



Risk Management Policy

Public Skills Australia

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Risk Management Policy and Procedure

Introduction

The purpose of the Public Skills Australia Policy and Procedure (the PP) is to provide step-by-step guidance on how to implement and embed effective risk management into day-to-day activities.

Purpose and Scope

This policy and procedure establishes Public Skills Australia's commitment to a structured and consistent approach to risk management, ensuring that risks affecting the organisation's objectives are identified, assessed, managed, and monitored effectively. This PP applies to all Public Skills Australia employees, contractors, volunteers, stakeholders, company office holders, as well as subcommittees, networks, and working groups when undertaking work on behalf of Public Skills Australia. It also encompasses all strategic, operational, financial, and compliance-related risks that could impact the achievement of Public Skills Australia's objectives. This PP is to be read in conjunction with the Company Constitution of Public Safety Skills Australia Limited and all Public Skills Australia policies; no policy is a standalone document. All Public Skills Australia policies are to be read in conjunction with the following DEWR documents:

- *JSCs Code of Conduct*
- *JSCs Integrity Framework*
- *JSCs Performance Framework*
- *JSCs Program Guidelines*
- *Performance and Monitoring Framework (under development)*
- *TPOF*
- *Stage 2 Grant Agreement in relation to the Jobs and Skills Councils – Strengthening Australia's National Vocational Education and Training System.*

Public Skills Australia is committed to meeting in particular, *Principle 4: Risk Management* of the Australian Institute of Company Directors (AICD) Not-for-Profit Governance Principles. *Principle 4: Risk Management* signifies that the Board of Directors holds ultimate responsibility for overseeing an organisation's risk management practices, including identifying, assessing, and managing risks in alignment with the company's strategy and objectives; ensuring a robust risk culture within the company.

Risk Categories

Public Skills Australia classifies risks across different categories:

Governance and Compliance	Risk associated with, for example, internal policies, Grant guidelines, <i>Corporations Act 2001</i> , <i>Australian Charities and Not-for-profits Commission Act 2012</i> (ACNC Act) and related legislation.
Financial Sustainability	Risk associated with, for example, accounting standards, tax office requirements and acquittals and expenditures.
Workforce	Risk associated with, for example, Work Health and Safety Legislation and FairWork legislation (WHS and FW legislation), staff capability and expertise affected by recruitment and retention practices and staff culture affected by leadership and performance management of line managers.
Member Engagement	Risk associated with, for example, Company Constitution and company member expectations, Terms of References (TORs) and ways of working with consultation and governance groups and delivery of quality work that meet member expectations and addresses member challenges adding value.
Stakeholder Engagement	Risk associated with, for example, regular communications with key stakeholders such as Job Skills Australia, DEWR, other JSCs, relationships and partnerships.
Reputation	Risks associated with, for example, Professional relationships and branding.
Cyber Security	Risks associated with, for example, Personal information and data security.
Technology and Innovations	Risks associated with, for example, IT and internet capability and innovation systems and software.
Environmental Sustainability	Risks associated with, for example, office space and equipment, travel and key deliverables not promoting environmental sustainability.

Risk Assessment

Risk assessment is fundamental to managing risk. It involves evaluating the likelihood and consequence of identified risks to determine their category and prioritise treatment. Public Skills Australia applies a standardised risk matrix to assess each risk consistently. The outcomes of risk assessment inform decisions on escalation, resource allocation, and alignment with Public Skills Australia's defined risk appetite. The Risk Management Framework outlines the risk matrices and descriptions of risk.

Public Skills Australia Escalation Pathway

<i>Risk Type</i>	<i>Key Escalation Activities</i>
<i>Routine Risks</i>	Managed and resolved at the operational or executive level. Updates provided to the AFRC for monitoring in accordance with Public Skills Australia's defined risk monitoring and reporting processes.
<i>High-Priority Risks</i>	Risks exceeding thresholds defined in the RAS are escalated by the Executive Team to the AFRC for review and recommendations.
<i>Critical Risks</i>	Risks with significant financial, reputational, or operational impact are escalated directly to the Board by the AFRC or CEO for immediate discussion and resolution.

