

RISK MANAGEMENT POLICY, FRAMEWORK & REGISTER

Policy number	3.0	Version	2.0
Drafted by	AARE Executive Office Manager & Treasurer	Date of Approval	February 2024
Responsible person	Treasurer	Review date	February 2025

INTRODUCTION

AARE's objective is to manage risks to minimise the exposure of the organisation and its stakeholders to any event, or set of occurrences able to cause adverse effects, while concurrently maximising the efficiency and effectiveness of its operations in accordance with best practice and continuous improvement.

AARE is committed to the management of risk to ensure the protection of its:

- Members and other stakeholders
- Organisational objectives
- Environment
- Quality of service
- Assets and intellectual property
- Contractual and statutory obligations
- Brand and reputation

Risk management is regarded as an integral part of sound management practices and is integrated into AARE's strategic plan and objectives, policies and procedures.

RISK MANAGEMENT FRAMEWORK

AARE's risk management framework identifies and assesses risks in the following core categories.

- Financial
- People
- Governance
- Business

Risk Assessment Process

A risk assessment is to be conducted annually by the following AARE Executive Committee members and representatives:

- Treasurer
- President
- Secretary
- President Elect or Past President
- AARE Executive Office Manager
- Communications Coordinator
- SIG Coordinator

The President or AARE Executive Committee may nominate one or more additional representative/s to support effective risk assessment and management as required.

Policies can be established or altered only by the Executive Committee.

Procedures may be altered by the Executive Management Team.

The annual risk assessment is to be conducted each year using the following policy templates provided as attachments to this policy:

- Risk Assessment Matrix (Attachment 1)
- Risk Register (Attachment 2)
- Risk Review Checklist (Attachment 3)
- Risk Management Action Plan (Attachment 4)

The review should seek to identify if anything material has changed in AARE's services, processes, structure, people or environment (internal and external). An annual Risk Assessment meeting to discuss the risk assessment results will be chaired by the Treasurer. Based on the risk assessment findings, the risk register will be updated to identify any new risks that have been identified; changes to any existing risks; and whether existing controls need to be changed or new ones implemented. Priorities for action will be documented using the Risk Management Action Plan.

Risk Assessment & Management Reporting

The following will be tabled for noting (and discussion or decision where applicable), within the Treasurer's Executive Committee Report.

Item	Annual Due Date	Reported to Executive Committee
Annual risk assessment review	To be scheduled March-May	June
Annual risk assessment meeting	To be scheduled March-May	June
Risk Register updated	June	June
Risk Management Action Plan	February / June / November	February / June / November

AUTHORISATION



23 February 2024

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Treasurer, Australian Association for Research in Education

Attachment 1: Risk Assessment Matrix

Consequence

	Numerical:	Historical
Likelihood ↑	>1 in 10	Is expected to occur in most circumstances
	1 in 10 - 100	Will probably occur
	1 in 100 – 1,000	Might occur at some time in the future
	1 in 1,000 – 10,000	Could occur but doubtful
	1 in 10,000 – 100,000	May occur but only in exceptional circumstances

Likelihood		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	6	7	8	9	10
Likely	4	5	6	7	8	9
Possible	3	4	5	6	7	8
Unlikely	2	3	4	5	6	7
Rare	1	2	3	4	5	6

Consequence Rating

>7: Extreme Risk – detailed action plan required
 6,7: High Risk – needs Board attention
 5: Medium risk – specify CEO/management responsibility
 <5 Low risk – manage by routine procedures

Extreme and High risks require detailed treatment plans to reduce the risk to Medium or Low.

Consequence description

Insignificant – Impact not visible
Minor – Some impact that is easily remedied
Moderate – Some organisational objectives not achieved. Noticeable impact on organisation
Major – Key organisational objectives not achieved. Material impact on organisation
Catastrophic – Organisational objectives not achieved. Could shutdown parts or all of organisation.

