

St. Michael's Parish Traralgon

POLICY TITLE: RISK MANAGEMENT POLICY

RATIONALE:

St. Michael's Parish Traralgon recognise that risk is inherent in all its activities and endeavours; however, it also accepts responsibility both to minimise and manage risk. A proactive Risk Management Framework, inclusive of a Risk Management Policy and a Risk Management Plan, will assist the Pastoral Advisory Council to understand risk better, identify the risks associated with the operations of St. Michael's Parish and subsequently manage these risks. This policy also serves to guide the Parish Priest and Pastoral Advisory Council (of both parishes) in the management and reporting of risks, as well as serving to guide the development, approval and implementation of a Risk Management Plan.

DEFINITIONS:

- Risk:** The chance of something happening that has the potential to affect the achievement of the Parish's objectives, goals, targets and priorities. Risk is assessed in terms of consequence, likelihood and control effectiveness.
- Risk management:** Coordinated activities to direct and control the activities of the Parish with regard to risk.
- Risk management framework:** Set of components that provide the foundations and organisational arrangements for designing and implementing, monitoring, reviewing and continually improving risk management throughout the Parish organisation.
- Risk management plan:** Scheme within the risk management framework specifying the approach, the management components and the resources to be applied to the management of risk.

GUIDING PRINCIPLES:

Pastoral Advisory Council:

1. is responsible for the oversight of risks associated with the operations of the parish, in accordance with the principles of good governance
2. to "recognise and manage risk"; that is, to develop a sound framework of risk oversight, risk management and internal control
3. is committed to processes and procedures in managing risk that are based on the risk management principles and guidance set out in Standard AS/NZS ISO 31000:2009 Risk management – **Principles and guidelines**. Specifically (from #3 Principles page 7):
 - a. Risk management creates and protects value. *–demonstrable achievement of objectives and improvements (in health, safety, security, legal and regulatory compliance, governance and reputation etc.)*
 - b. Risk management is an integral part of all St. Michael's Parish organisational processes, *such as strategic planning and all project and change management.*
 - c. Risk management is part of decision-making. *Helping decision makers to make informed choices, prioritise actions and distinguish among alternative courses of action.*
 - d. Risk management explicitly addresses uncertainty. *Taking account of the nature of uncertainty and how to address it.*

St. Michael's Parish Traralgon

- e. Risk management is systematic, structured and timely. *This will contribute to efficiency and to consistent, comparable, and reliable results.*
- f. Risk management is based on the best available information. *Information sources such as historical data, experience, stakeholder, feedback, observation, forecast and expert judgement.*
- g. Risk management is tailored to the specific circumstances of St. Michael's Parish. *External and internal context and risk profile.*
- h. Risk management takes human and cultural factors into account. *Recognises the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder organisational objectives.*
- i. Risk management is transparent and inclusive. *Relevant and up-to-date.*
- j. Risk management is dynamic, iterative and responsive to change. *Continually senses and responds to change, monitors and reviews risk, new risk evolve some disappear.*
- k. Risk management facilitates continual improvement of the organisation. *Implement strategies to improve risk management.*

PROCEDURES:

- St. Michael's Parish shall operate a Risk Management Framework in accordance with section 4 of Standard AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines, which is illustrated as follows: (Number references are to ISO 31000)