Risk Management Procedure

Risk Management Procedure Element 1: Establish Risk Context	
Objective: to scope the context in which the risk has occurred.	
Key Steps	- Consideration of context should include: Internal Context: organisational objectives, policies, resources, and culture. External context: political, economic, technological and environmental factors. Member/Stakeholder context: identifying stakeholder expectations, interests, and influences. - Consideration of drivers such as: - Nature and type of uncertainty. - How positive and negative consequences and likelihood may be measured. - Time-related factors including time for risk to eventuate. - Interdependencies with other risks. - Ability to respond to and control the risk. - With an understanding of the context, those involved in the risk assessment can gain insight into drivers and how to respond to the risk.
Risk Management Procedure Element 2: Risk Identification	
Objective: to identify potential risks that may be new, emerging or changing.	
Key Steps	- Take a proactive approach to risk identification and recognise that risk identification is the responsibility of all employees. - Methods of risk identification may include but are not limited to using tools like SWOT analysis, strategic foresight or scenario planning, analysis of historical data/information, engagement with internal and external stakeholders, monitoring of industry reports, government regulations, trends to identify risks posed by external factors (such as regulatory changes, economic conditions, or technological advancements), use of findings from audits to highlight vulnerabilities or risks and conducting regular reviews of Public Skills Australia's Risk Register to identify outdated risks, new and emerging risks or changes in the likelihood and impact of existing risks.

Risk Management Procedure Element 3: Risk Analysis	
Objective: to understand the nature of the risks and their potential consequences involving analysing the causes and effects of risks to determine their significance.	
Key Steps	- Assess the level of risk using: Risk Likelihood Matrix: Facilitates the likelihood assessment, enabling Public Skills Australia to identify the probability of a risk occurring using historical data, expert judgment and/or scenario analysis. Risk Consequence Matrix: Evaluates the potential consequences if the risk materialises, including financial, operational, reputational and legal impacts. Risk Rating Assessment: Combines likelihood and impact (using Public Skills Australia's Risk Likelihood and Consequence Matrices) to determine the overall risk rating. - Capture the identified and assessed risk(s) in Public Skills Australia's Risk Register and escalate as a new/emerging/changing risk.
Risk Management Procedure Element 4: Risk Evaluation	
Objective: to understand how the risk should be managed, and whether additional treatment actions are required based on the <i>Risk Appetite Statement</i> .	
Key Steps	- Each risk should be considered in line with the <i>Risk Appetite Statement</i>. - This can be challenged/updated by Public Skills Australia's Board, AFRC and/or Executive Team.
Risk Management Procedure Element 5: Risk Treatment	
Objective: to identify, select and implement options for addressing risk, including escalation as well as the preparation and implementation of additional controls, mitigations and/or risk treatment plans.	
Key Steps	- For each of the risks identified, evaluate the recommended treatment. - Assess whether to: Avoid – this risk treatment involves eliminating the risk entirely by discontinuing the activities or strategies that generate the risk. Mitigate – the risk treatment aims to reduce the likelihood or consequence of the risk through various control measures such as improving processes, providing additional resources and/or adopting new technologies.

	○ Transfer – this risk treatment seeks to shift all or part of the risk to a third party, e.g. through insurance coverage or outsourced contractual arrangements. ○ Accept – this risk treatment acknowledges the risk and decides that no mitigating actions is required (e.g. where the risk ratings fall within <i>Risk Appetite Statement</i> or if the cost of mitigative activities is prohibitive).
Risk Management Procedure Element 6: Monitoring and Review	
Objective: to assure and improve the quality and effectiveness of risk treatments	
Key Step	• Controls and actions for high and very high rated risks should be monitored on a regular basis.
Risk Management Procedure Element 7: Recording and Reporting	
Objective: to appropriately document and report on the risk management procedure to support informed decision making.	
Key Step	• Changes across the Risk Register are reported. • Risk papers are provided and presented at AFRC meetings (either is the cover paper or in a separate report where required).

