



**BBI**

The Australian  
Institute of Theological  
Education

# **R1 RISK MANAGEMENT FRAMEWORK POLICY**

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**BBI The Australian Institute of Theological Education**

ABN 22 161 120 118

Caroline Chisholm Centre, 423 Pennant Hills Road, Pennant Hills  
Postal Address: PO Box 662, Pennant Hills NSW 1715



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# R1 RISK MANAGEMENT FRAMEWORK POLICY

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## 1. PURPOSE

This framework policy aims to establish the expectations and approach to risk management of *BBI The Australian Institute of Theological Education* (BBI-TAITE or the Institute) to assess and manage risk strategically and operationally. The BBI-TAITE *Board of Directors* (BoD) is the governing body of the Institute and, through the *Audit and Risk Committee* (A&RC), oversees and monitors the assessment and management of risk.

Risk is inherent in all aspects of BBI-TAITE's operations. While the Institute cannot eliminate many risks, they can identify, quantify, and control them. Risk is a necessary part of doing business in the Higher Education Sector. However, it is not always possible to mitigate or treat risk. As a result, some level of risk is always evident.

Risk management is a shared responsibility between the Institute Board of Directors, Institute Officers, committees, and staff. This risk management framework aims to connect the governance and management structures of the Institute to work together in the monitoring, treatment, effective mitigation, and review of risk in all the Institute's academic, administrative, and business activities. Risk that impacts the Objectives of BBI-TAITE can offer both opportunity and threat.

BBI-TAITE has designed this policy to provide personnel with a systematic framework to minimise threats and maximise opportunities.<sup>1</sup> This risk management framework policy sets the boundaries for risk-taking under which the Institute is prepared to operate and will guide decisions about managing risk in the context of the Institute's Objectives, including decisions about:

- strategy, procedures, and other elements of BBI-TAITE's risk management framework
- how the Institute will embed risk management into decision making across the organisation
- what sort of culture do we want BBI-TAITE to have in managing risk?
- how the Institute will manage shared risk
- governance and compliance with mandatory requirements and other obligations
- how managing risk will help BBI-TAITE perform better
- how BBI-TAITE will grow to achieve the risk maturity appropriate for an Institute of Higher Education.<sup>2</sup>

## 2. BACKGROUND

BBI-TAITE is committed to building a risk culture that fosters effective risk management, review, treatment, and mitigation. The Institute recognises that effective risk management is central to good governance and management practice.

*Standards Australia* defines risk as “the effect of uncertainty on objectives,” while describing risk management as the “coordinated activities to direct and control an organisation with regard to risk.”<sup>3</sup>

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<sup>1</sup> Adapted from <https://sportnz.org.nz/media/1999/risk-management-policy-template.docx>, 2.

<sup>2</sup> <https://www.vmia.vic.gov.au>

<sup>3</sup> Standards Australia. (2018) *Risk Management Guidelines: AS ISO 31000:2018*. (Sydney: SAI Global).

The *Higher Education Standards Framework (Threshold Standards) 2021* Section 6.2.1(e) requires that:

1. *The provider is able to demonstrate, and the corporate governing body assures itself, that the provider is operating effectively and sustainably, including:*
  - e. *risks to higher education operations have been identified and material risks are being managed and mitigated effectively*<sup>4</sup>

### 3. SCOPE AND CONTEXT

This risk management framework policy applies to all Directors and Officers, Executive Management, Academic and Professional Staff of BBI-TAITE, and all the Institute's business activities.

### 4. DEFINITIONS

*Academic risk* relates to the consequences of failure in academic quality coupled with the likelihood that students may not achieve stated learning outcomes.

*Controlled risk* is the risk evident following effective risk mitigation.

*Inherent risk* relates to the Institute's exposure to risk before any treatment or mitigation.

*Risk* is "the effect of uncertainty on objectives."

*Risk appetite summary/statement* is a document articulating BBI-TAITE's tolerance for risk across its various activities. It provides the parameters in which the Institute is prepared to operate and details the level of risk by category it is willing to accept.

*Risk assessment* is the process the Institute uses to identify, analyse, and evaluate inherent risk based on the criteria set out under [5.4 Risk appetite levels](#) below.

*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."<sup>5</sup> The Institute integrates risk management into determining strategy, planning, and day-to-day operations.

