greatest threats and potential opportunities, allowing MPLCC to become resilient and stronger. Understanding the nature of the risk by categorising as below will enable improved performance:

	1. Preventable risks	**2. Strategy risks**	**3. External risks**
Example	Risks from employees' and managers' unauthorized, illegal, unethical, incorrect, or inappropriate actions and the risks from breakdowns in routine operational processes	• Decisions about outsourcing or maintaining processes and competencies in-house • New services offered • New sources of finance • Acquisitions or disposals including the likelihood of achieving organisational objectives or destroying shareholder value.	Natural and political disasters and major macroeconomic shifts.
Description of Category	Risks arising from within the company that generate no strategic benefits	Risks taken for superior strategic returns	External, uncontrollable risks
Risk Mitigation Objective	Avoid or eliminate occurrence cost-effectively	Reduce likelihood and impact cost-effectively	Reduce impact cost-effectively should risk events occur
Control model	Integrated culture-and-compliance model: Develop mission statement; values and belief systems; rules and boundary systems; standard operating procedures; internal controls and internal audit	Interactive discussions about risks to strategic objectives, drawing on tools such as: • Maps of the likelihood and impact of identified risks • Key risk indicator (KRI) scorecards Resource allocation to mitigate critical risk events	"Envisioning" risks through: • Tail-risk assessments and stress testing • Scenario planning War-gaming

Frameworks and processes

Framework and Processes

The Risk management process involves:

- Risk Identification - identifying and assessing threats to MPLCC, its operations and its workforce. For example, risk identification can include assessing IT security threats such as malware and ransomware, accidents, natural disasters and other potentially harmful events that could disrupt business operations

- Risk Analysis and Assessment - establishing the probability of a risk event and the potential outcome of each event. Risk evaluation compares the magnitude of each risk and ranks them according to prominence and consequence.

- Risk Mitigation and Monitoring - planning and developing methods and options to reduce threats to project objectives; implementing risk mitigation strategies to identify, monitor and evaluate risks; consequences inherent to completing a specific project, such as delivering a new course. Risk mitigation also includes the actions put into place to deal with issues regarding a project.

These processes will enable adapting to changes over time. Repeating and continually monitoring the processes can help assure maximum coverage of known and unknown risks.

Culture

MPLCC recognises that Culture embodies all internal and external stakeholders' shared values, beliefs, knowledge, attitudes, and values. Risk Culture, in particular, articulates a shared understanding of risk among all stakeholders. The IRM Risk Culture Framework helps in understanding the Risk Culture within MPLCC.

https://www.theirm.org/what-we-say/thought-leadership/risk-culture/

Individual Level

- Personal Predisposition to Risk – staff and visitors come into the Centre with their own perception of risk. They are either spontaneous and challenging convention; organised, systematic and compliant; cautious, pessimistic and anxious, or optimistic, resilient and fearless.
- Personal Ethics – staff and visitors come with their own balance of moral values and these have great influence over the decisions they make on a day-to-day basis. Core Moral Values include the ethic of obedience (rule compliance, spirit of the law etc.); ethic of care (empathy, concern, respect etc.); ethic of reason (wisdom, experience, prudence etc.)

Organisational Level

The values, attitudes and beliefs described at an individual level towards risk contribute to and are affected by the wider overall culture of the organisation. In determining the

organisational culture of MPLCC - either sociability (people focus) or solidarity (task focus) it can be concluded that MPLCC has both:

- Strong sociability ensures a sense of cohesion and common purpose in working across organisational boundaries.
- Strong solidarity helps risk mitigation plans are acted upon

Improving Risk Management within the Existing Organisational Culture

Understanding culture at both the individual and organisational levels will enable designing a culturally sensitive enterprise risk management program. Focusing on the following areas will help reinforce positive culture cycles:

Focus Areas	Positive Culture
Tone at the top	**Risk Leadership: clarity of direction** • Setting clear and consistent expectations for managing risks • Leaders role model risk management thinking and actively discuss tolerance to risk issues **Responding to bad news: welcoming disclosure** • Actively seek information about risk events • Those who are open and honest about risks are recognised
Governance	**Risk Governance: taking accountability** • Management is clear about their accountability for managing business risks • Position descriptions and targets include risk accountabilities **Risk Transparency: risk information flowing** • Timely communication of risk information across the organisation • Risk events are seen as an opportunity to learn
Competency	**Risk Resources: empowered risk function** • The risk function has a defined group of individuals most likely the Committee of Management (CoM) with the Centre Manager (CM) and has the support of all stakeholders • All Centre users are allowed to challenge how risks are managed **Risk Competence: embedded risk skills** • Training programs are in place for all staff
Decision Making	**Risk Decisions: informed risk decisions •** • Com and CM seek out risk information in supporting decisions • The business's willingness to take on risks is understood and communicated **Rewarding appropriate risk-taking** • Performance management linked to risk-taking • CoM and CM are supportive of those actively seeking to understand and manage risks

Leadership

Leadership can shape culture in the following ways:

- focusing on the dynamics (the behaviors and beliefs) as well as the mechanics (governance and rules)

- consciously managing culture rather than taking a "go with the flow" approach

- not just about "tone at the top" but also about tone in the middle and at the bottom of the organisation, so monitoring the tone at all levels.

- being aware of and testing for behavioral bias in key areas of decision-making

- aligning the management of culture with wider initiatives such as employee engagement and people strategy. Ensure that the risk dimension of culture is given equal priority to other aspects of culture

- providing training and support for those in charge and understanding that culture does not come automatically but is influenced by those who are responsible

- encouraging feedback, especially those who identify inappropriate behaviours

- underpinning culture with appropriate incentives and reward systems is most likely to generate the desired behaviour.

- working with the community of management to ensure that risk is dynamic and is aligned with the Centre's strategic plan which is understood by all stakeholders

- recognising that rules and regulations can only go so far in protecting the organisation and may become counterproductive when applied without judgement

Desired Culture within MPLCC

1. Performance Management and Reward- ensuring objectives are set out to be specific, measurable, achievable, realistic and timely(SMART); personal goals are aligned with organisational goals and embedded within the Centre's strategic plan

2. Awareness and Communication- ensuring all staff are aware of risk and risk management practises and that they are transparent and discussed regularly; communication and awareness are equally important to all stakeholders through newsletters, social media and other forms of marketing

3. Learning and Development – proper induction and onboarding, ongoing training, professional development, risk management presentations during staff meetings

Shared risk

MPLCC Stakeholder and Shared Risk

City of Casey

Neighbourhood Houses Victoria

Community House Network southern

DFFH (Department of Families, Fairness and Housing)

ACFE (Adult Community and Further Education Board)

Management of shared risk requires ongoing communication between MPLCC and the various stakeholders to accept and manage these risks effectively. The Shared Risk Process will involve informal discussions, considerations, cooperation, strong dialogue and collaboration.

State-significant risk

Some of the State-significant Risks include pandemics, cyberattacks, bushfires and unstable economies which will be managed by coordination, communication and collaboration between the various agencies and departments.

Supporting our Responsible Body

Risk Appetite

Defining and measuring risk appetite would imply developing an understanding of why MPLCC is engaging with a given risk or class of risks. The following risk appetite framework will be applied in determining the level of acceptable/unacceptable risk and the extent to which additional controls are required to trade risk:

- Development of a preliminary sketch and communication with all relevant stakeholders

- Review and approval of the risk appetite document by CoM

- Implementation through data gathering and testing

- Reporting to ensure strategic goals have been met

- Reviewing at the end of each reporting cycle an oversight by CoM

Supporting the Process

The CoM and CM are responsible for supporting a positive risk culture within the Centre. They should have a sound understanding of the Centre's processes and informed judgment on how to engage in risk. The CM has the added responsibility of:

- providing clarity around risk ownership and responsibility

- undertaking continuous reviews of the Centre's risk management policy and framework to ensure it remains fit for purpose

- incorporating risk management as part of the planning and reporting process identifying you and emerging risks relevant to the centre identifying and implementing appropriate training and awareness programmes to build the capability of staff to appropriately manage risks

The CM should be given appropriate delegation and sufficient resources to support the effective execution of the love responsibilities.