Appendix A: Risk Matrix

The following risk matrix will be used to determine how risk is described within the *Public Skills Australia Risk Register*.

Likelihood	Probability of Occurrence	Description
A) <i>Almost Certain</i>	Very High	Risk is almost certain to occur in most circumstances
B) <i>Likely</i>	High	Risk will probably occur in most circumstances
C) <i>Possible</i>	Medium	Risk may potentially occur in some circumstances
D) <i>Unlikely</i>	Low	Risk is not generally expected to occur in most circumstances
E) <i>Rare</i>	Very Low	Risk may potentially never occur in most circumstances
Consequence	Outcome	Description
1) <i>Insignificant</i>	Very Low	Insignificant refers to instances that will not have long lasting effects, expose the company to legal liabilities or cannot reasonably be addressed with minimal disruption.
2) <i>Minor</i>	Low	Minor refers to instances that requires corrective actions and reporting but does constitute material breaches.
3) <i>Moderate</i>	Medium	Moderate refers to ongoing instances that require consistent corrective actions and is reportable to key stakeholders.
4) <i>Major</i>	High	Major refers to instances that affects the legal status of the company and may lead to ending of the Grant Agreement.
5) <i>Extreme</i>	Very High	Extreme refers to instances that affects the legal status of the company and will highly likely lead to a loss of confidence by stakeholders such as company members and DEWR.

Appendix B: Risk Categories and Consequences

Provides examples to accurately assign risk status.

Risk Category	Risk Consequence Level Examples				
	Insignificant	Minor	Moderate	Major	Extreme
Governance Risk associated with e.g.: - Internal Policies - Grant Guidelines - Corporations Act, ACNC Act and related legislation	- Insignificant non-compliance with internal policies with minimal impact. - Insignificant misalignment with DEWR Guidelines that is not viewed as a breach of the Grant Agreement. - Insignificant misinterpretations of Corporations Act/ACNC Act and related legislation requirements.	- Minor non-compliance with internal policies requiring corrective action. - Minor misalignment with DEWR Guidelines requiring corrective action. - Occasional lapses in governance processes. - Minor misinterpretations of Corporations Act/ACNC Act and related legislative requirements not affecting company compliance but requires corrective actions and reporting.	- Ongoing non-compliance with internal policies that leads to a pattern or trend of non-compliance that requires regular corrective actions and results in missed opportunities and potential inefficiencies. - Breaches of the Grant Agreement that require corrective actions and reporting and is noted as substantial by DEWR. - Breaches of the Corporations Act/ACNC Act and related legislation that gives rise to issues with the not-for-profit status of the company and is reportable to the Australian Securities and Investments Commission (ASIC).	- Major breaches of internal policies that may require external audits to identify accountability and establish systemic breakdowns. - Major breaches with the Grant Agreement that may lead to winding up of the Grant Agreement with the company. - Major breaches of the Corporations Act/ACNC Act and related legislation that is likely to impact the not-for-profit status of the company and may compromise registration with ASIC.	- Extreme non-reversible breaches of internal policies causing major financial or reputational damage leading to a loss of confidence in the company. - Serious non-compliance with the Grant Agreement resulting in the withdrawal of the Grant Agreement. - Extreme breaches of the Corporations Act/ACNC Act and related legislation affecting the legal status of the company.