*The Risk Register* is where the Institute records and tracks risk, together with agreed treatments and mitigations.

*Risk treatment* is how the Institute implements internal controls to reduce risk exposure to an acceptable level based on BBI-TAITE's risk appetite.

### 5. POLICY

#### 5.1 Risk management principles

Risk management:

- creates and protects value, and facilitates continual improvement
- is integrated into the strategic, operational and decision-making processes
- specifically addresses uncertainty
- is systematic, structured, and comprehensive
- is based on the best available information

<sup>4</sup> <https://www.legislation.gov.au/Details/F2022C00105>

<sup>5</sup> <https://www.vmia.vic.gov.au> AS/NZS ISO 31000:2009.

- is tailored, transparent and inclusive
- is customised to BBI-TAITE's operating environment
- takes people and cultural factors into account
- is dynamic, iterative, and responsive to change<sup>6</sup>

## 5.2 Corporate governance and risk management

### 5.2.1 The Board's role is to:

- i. establish the financial, non-financial and strategic risk to BBI-TAITE
- ii. analyse the effectiveness of risk management and compliance of the Institute
- iii. review WHS policies and procedures and assess management reports on WHS events or issues
- iv. be assured of the efficient and effective operation of the risk management and internal compliance systems, and
- v. receive and consider quarterly reports from the Audit and Risk Committee concerning identified risks, risk analysis, evaluation, and prioritisation, together with appropriate treatment and mitigation of risk.

### 5.2.2 The Audit and Risk Committee's role is to:

- be responsible for oversight, maintenance, and regular review of the *Risk Management Plan*, together with determining the effectiveness of BBI-TAITE's risk management and internal control framework, including:
  - assessing risk appetite, and developing a risk profile
  - undertaking risk assessments, including:
    - assessing financial remissions and refunds
    - receiving and addressing academic risk reports
    - determining insurance coverage risk
    - evaluating and monitoring litigation and contract risk
    - considering and monitoring other commercial and operational risks
    - receiving and reviewing the *TEQSA Provider Risk Assessment*, and
    - liaising with management concerning corrective action
  - producing exposure reports, and
  - developing treatment plans
- incorporate current and emerging risks into the *Risk Management Plan*, together with the results of monitoring and risk review
- ensure the appropriate involvement of stakeholders in the determination, treatment and monitoring of risk
- ensure that the Institute takes a structured and comprehensive approach to risk management
- hold the Principal/CEO, the Institute's Leadership Team, and the Institute's governance and management committees accountable for:
  - risk management in their respective areas of responsibility, and
  - ensuring compliance with risk assessment procedures.

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<sup>6</sup> <https://www.vmia.vic.gov.au>

- ensures that the Institute has a policy of continuous improvement in risk management, and the
- Chair will report to the Board of Directors every quarter concerning identified risks, risk analysis, evaluation, and prioritisation, together with appropriate treatment and mitigation.

### 5.3 Monitoring and review of risk

The Audit and Risk Committee:

- through its *Risk Management Plan* provides formal mechanisms for monitoring and reviewing the Institute’s performance concerning risk management
- shall benchmark the effectiveness of risk management throughout the Institute at all governance and management levels
- will ascertain if the assessment of the Institute’s inherent risk levels meets its risk appetite; if so, it will undertake regular monitoring and review of them.
- accepts it is not possible or necessarily desirable to eradicate all risk; however, it can be mitigated and controlled.

The following tables set out the risk appetite levels, identify risk mitigation strategies, and assess control effectiveness:

### 5.4 Risk appetite levels

BBI-TAITE bases its risk appetite on current operations and proposed new activities or ventures. BBI-TAITE’s Directors, management and staff regularly review the Institute’s operations, assessing the risk involved in current and potentially new opportunities. The risk appetite statement sets out the level of risk by category that BBI-TAITE is prepared to tolerate. Use Fig. 1 to identify and determine risk appetite levels:

*Fig. 1 Risk Appetite Levels*<sup>7</sup>

LEVEL	APPETITE DESCRIPTION
Very low appetite	Avoidance of risk and uncertainty is a key organisation objective
Low appetite	Presence of low-risk ultra-safe options that have limited potential for reward
Medium appetite	Preference for low-risk safe options that have limited potential for reward
High appetite	Willing to consider all potential options and choose the one most likely to result in successful delivery while providing an acceptable level of reward and value for money
Very high appetite	Eager to be innovative and to choose options offering potentially higher business rewards, despite the greater inherent risk. <sup>8</sup>