St. Michael's Parish Traralgon

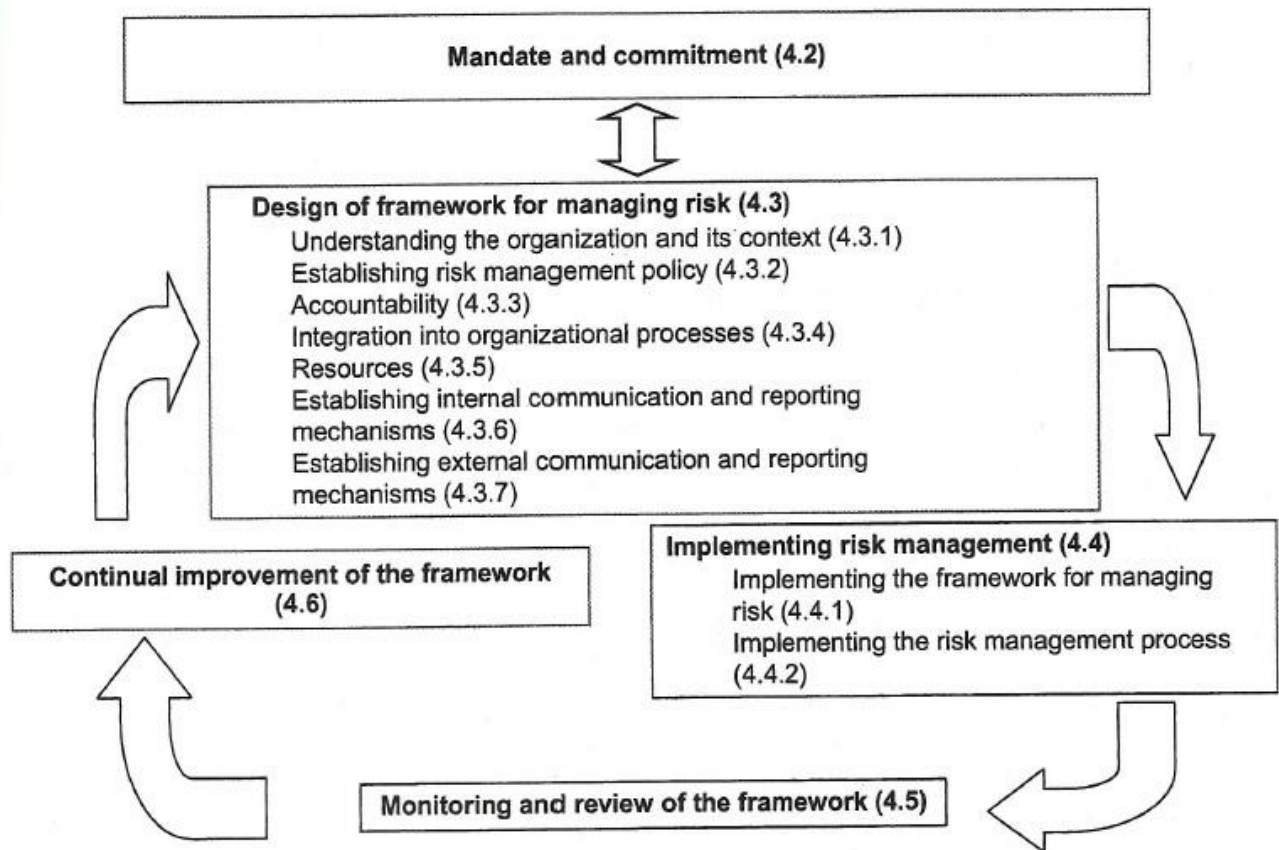


Figure 2 — Relationship between the components of the framework for managing risk

AS/NZS ISO 31000:2009, p.9, section 4.1

- St. Michael's Parish will employ a Risk Management Plan based on this Risk Management Framework

RESPONSIBILITY:

- Pastoral Advisory Council – Oversight of Risk Management.
- Parish Priest - Implementation of the Risk Management Policy via the Risk Management Plan developed within the designated Risk Management Framework.

RELATED LEGISLATION:

- No legislation related specifically to Risk Management in Parishes.

RELATED POLICIES:

St. Michael's Parish Traralgon

- All St. Michael's Parishes policies – consider each policy from a risk management perspective.

RELATED DOCUMENTS:

St. Michael's Parish Mission Statement (2017)

Standard AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines

St. Michael's Parish Risk Management Plan

St. Michael's Parish Strategic Plan (2017)

CECV Guide to Meeting the Minimum Standards for Registration for Catholic Schools (2016)

DOCUMENT TRACKING:

POLICY TITLE: RISK MANAGEMENT POLICY	DATE EFFECTIVE: 6/12/2017	CREATED BY: St. Michael's Parish Traralgon Risk Management Working Group
LAST UPDATED:	UPDATED BY: St. Michael's Parish Traralgon Risk Management Working Group	APPROVAL BODY/AUTHORISED BY: St. Michael's Parish Pastoral Council
LOCATION: Kay Street Traralgon	ATTACHMENTS: Risk Management Plan	RATIFIED BY Pastoral Advisory Council: 6th December 2017

St. Michael's & St. Marv's Pastoral Advisory Council
Risk Management Committee

Risk Management Committee

Terms of Reference (ToR)

Background

The St. Michael's Parish Pastoral Advisory Council established a Risk Management Working Committee to support and advise the Council on issues relating to risk management at St. Michael's Parish. In recognition of the ongoing work identified, working group members recommended that it become a permanent Risk Management Committee in 2017. This was accepted / endorsed by the Council 6th December 2017.