Attachment 2: Risk Register, as at January 2024

Risk Assessment							
CONTEXT/CATEGORY	POTENTIAL RISK	WHAT MIGHT HAPPEN	LIKELIHOOD	CONSEQUENCE	CONSEQUENCE RATING	CONTROLLING ACTION	AUDIT
1. FINANCIAL							
		•				•	•
		•				•	•
		•					•
2. PEOPLE							
		•				•	•
		•					•
		•					•
	•	•					•
3. BUSINESS							
	•	•					•
	•	•				•	•
4. GOVERNANCE							
							•
	•	•				•	•
		•				•	•

Attachment 3: Risk Assessment Checklist Template

AARE FINANCE & RISK ASSESSMENT CHECKLIST

This checklist provides a point of reference for the annual risk assessment to be conducted annually by AARE Executive Committee members and representatives, as identified in the AARE Risk Management Policy.

Priorities for review	Concerns or opportunities for improvement
Financial management & reporting	
<ul style="list-style-type: none"> • Is oversight and reporting of financial information adequate? • Is the application and review of accounting policies and procedures appropriate? • Are financial statements, budgets and management analysis reports reviewed on a quarterly basis? • Are annual audited financial statements reviewed annually? • Are estimates and judgments in financial reports reviewed and assessed adequately? • Is there free and open communication between AARE Executive Committee members and representatives, the external auditor, association and executive management? 	
Compliance	
<ul style="list-style-type: none"> • Are the processes used by association and executive management to monitor and ensure compliance with laws, regulations and other external reporting of financial and non-financial information adequate and appropriate? • Is AARE compliant with laws and regulations (particularly those which have a major potential impact on the AARE in areas such as trade practices, occupational health and safety, and the environment)? • Is AARE compliant with Corporate Governance practices and regulations including Incorporated Association Rules, Corporations Act and accounting standards requirements and other best practice corporate governance processes? 	
Investment and Financial Reserves	
<ul style="list-style-type: none"> • Is a Financial Reserves Policy in place and monitored annually? • Does the Executive Committee have access to adequate advice regarding the development of investment objectives consistent with the Financial Reserves Policy? • Are investments aligned with AARE objectives? • Is the performance of investments reviewed and reported to the Executive Committee annually? • Is an Investment Advisor required? <ul style="list-style-type: none"> ○ If so, is an appropriate Investment Adviser procurement process in place to recommend selection of the Investment Adviser to the Executive Committee? ○ Is there free and open communication between AARE Executive Committee members and representatives, the Investment Adviser (if applicable) and association management staff? 	

Risk and Controls	
<ul style="list-style-type: none"> • Does AARE's ongoing risk management program effectively identify areas of potential risk? • Are policies and procedures adequate to manage identified risks, including a risk register, which describes the material risks facing AARE? • Are AARE's cyber security and anti-fraud programs and controls adequate? • Are there any issues with management of AARE's major financial risk exposures? • Are any updates to policies or procedures required? • Is effective remedial action being undertaken to redress areas of weakness? 	
External Auditors	
<ul style="list-style-type: none"> • Are annual external audit procedures reviewed annually? • Is the practice for appointment, independence and remuneration of the external auditor appropriate? • Is the association and executive management's responsiveness to the external auditor's findings and recommendations reviewed and monitored? • Are representation letters signed by executive management reviewed and approved by the executive committee? • Are documents and reports to regulators reviewed and assessed? • Is the appointment of an external auditor reviewed at least every three years? 	

Attachment 4: Risk Management Action Plan Template

Risk Management Action Plan		
Date:		
Risks identified/managed in period		
<ul style="list-style-type: none"> • • • 		
Risk Register Issue/s to be addressed	Member/Portfolio Responsible	Status
Item Number		
<ul style="list-style-type: none"> • • • 		
Item Number		
<ul style="list-style-type: none"> • • • 		
Item Number		
<ul style="list-style-type: none"> • • • 		