### 5.5 Risk tolerance levels

The following risk tolerance thresholds (Fig. 2) reflect the actions BBI-TAITE personnel should take when managing risk:

<sup>7</sup> Charles Sturt University. *Risk Appetite Statement*, 5. Accessed online at: <https://policy.csu.edu.au/download.php?id=495&version=6&associated>

<sup>8</sup> For an example of a risk appetite summary, refer to the [CSU Risk Appetite Statement](#), 7-8.



Fig. 2 Risk tolerance levels<sup>9</sup>

RISK LEVEL	REQUIRED ACTIONS
<b>EXTREME</b>	<b>Intolerable</b> <ul style="list-style-type: none"> <li>Cease the activity until the level of risk can be reduced, or the Principal/CEO and Chair of the BoD provide written authorisation to continue. Consider reducing the impact or probability of the risk.</li> <li>The Principal/CEO to be informed as soon as possible, and they will provide urgent attention, guidance, and approval of mitigation strategy.</li> <li>Consider external advice (legal, insurance or risk advisor).</li> </ul>
<b>HIGH</b>	<b>Tolerable level of risk – significant management &amp; monitoring required</b> <ul style="list-style-type: none"> <li>Action should be taken to ensure the risk level is As Low As Reasonably Practicable (ALARP). Consider options for reducing the impact or probability of the risk.</li> <li>If the level of risk is ALARP continue to manage using documented operating procedures.</li> <li>Increase monitoring of controls to ensure effectiveness in managing the risk.</li> </ul>
<b>MODERATE</b>	<b>Tolerable level of risk – follow operating procedures</b> <ul style="list-style-type: none"> <li>Ensure risk level is As Low As Reasonably Practicable (ALARP).</li> <li>If the level of risk is ALARP continue to manage using standard operating procedures with normal monitoring protocols.</li> </ul>
<b>LOW</b>	<b>Tolerable level of risk.</b> <ul style="list-style-type: none"> <li>Maintain existing controls. No additional controls required.</li> </ul>

## 5.6 Risk assessment matrix

Risk assessment ratings reflect the impact of the non-treatment of risk for the Institute and the probability of the assessed risk occurring.

This risk matrix (Fig. 3) serves as a guide to determining the level of risk to the Institute:

Fig. 3 Risk assessment matrix<sup>10</sup>

Risk Matrix		IMPACT (Consequences)					
		Insignificant	Minor	Medium	High	Extreme	
		1	2	3	4	5	
PROBABILITY	Rare	1	Low	Low	Low	Moderate	Moderate
	Unlikely	2	Low	Low	Moderate	High	High
	Possible	3	Low	Moderate	High	High	Extreme
	Likely	4	Low	Moderate	High	Extreme	Extreme
	Almost Certain	5	Moderate	High	High	Extreme	Extreme

## 5.7 Risk grading criteria – Impact ratings

The Institute will assess risk over the following categories concerning impact (consequence):

- Financial* – impact on BBI-TAITE’s finances
- Operational* – impact on the provision of BBI-TAITE’s higher education awards, adult faith courses, conferences, and projects and services
- Reputational* – impact on BBI-TAITE’s reputation and general credibility

<sup>9</sup> Adapted from <https://sportnz.org.nz/media/1999/risk-management-policy-template.docx>, 10.

<sup>10</sup> SportNZ, 8.

- d) *Physical/Safety* – impact on the safety and well-being of BBI-TAITE’s students, academic faculty, professional staff, Board of Directors, Executive Leadership Team, and Institute community members and volunteers
- e) *Regulatory/Legal* – impact on BBI-TAITE’s regulatory exposure and registration as an Institute of Higher Education in Australia
- f) *People* – impact on corporate knowledge and continuity<sup>11</sup>

Impact levels and criteria are shown below in Figure 4.

### 5.8 Risk grading criteria – Likelihood ratings

Use the following probability thresholds and ratings for assessing risk.