Scope

The Committee's function is to:

- assist the work of the Advisory Council and Parish Priest on all matters relating to risk and risk management
- meet periodically
- identify priority issues that fall within its ToR
- report regularly on the work of the Committee to the Advisory Council
- submit recommendations to the Advisory Council.

Responsibilities

The St. Michael's Parish Pastoral Advisory Council Risk Management Committee will

1. espouse the Catholic ethos and mission of St. Michael's & parishes in its functions
2. review and advise the Pastoral Advisory Council on risk management and related practices in light of relevant policy and trends within congregation and church sectors
3. oversee the implementation of the Risk Management Plan developed by the Risk Management Working Committee
4. monitor indicators of compliance with the St. Michael's Parish Risk Management Plan
5. address any related matter(s) referred to it by the St. Michael's Parish Pastoral Advisory Council.

Membership

Risk Management Working Group – Risk Management Plan

Members of the St. Michael's Parish Risk Management Committee include

- the Parish priest
- Member of Parish Pastoral Advisory Council,
- Member of Parish Finance Committee member who will be the Chair of the Risk Management.
- Parish Secretary
- external persons agreed by the Parish Priest and St. Michael's Pastoral Advisory Council each of whom agree to the function as described in the ToR.
- Any other persons/parishioner who have particular interest may attend and participate as agreed by the Parish Priest and St. Michael's & St. Mary's Pastoral Advisory Council.
- delegation between members is permissible.
- members must be available to attend 75% annual scheduled meetings.
- in lieu of attendance at meetings, members can contribute by communicating feedback through the Chair between meetings.

Protocols of the St. Michael's Parish Risk Management Committee:

1. If any member of the Committee has a conflict of interest with a matter being considered by the Committee, the member must disclose that conflict of interest to the Chair as soon as the member becomes aware of the conflict. The Chair shall decide a course of action prior to the consideration of the matter by the committee.
2. Members should be cognisant of the Committee's business and function, enhanced as necessary by appropriate formation, or access to expert advice.
3. A quorum shall comprise not less than 50% membership and must include either the Chair or the Parish Priest or their respective delegate.
4. Members should value and respect diversity and differing views.
5. Decision making by the Committee will be by consensus. Where agreement cannot be reached the Chair (or their delegate) will have the ultimate decision.
6. Committee reports and submissions shall be presented to the St. Michael's Pastoral Advisory Council by the Chair and if necessary, assisted by the Parish Priest. An annual report to the St. Michael's Pastoral Advisory Council will be prepared and reported to Parishioners and Bishop's Office of the Sale Dioceses.
7. Meetings will be recorded as "minutes" by a person designated by the Chair. The minutes will be distributed within one week of the meeting and re-circulated with the agenda for the following meeting. After final approval by the Committee, minutes will be signed by the Chair. The Chair is responsible for submitting the agreed minutes to the St. Michael's Pastoral Advisory Council.
8. The meeting agenda is to be prepared by the Parish Priest, Chair or the Chair's delegate.
9. The agenda will be distributed one week in advance of the next meeting. Where a meeting occurs in the week beginning a new term, the agenda will be forwarded as soon as is practicable.

Meeting Schedule

- At least 4 and up to 8 meetings will be scheduled between February and November.
- The meetings will be face to face, in person. Alternative meeting requirements will be approved by the Chair in consultation with the Parish Priest.

St. Michael's Parish Risk Management Plan

Implementing the Risk Management Framework

Mandate and commitment

A directive from the Bishop of Sale received 19th October 2017 to improve risk management at the St. Michael's Parish Traralgon.

An initial Risk Management Committee, consisting of volunteer Board member, the Parish Priest, Parish Secretary, and a member of the Finance Committee, which will support and monitor the implementation of the Risk Management Framework and reporting to the Pastoral Advisory Council.

Design of framework for managing risk

Understanding of the organisation and its context

Ongoing continuous learning for all Parishioners and Pastoral Advisory Council members is necessary to develop a culture of risk management.

Establishing the risk management policy

A draft Risk Management Policy is currently in draft mode. It will be reviewed, as required.

Accountability

St. Michael's Pastoral Advisory Council should ensure that there is accountability, authority and appropriate competence for managing risk within the Parish.

The Parish Priest has authority and responsibility for developing a culture of risk awareness and the implementation of risk management throughout the Parish, in accordance with this Plan, as amended through appropriate channels in the future. The Parish Priest can delegate accountabilities and responsibilities to suitably qualified members of the Parish at appropriate levels within the Parish as a whole. The Parish Priest is responsible for Risk Management, the practical day to day implementation of the Risk Management Policy and Plan, including the management of the Risk Register and reporting.