Financial	Insignificant	Minor	Moderate	Major	Extreme
Risk associated with e.g.: - Accounting Standards - Tax Office requirements - Acquittals and expenditures	- Insignificant deviation from accounting standards or Australian Tax Office requirements that will not require modification. - Re-allocation of budget between cost items to account for small over or underspends. - Payments of invoices after the allocated 30 day pay cycle.	- Minor deviation from accounting standards or Tax Office requirements that will not result in an accounting misstatement in end year financial Reports that include Audit and/or Acquittal Reports. - Re-allocation of budget between cost items to account for larger over and underspends. - Payments of invoices after more than one 30 days' pay cycle periods.	- Moderate deviation from accounting standards or Tax Office requirements that will be reflected as misstatement in end of year financial Reports that include Audit and /or Acquittal Reports. - Over and underspends affecting financial performance that requires management attention to re-prioritise projects and cost cut items to account. - Invoices unpaid due to cashflow deterioration damaging relationships with vendors. As payments are delayed regularly.	- Major deviations from accounting standards or Tax Office requirements that will constitute non-compliance in Acquittal Reports leading to company members and DEWR scrutiny. - Budget re-allocation required urgently as cash flow is severely impacted for the company that affects solvency liquidity. - Insufficient funds or debt affecting Public Skills Australia's operations and requiring a forensic audit.	- External forensic audit finds extreme deviation from accounting standard or Australian Tax Office requirements resulting in the inability to pay employees and vendors. - Financially unsustainable position that will not be supported by government requiring significant cost cuts in core business. - DEWR withholding funds due to mismanagement of finances or new government policy.

Workforce	Insignificant	Minor	Moderate	Major	Extreme
Risk associated with e.g.: • Work Health and Safety Legislation and FairWork legislation (WHS and FW legislation). • Staff capability and expertise affected by recruitment and retention practices. • Staff culture affected by Leadership and performance management of line managers.	• Employee contracts and workplace policies are updated, altered or changed to ensure compliance with WHS and FW legislation. • Recruitment pools are sub-standard and staff take-up other opportunities. • Individual staff raise concerns with their line managers, how performance is managed or with the culture of the company.	• Employee contracts and workplace policies are found to be not being updated with recently released WHS and FW legislation, necessitating updates. • More than one recruitment round is required to fill vacant roles and more than 2 staff leave a business unit within the same month. • Teams (or business units) raise concerns with their line managers, how performance is managed or with the culture of the company requiring corrective action.	• Employee contracts and workplace policies are found to be non-compliant with important/more than one section(s) of WHS and FW legislation, necessitating urgent updates. • Multiple recruitment rounds are required to fill vacant roles, and several staff leave a business unit regularly, forming a trend. • Multiple teams raise concerns with the leadership of different line managers or the overall leadership of the company requiring mediation between staff and leadership or line manager roles.	• Employee contracts and workplace policies are found to be non-compliant several sections of WHS and FW legislation, resulting in breaches of workplace laws. • Position descriptions are not clear, expectations for staff not clearly articulated resulting in severe staff turnover rates more than the national average of 10-15% over a 3 month period. • Most staff (more than 50%) raise concerns with the leadership of different line managers or the overall leadership of the company requiring Fairwork interventions.	• Employee contracts and workplace policies are found to be non-compliant several sections of WHS and FW legislation, resulting in breaches of workplace laws that leads to mental or physical trauma for staff. • Staff indicate that they are unsupported, untrained and actively looking for alternative employment or that the company exceeds the national average turnover rate of 10-15% over a period extending beyond 3 months, impacting delivery of work and compliance. • A large volume of staff over 60%) raise concerns with the leadership of most managers or the overall leadership of the company requiring resulting in a non-sustainable work culture.