*Fig. 4 Risk grading criteria – Likelihood ratings<sup>12</sup>*

LIKELIHOOD	5	Almost Certain	It will probably occur more than once within 12 months
	4	Likely	High probability of occurrence at least once within the next 24 months
	3	Possible	The reasonable likelihood of occurrence more than once in 24 months
	2	Unlikely	Not likely to occur within the next 24 months
	1	Rare	Not impossible but highly unlikely

### 5.9 Risk mitigation strategies

Use this table to identify and determine risk mitigation strategies:

*Fig. 5 Risk mitigation strategies*

STRATEGY	DETAIL
Avoidance	Not proceeding with the 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 the likelihood of risk, for example, preventative maintenance, audits, inspection, and testing
Reducing Consequence	Develop processes to reduce the consequence of risk, for example, contractual arrangements, redesign, security measures, and contingency planning
Transfer	Transfer all or part of a risk to a second party through insurance, contractual arrangements, or organisational structures
Retention	Accept all residual risk

<sup>11</sup> SportNZ, 8.

<sup>12</sup> SportNZ, 9.

## 5.10 Control effectiveness

Use this table when determining control effectiveness:

*Fig. 6 Control Effectiveness*<sup>13</sup>

SCORE	RATING	DESCRIPTION
5	Highly ineffective	Controls are non-existent or have significant deficiencies and don't operate as intended
4	Ineffective	Limited controls are in place, while a high level of risk remains
3	Significant improvement required	Essential controls are in place, with significant opportunities for improvement identified
2	Limited improvement required	Adequately designed controls operating, with opportunities for improvement identified
1	Effective	Adequately designed controls, operating as intended

Record the risk mitigation strategy and the control effectiveness rating relevant to each identified risk in the *Risk Management Plan*.

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<sup>13</sup> *SportNZ*, 9.

Fig 7 Impact Levels and Criteria <sup>14</sup>

			Financial	Operational	Reputational	Physical/ Safety	Regulatory/Legal	People/ Participation	
			IMPACT	5	Extreme	A risk that can prove catastrophic or terminal for the whole of BBI-TAITE. <sup>14</sup>	More than \$100,000	Unable to deliver higher education awards and services. Widespread migration of students to competitor HEPs. Prohibited from delivering courses at any level.	The collapse of the Institute. A major inquiry into systemic misconduct. Wholesale resignation of Board Members or Senior Management.
4	High	Risks which can significantly jeopardise some aspects of BBI-TAITE's operations, however they will not result in organisational failure.		More than \$25,000 but less than \$100,000	Widespread failure or loss of Higher Educational Standards. The increasing migration of students to competitor HEPs. Unable to deliver courses or conferences at any level.	Loss of affiliated diocesan support or that of specific Catholic schools. Investigation of serious individual misconduct. Loss of significant skills from the BoD or Senior Management.	Serious injury of a student, staff member or volunteer due to compromised safety standards. Preventable serious injury of a member of the public.	Civil action against BBI-TAITE and/or the BoD due to negligence. New Higher Education regulations that impede operations.	Active student participation declines by more than 15%, but less than 25%.
3	Medium	Risks which will cause some problems for BBI-TAITE, however nothing that is too significant.		More than \$10,000 but less than \$25,000	Moderate impact on Higher Educational Standards. Unable to deliver some online courses or conferences. Widespread discontent by students/staff or volunteers.	Threats of withdrawal of affiliated diocese or support of specific Catholic schools. Failure of the delivery of a major award. Individual or group misconduct. The sustained public criticism of BBI-TAITE.	Systemic injuries of a student, staff member, volunteer, or member of the public. Increased frequency of near misses.	Regulatory or police investigation with adverse findings against BBI-TAITE and/or the BoD.	Net active student participation declines by more than 5%, but less than 15%.
2	Minor	Any risks that will have a mild impact, however, they should be addressed.		More than \$1,000 but less than \$10,000	Minor impact on Higher Educational Standards. Unable to deliver some online courses/ conferences. A constrained capacity to meet the demands of students/staff members or volunteers.	The localised negative media coverage.	Minor injuries of a student, staff member, volunteer, or a member of the public.	Regulatory or police investigation of BBI-TAITE and/or the BoD without adverse findings.	Net active participation declines by more than 0%, but less than 5%.
1	Insignificant	Risks that do not pose any significant threat that can be left unmitigated without special action.		Less than \$1,000	Very minor, temporary disruption to the delivery of Institute awards and programs.	Media interest in a local issue.	Insignificant injuries of a student/staff member, volunteer, or a member of the public.	Persistent complaints against BBI-TAITE and/or the Board of Directors.	Stable active enrolments.