Risk identification, assessment and mitigation actions must be documented in the Risk Register, specifying who is responsible and accountable for that action (see Figure 2 Lines of Communication and Reporting in Risk Management at St. Michael's Parish, p 5).

The Risk Management Committee (RMC) is accountable to the Parish Council.

The Council is responsible for oversight of risk management in the Parish.

Integration into organisational processes

The Plan incorporates compliance with Catholic Archdiocese of Melbourne, Diocese of Sale, State of Victoria 2016 Child Safety Standards, Victorian Government Department of Justice, Crimes Act 1958, Working with Children, Equal Opportunity Act 2010, privacy Act 1988, OHS Act and Regulations 2017.

Resources

Appropriate resources allocated for risk management include:

- People – Parish Secretary
- IT System – CCI

Establishing internal communication and reporting mechanisms

The Parish is small, so internal communication is direct, when useful or required.

Reporting mechanisms will be established using the CCI system's built-in reporting.

Establishing external communication and reporting mechanisms

External communication and reporting required is limited and can be direct when useful or required.

Reporting to the Advisory Council occurs through verbal reports and minutes of the Risk Management Committee (RMC) at Council meetings. An annual Risk Review will be presented to the Council by the Risk Management Committee.

Written reports by the Parish Priest are provided in Report to the Bishop's office in the Sale Diocese and to members of the Parish community through the website and weekly bulletins.

Implementing Risk Management

Implementing the framework for managing risk

In implementing the framework for managing risk in St. Michael's Parish:

- The St. Michael's Parish Risk Management Policy and the St. Michael's Parish Risk Management Plan will be proposed to the Council for approval in December 2017.
- The Risk Management Committee of the Council will, if the recommendation is approved, be ratified and established in December 2017.
- The parishioners will be informed of the St. Michael's Parish Risk Management Policy and expectations of the risk management culture in

the Parish and accountability, and the organisation and processes for identifying and managing risks in St. Michael's Parish.

- In order to facilitate the implementation of the Risk Management Process an organisational structure to manage this process in the Council will be established by the Parish Priest
- From December 2017 the parish processes for identifying and managing risks in the Parish will be established and implemented by the St. Michael's Advisory Council.
- Lines of communication and reporting will be established (see figure 2 Lines of Communication and Reporting in Risk Management at St. Michael's Parish, p.6).

Implementing the risk management process

The St. Michael's Parish Risk Management Process is explained in Section 3.

Monitoring and review of the framework

Monitoring and reporting to the Risk Management Committee (RMC) and the Advisory Council will provide evidence of the effectiveness of the Risk Management Framework and where the framework can be improved.