Management of Insurable Risk

Insurable Risk can be reduced in the following ways:

- training staff to use equipment such as dishwashers, ovens etc

- using proper safety equipment for example wet floor signs to avoid slips and trips, clear markings for uneven floors and low ceilings etc

- wearing suitable clothing or uniforms like closed footwear when working with children

- performing regular safety inspections do I assess the overall safety of the Centre and ensure a reporting system when equipment is faulty

- checking the environment will help prevent accidents for example regular cleaning, good lighting, temperature control etc.

- hiring qualified professionals such as plumbers, electricians, safety inspectors and professional pest control personnel

- awareness of fire extinguishers within the building and CCTV monitoring

Risk and Organisational resilience

Risk management is about being prepared and proactive, ensuring that MPLCC can navigate uncertainties and continue to thrive. Change can create opportunities, but also challenges, disruptions, and conflicts. Some risks are obvious such as technical failures, budget overruns or legal issues. Others are more subtle, such as cultural clashes, communication gaps or resistance to change. If not managed properly, risks can derail the change process, cause harm to the Centre and its stakeholders, and damage the reputation and credibility of the change leaders. Identifying and addressing risks can streamline operations, reduce downtime, and improve overall efficiency.
Effective risk management helps ensure that the change process is aligned with MPLCC's objectives, values, and capabilities and that the benefits of change outweigh the costs and drawbacks of overall efficiency. This can lead to a more resilient and agile Community Centre.

Understanding our roles and responsibilities

Responsibilities of Everyone in the Centre when it comes to Managing Risk

All staff must participate in the risk assessment. They know the problems and the details of what happens when they perform their tasks or activities, so they should be involved in the assessment. Their practical knowledge or competence is also often needed to develop workable preventive measures. Staff participation is not only a right, it is also fundamental to make the Centre's occupational health and safety(OH&S) management effective and efficient.

Staff have the right/duty/responsibility to:

- be consulted on arrangements for the organisation of the risk assessment and for the appointment of those undertaking the task
- participate in the risk assessment
- alert their supervisors regarding perceived risks
- report any changes in the workplace

- be informed of the risks to their safety and health and of the measures necessary to eliminate or reduce these risks
- be involved in the process of deciding on the preventive and protective measures to be put in place
- ask the CoM/CM to put in place appropriate measures and to submit proposals to minimise hazards or to remove the danger at the source
- cooperate to help the CoM/CMto ensure that the working environment is safe
- be trained/receive instructions on the measures to be put in place
- take care as far as possible of their safety and health and that of other persons affected by their acts under the training and the instructions given by MPLCC

Understanding Role and Responsibilities

CoM and the CM should carefully prepare procedures to meet their responsibilities to carry out a risk assessment and put in place the measures necessary for the safety and health of all staff using the following steps:

- Commissioning, organising and coordinating the assessment
- Appointing competent people to make the assessments; the person carrying out the risk assessment can be:
    - the Com/CM
    - employees designated by the CoM/CM
    - external assessors and service providers if there is a lack of competent personnel within the Centre
- providing the necessary information, training, resources and support to assessors
- ensuring adequate coordination between assessors (where relevant)
- Involving stakeholders and encouraging the participation of all staff
- determining the arrangements to be made for reviewing and revising the risk assessment
- ensuring that the risk assessment is documented
- monitoring the protective and preventive measures to ensure that their effectiveness is maintained
- informing staff of the results of the assessment and of the measures introduced (making the records available to them)

Reviewing the effectiveness of the policy

Effective Risk Management enables:

- Confidently pursuing objectives and using the organisation's resources wisely
- Performing well across a broad range of situations to enable a capable, resilient and innovative Centre
- Actively seeking new, improved and creative ways of offering services
- Good decision-making for the welfare of the community
- Increasing opportunities that have previously not been explored
- Positively influencing good ethical behaviour and reducing fraudulent activities
- Continuous improvement of current and future policies, procedures and processes

Continuous surveillance of the internal and external environment; checking organisational performance against strategic goals; reviewing policies and procedures and ensuring all staff, contractors, volunteers, and external stakeholders are aware of any updates and reviews and encouraging open feedback will enable alignment of risk management outcomes and risk management strategy.

Other elements of our Risk Management Framework

- Risk Management Matrix
- Emergency Management Plan

Relevant standards, legislation and other documents

This risk management policy is consistent with

- Victorian Government Risk Management Framework
- Australian and New Zealand Standard AS ISO 31000:2018 Risk Management – Guidelines

Document Control

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