<sup>14</sup> SportNZ, 9.

## 6. PROCEDURES

### 6.1 Risk management procedure

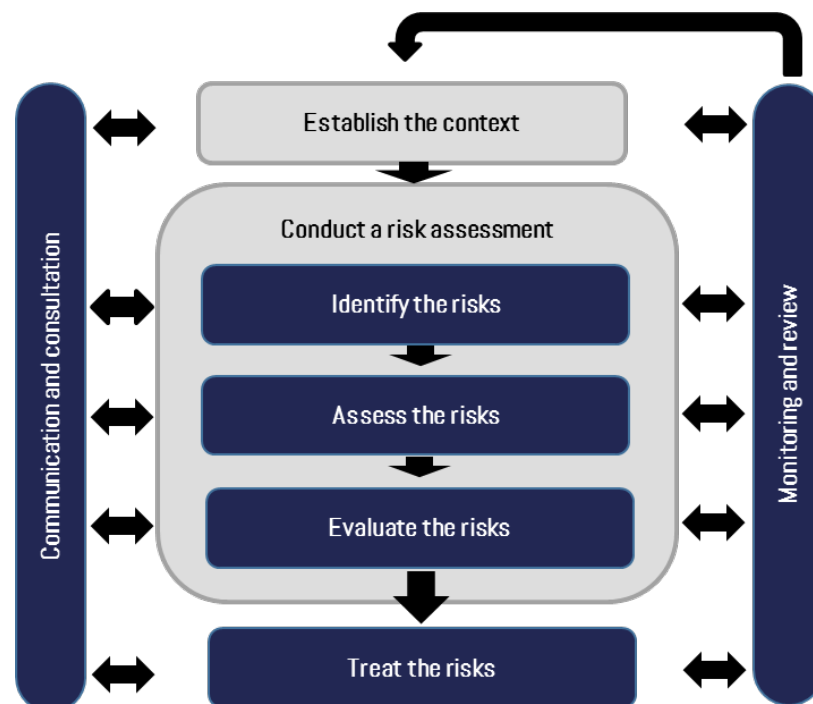
The Institute assesses the effectiveness of its risk management plan through structured continuous improvement processes to ensure the routine monitoring and review of risks and controls.

- The Institute will not enter into a contract, agreement, or obligation without a prior risk assessment by the relevant committee or an executive staff member.
- All staff must take reasonable care of Institute property and report all incidents, complaints, and damage to or losses of property.
- Any incidents involving staff, visitors, and students, including, but not limited to, injuries or potential hazards, must also be reported.
- The Director Student Services and Operations shall manage risk, including documenting and reporting risks and associated management strategies.
- The Institute will incorporate risk management training and awareness into the induction process and ongoing professional development of all Institute Officers and Staff.
- The Risk Management Policy will be reviewed annually by the Audit and Risk Committee.

### 6.2 Risk management process

BBI-TAITE bases its risk management process on the *AS/NZS ISO 31000:2018 Risk Management Process*, see Figure 8 (below). Risks identified will be managed according to this process.

Fig. 8 AS/NZS ISO 31000:2018 Risk management process<sup>15</sup>



<sup>15</sup> Adapted from <https://sportnz.org.nz/media/1999/risk-management-policy-template.docx>

## 7. KEY RELATED DOCUMENTS

- Business Continuity and Disaster Recovery Plan
- Risk Management Plan/Register
- Annual Budget
- 5 Year Business Plan
- Financial Management Policy
- D1 Delegations Policy and accompanying schedules
- Asset Register
- Work Health and Safety Policy
- Continuous Improvement
- Insurance Premium

## 8. NOTES

Contact Officer	Principal/CEO
Implementation Officer/s	Director Student Services and Operations
Approval Authority / Authorities	Board of Directors (Approval) Audit and Risk Committee (Endorsement) Executive Leadership Team (Endorsement)
Date Approved	9 August 2022
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