Risk Appetite Statement

Approval date:	September 2019
Next review date:	September 2021
Approval:	Board of Directors
Audience:	Staff, Students, Families

Purpose of this Statement

The purpose of this statement is to emphasise our commitment to risk management and to establish the Board of Directors' expectations with respect to how strategic, financial and operational decision making throughout Scotch Oakburn College is made.

Strategic Goals & Objectives

Scotch Oakburn College recognises that our strategic goals, objectives and our business plans are key drivers in determining our overall appetite for risk. To this end, each year we undertake a formal risk review process in which we take into account our overall appetite for risk having regard to our risk management capability.

Our Risk Management Capability

Scotch Oakburn College understands that our ability to effectively manage our appetite for risk on a day to day basis is reliant upon the quality of our organisational infrastructure, and the strength of our culture. To this end Scotch Oakburn College has:

- implemented an Enterprise Risk Management Program in accordance with the International Risk Management Standard ISO 31000;
- developed a detailed risk categorisation process which allows us to effectively identify and assess risks on an enterprise basis;
- adopted a risk profiling system through which we analyse the likelihood of a particular risk event occurring, and the potential consequences if the event was to occur, having regard to the overall control effectiveness of existing mitigation strategies;
- appointed a senior manager (Risk and Compliance Manager) who is responsible for overseeing the management of Scotch Oakburn College's risk management function;
- implemented a Compliance Program in accordance with the International Compliance Standard AS/ISO 19600, through which we monitor key risk controls;
- implemented a Complaints Handling Program in accordance with the International Standard ISO 10002, through which we capture critical key risk indicators;
- implemented an on-line policy management system and staff induction and training program; and
- implemented an assurance management system which allows us to capture key risks, tasks and incidents, and assign them to responsible individuals as well as monitor their progress.

Scotch Oakburn College believes that by developing our organisational governance infrastructure we have taken considerable steps towards achieving a level of risk maturity through which we have developed, and will continue to develop, a positive risk management culture.

Our Appetite for Risk

We recognise that change is a constant and there are risks in everything we do. Scotch Oakburn College understands that risk taking must occur if we are to innovate, improve and remain competitive in the current environment. It is for this reason that we have committed considerable resources to ensure that we have adequate capabilities to effectively manage risk within our organisation.

Scotch Oakburn College's appetite for risk is influenced by a range of factors including our strategic goals and objectives, the amount of risk that we are able to accept given our organisational constraints, our system of ethics, values and risk-based behaviours, as well as the level of maturity of our internal risk and internal control programs.

It is for this reason that it is not possible to precisely measure our risk appetite. Rather our approach is to set the tone from the top and ensure that our organisational infrastructure (including our risk management, internal control, policy management and internal training programs) is designed to identify and effectively manage key risks as they arise.

Scotch Oakburn College distinguishes between different types of risk and takes an integrated approach to managing them. Key risk areas include:

- Strategic Risk
- Financial Risk
- Educational Risk
- Human Resources Risk
- Health & Safety Risk
- Regulatory Risk
- Stakeholder Risk
- Operational Risk

Within each category of risk Scotch Oakburn College identifies specific risk events and assesses them on a case by case basis, utilising our risk profiling system. In accordance with this system, all risks are allocated with a residual rating of either Low, Medium, High or Extreme, as determined by the overall effectiveness of our existing controls and the subsequent likelihood of the risk event occurring and the potential consequences if the risk event was to occur.

Each risk is then evaluated having regard to its rating, our organisational constraints, the costs and benefits of upgrading controls and/or implementing treatments, and our strategic goals and objectives. It is the outcome of this evaluation that determines how and when resources are allocated to treat particular risks with a view to lowering their overall risk rating to fit within Scotch Oakburn College's appetite for risk. In this way we are able to ensure that our management of risk is dynamic and responsive to change.