Member Engagement	<i>Insignificant</i>	<i>Minor</i>	<i>Moderate</i>	<i>Major</i>	<i>Extreme</i>
Risks associated with e.g.: • Company Constitution and company member expectations. • Terms of References and ways of working with consultation and governance groups. • Delivery of quality work that meet member expectations and addresses member challenges adding value.	• Lack of inconsequential or insignificant information not flowing to company membership. • Insignificant non-adherence to TOR timelines or requirements for distribution of agendas and meeting papers. • Company members provide editorial or grammatical comments on work.	• Minor communication challenges in providing information to company members that does not affect the governance of the company. • Minor non-adherence to TOR requirements, timelines or requirements for distribution of agendas and meeting papers that results in inconvenience for company members (not substantial). • Company members identify incorrect facts/data or misinterpreted advice and feedback in work that can be modified without adverse effects.	• Important information not communicated to company members as soon as possible, impacting company members. • Moderate non-adherence to TOR requirements that results in governance processes not being adhered to necessitating further meetings or out of session meetings. • Company members identify incorrect facts/data or misinterpreted advice and feedback in work that will likely cause adverse effects.	• Lack of adherence to the Company Constitution resulting in breaches that requires reporting at AGMs. • Major non-adherence to TOR requirements, timelines that results in work, project or deliverables not being progressed, leading to delivery delays. • Company members identify politically incorrect or damaging content on work that damages the reputation or brand of the industry-sectors members represent.	• Company Constitution not updated to support the Corporations Act, DEWR guidelines or ASIC requirements resulting in legal breaches. • Serious non-adherence to TOR requirements resulting in work being retracted after delivery and resulting in the activation of the Dispute Resolution Policy. • Company members identify no value in the work of the company resulting in permanent disengagement of members, loss of company membership or waning interest in the work of the company.

Stakeholder Engagement	Insignificant	Minor	Moderate	Major	Extreme
Risk associated with e.g.: - Regular communications with key stakeholders such as Jobs Skills Australia, DEWR and other JSCs. - Relationships and partnerships.	- Insignificant miscommunication with stakeholders that require once-off communications. - Ineffective engagements with stakeholders not resulting in building stronger relationships or partnerships but not affecting the work of the company or its reputation.	- Minor miscommunications with stakeholders resulting in a once-off communication to ensure that relationships or partnerships are not affected. - Purposeful and planned engagements with stakeholders that do not actively promote or support relationship or partnership building, only focussed on transactional nature of work and deliverables resulting in missed opportunities.	- Moderate miscommunications with stakeholders requiring Line Manager or Leadership interventions. - Staff engagements with stakeholders that damage relationship or partnership building, resulting in dissatisfaction amongst stakeholders (and requiring Line Manager or Leadership interventions to reset desired relationship or partnership state).	- Major miscommunications resulting in loss of trust with stakeholders requiring formal reporting in line with Grant Agreement requirements and invoking of the Dispute Resolution Policy. - Line manager or Leadership engagements with stakeholders that damage relationship or partnership building, resulting in dissatisfaction amongst stakeholders (and requiring a CEO intervention to reset desired relationship or partnership state).	- Extreme miscommunications resulting in loss of trust with stakeholders requiring Board or DEWR intervention. - CEO engagements with stakeholders that damage relationship or partnership building, resulting in dissatisfaction amongst stakeholders (and requiring Board interventions to reset desired relationship or partnership state).