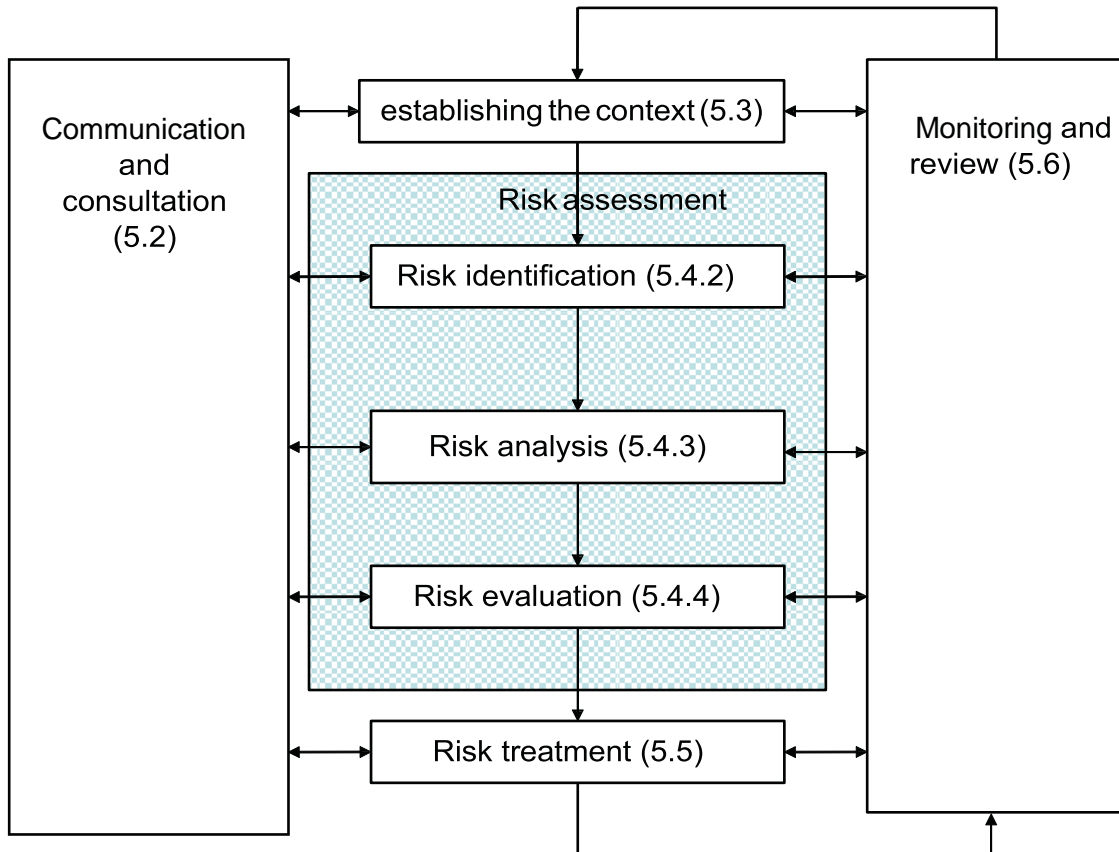
In particular, the annual Risk Review will include an assessment of the effectiveness of the implementation of risk management on risk levels, the risk management culture and on operational aspects of the process.

Continual improvement of the framework

Decisions will be made about how the Risk Management Framework, Policy and Plan can be improved, based on the monitoring, reporting and review.

The Council is committed to ongoing improvement in risk management and the risk management culture. The implementation of the Risk Management Plan is the mechanism to make this continual improvement happen.

Risk Management Process



The risk management process should be :

- An integral part of management
- Embedded in the culture and practices
- Tailored to the business processes of the organization
- It comprises the activities described below and shown in diagram above.

Implementing the Risk Management Process - Communication and consultation

Wide input by all about relevant risks and their causes, their potential impacts, measures being taken to mitigate them and reporting them is needed in order to ultimately mitigate risk. This communication is to be achieved throughout all stages of the Risk Management Process by:

Risk Management Working Group – Risk Management Plan

1. Direct involvement of relevant parishioners in reviewing and improving the risk assessments for the (number) priority risks identified in the initial phase. This will occur as part of the annual review of risk management. The member of the Risk Management will organise this as part of the regular and ongoing continuous improvement program for risk management.
2. The member of the Pastoral council with responsibility for Risk Management will report to the Advisory Council on a regular basis, as needed. The Pastoral Advisory Council will include an explicit agenda item on risk management at least twice a year or when deemed necessary:
 - a. In a first meeting early in the year, to discuss any potential new risks and risk priorities.
 - b. In the second meeting, to review the draft annual Risk Review report for the Advisory Council.
3. The Parish Priest's report to the Board should include a report on risk management, where appropriate, but at least twice a year, corresponding to the timing above.
4. The Parish Priest will notify the Bishop of Sale of any risk management concerns.
5. The Risk Management Committee will communicate via the written Risk Management Committee meeting minutes and verbal reports by the Risk Management Committee Chairperson.
6. The Finance Chairperson will discuss financial risks and their management with
 - a. The Auditors annually when the audit is conducted
 - b. The Catholic Church Insurance when the Parish insurances are being reviewed.
 - c. The Finance Committee and the Advisory Council via the Chairperson of the Finance Committee
 - d. The Bishop of Sale through the AGM report and reports of Parish financial audits.

Key in this communication and consultation is the principle of widening the conversation to increase awareness of risk and improve understanding and ability to mitigate risk by having a wider perspective. Such risk conversations will be just a component of wider more general conversations with those stakeholders.

Implementing the Risk Management Process - Establishing the context

Strategic and operational goals and risk

The core context is essentially the St. Michael's Parish Strategic Plan, particularly its Mission and its current Strategic Goals. The core risk being managed is the risk of not achieving its Mission and Strategic goals. Underlying these goals is a core requirement for the school to operate effectively and efficiently and the risks therein must also be explicitly addressed.