Reputation	<i>Insignificant</i>	<i>Minor</i>	<i>Moderate</i>	<i>Major</i>	<i>Extreme</i>
Risks associated with e.g.: - Professional relationships - Branding	- Concerns raised can be dealt with internally through a facilitated meeting process. - Opportunities to promote branding are not maximised but can occur at a following event or through other means.	- Concerns raised can be dealt with through normal engagement processes escalated to Line Managers. - JSC and company branding is not used correctly and requires corrective action.	- Concerns raised can be dealt with via the dispute resolution policy. - Branding chances are missed regularly resulting in missed opportunities.	- Concerns raised requires progressing to external subcontractors such as investigators appointed by the company. - Branding was deemed not cost-effective and/or resulted in company members industry-sectors not correctly depicted.	- Concerns raised requires progressing to external agencies appointed by DEWR or the Ministers. - Branding is used unsuitably, resulting in reputational damage to the company.
Cyber Security	<i>Insignificant</i>	<i>Minor</i>	<i>Moderate</i>	<i>Major</i>	<i>Extreme</i>
Risks associated with e.g.: - Personal information - Data security	- Personal information is incorrectly captured and requires corrective action. - Recordkeeping policies are not adhered to and requires corrective action and staff training.	- Personal information is accessible to all internal staff and requires corrective action, staff to be informed and apologies to be issued. - Important records are not kept and require after-the fact inclusion.	- Personal information is accessible to contained external stakeholders and requires corrective action, review of recordkeeping and access rights, staff to be informed and apologies to be issued. - Temporary loss or corruption of data requiring corrective action by the IT partner.	- Personal information is accessible publicly and requires corrective action, review of recordkeeping and access rights, staff to be informed and apologies to be issued. - Longer term loss or corruption of data requiring corrective action by the IT partner.	- Personal information has been hacked and is not recoverable, the company is held to ransom. - Not for public access or restricted and confidential data is hacked and is not recoverable, the company is held to ransom.

Technology and Innovations	<i>Insignificant</i>	<i>Minor</i>	<i>Moderate</i>	<i>Major</i>	<i>Extreme</i>
Risks associated with e.g.: - IT and Internet Capability - Innovation systems and software.	- IT or Internet capability is not available to staff for a short period of time with work continuing when working from home. - New enabling software or systems are implemented but staff uptake is slow.	- IT or Internet capability is not available to staff for a longer period compounding time to deliver work. - New enabling software or systems are implemented but are proving to be more work extensive than anticipated.	- IT or Internet capability is not available to staff for a lengthy period impacting timing of work deliverables. - New enabling software or systems are implemented but are proving to be counterproductive to some work efficiencies.	- IT or Internet capability is not available to staff for a long period resulting in work not being delivered according to the planned workplan. - New enabling software or systems are implemented but are proving to be significantly onerous and not producing efficiencies and effectiveness sought.	- IT or Internet capability is not available to staff for a long period with Grant Agreement deliverables not being delivered on time, impacting budgets. - New enabling software or systems are implemented but are not proving to be useful or value for money.
Environmental Sustainability	<i>Insignificant</i>	<i>Minor</i>	<i>Moderate</i>	<i>Major</i>	<i>Extreme</i>
Risks associated with e.g.: - Office space and equipment, travel - Key deliverables not promoting environmental sustainability.	Environmental impacts of office space or travel are not considered (e.g. lights on after hours or using different vehicles to travel to the same meeting).	Environmental impacts of office equipment are not considered (e.g. when purchasing paper that is not recycled, coffee pods that are not sustainable, non-digital business cards).	Environmental impacts are not considered or advocated for in key Grant Deliverables such as the Workforce Insights Reports and Training Package development.	Negative environmental impacts occur because of content contained in key Grant Deliverables such as the Workforce Insights Reports and Training Packages.	Negative environmental impacts are as a direct result of content contained in Grant Deliverables such as the Workforce Insights Reports and Training Packages requiring disclosure and receiving negative press.

Appendix C: Risk Assessment Matrix

LIKELIHOOD	CONSEQUENCE					
		<i>Insignificant</i>	<i>Minor</i>	<i>Moderate</i>	<i>Major</i>	<i>Extreme</i>
	<i>Almost certain</i>	<i>Medium</i>	<i>Medium</i>	<i>High</i>	<i>Severe</i>	<i>Severe</i>
	<i>Likely</i>	<i>Low</i>	<i>Medium</i>	<i>Medium</i>	<i>High</i>	<i>Severe</i>
	<i>Possible</i>	<i>Low</i>	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>High</i>
	<i>Unlikely</i>	<i>Low</i>	<i>Low</i>	<i>Medium</i>	<i>Medium</i>	<i>High</i>
	<i>Rare</i>	<i>Low</i>	<i>Low</i>	<i>Low</i>	<i>Medium</i>	<i>Medium</i>