Both internal and external contexts, or environments in which the Parish seeks to achieve its objectives, must be considered in identifying and assessing operational risks. Knowledge of the internal context is gained from the Parish

Risk Management Working Group – Risk Management Plan

Priest and St. Michael's Advisory Council and input from the Parishioners, while knowledge of the external context will come primarily from external stakeholders such as the Government and Education authorities and Bishop of Sale through the Risk Management Committee, which includes the Parish Priest and the member of the St. Michael's Advisory Council with responsibility for Risk Management.

Risk culture, risk appetite and risk criteria

An important part of any risk assessment is determining the level of risk appetite of the St. Michael's Advisory Council and communicating that to the Parish Priest. The St. Michael's Advisory Council needs to be confident that excessive risks are not being taken and that opportunities to further the achievement of the Parish's goals are not being missed because of an over-cautious approach.

For a not-for-profit organisation such as St. Michael's parish, this is particularly difficult to determine, quantify and communicate. Non-quantifiable areas such as charisma, values and non academic educational improvements of the Parish are important, as well as, quantifiable areas such as academic achievement and financial aspects.

In the initial Risk Assessments, the Risk Management Committee will build an expectation of risk culture and risk appetite in a qualitative way, based on what "feels right" for the Parish. This approach has enabled the completion of the Risk Assessments and identification of those risks with the highest potential impact and the actions to mitigate those risks to acceptable levels.

This topic of risk culture and risk appetite should be reconsidered in future risk management reviews, when the Parish has had more risk management experience. In the longer term, the Parish needs to develop more objective and, where possible, more quantitative, explicit risk criteria that can be used to evaluate the significance of risk.

Implementing the Process – Risk Assessment

Risk Assessment is the core action process. It consists of the overall process of risk identification, risk analysis and risk evaluation

The Parish is considering CCI Risk management System to facilitate its risk assessment. This software contains a database Risk Register with related data input and reporting capability.

In the meantime, the parish will use tools at its disposal to manage risk.

Risk identification

The Risk Management Committee identified risk categories applicable to St. Michael's Parish.

The annual Risk Review will consider whether there are additional risks to be added and where new risks should be included as a subset of an existing risk.

Risk analysis

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Each of the risks was assessed and later reassessed. The process of entering the data prompted additional information or subjective assessment where they were not provided by the initial assessment.

For each risk identified within each Risk Category in the Risk Assessments, the following aspects were questioned:

- What are the controls currently in place to mitigate the risk?
- Sufficiency of existing controls: Are such controls Excellent/ Adequate/ Inadequate?
- What categories are affected by the risk?
- What is the level of Consequence of the risk? Insignificant to Catastrophic
- What is the level of Likelihood of the occurrence of the risk? Rare to Almost Certain (1 to 5)
- What is the final Risk Rating (= Consequence * Likelihood)? Minor, Moderate or Major

Risk evaluation

The outcomes from the analysis of each of the risks are examined to see which risks require mitigation treatment and to assess the relative priority of such treatments. This is based on the final Risk Rating from the analyses.

The risks are listed in decreasing Risk Rating order, thus clearly showing the priority risks that need addressing

Implementing the Process - Risk treatment

The Parish has established initial guidelines regarding treatment, based on its priorities:

- Any risk with a Risk Rating of Major requires immediate attention and the specific determination of additional controls to reduce risk or operational changes to avoid or reduce the risk.
- Any risk with a Risk Rating of Moderate requires attention – over the next quarter.
- Risks with a Risk Rating of Minor require no action.

Implementing the Process – Monitoring and review

Monitoring and review should be a planned part of the Risk Management Process. It should be regular and purposeful, encompassing all aspects of the Risk Management Process. Monitoring and review at St. Michael's Parish includes:

- Ongoing monitoring, reviewing and reporting, as required
- Regular reporting to the St. Michael's Advisory Council team by the member of the St. Michael's Advisory Council team with responsibility for Risk Management and reviewing risk management in St. Michael's Parish through explicit agenda items at least twice a year.

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- Regular (quarterly) reporting to Risk Management Committee by the member of the Advisory Council with responsibility for Risk Management.
- An annual Risk Review with a Risk Review Report for the Risk Management Committee and then to the St. Michael's Advisory Council.

Illustrations of the type of reports available for monitoring and reviewing the management of risk in the Parish are included being developed.

The management of risk in the St. Michael's Advisory Council will be determined further by the Risk Management Committee.

The effectiveness of the Risk Management Plan including the Risk Management Framework and Risk Management Process will be reviewed by the Risk Management Committee.