Risk Management Framework

Melbourne Archdiocese
Catholic Schools

Contents

1. Background

1.1. Melbourne Archdiocese Catholic Schools Ltd

Melbourne Archdioceses Catholic Schols Ltd (MACS) is a company limited by guarantee and was established by the Archbishop of the Catholic Archdiocese of Melbourne to assume the governance and operation of MACS schools across Melbourne. Previously, Catholic schools in Melbourne operated in an unincorporated structure by parish priests, associations of parish priests or the Archbishop of Melbourne. Additionally, they were responsible for the operation of other schools that have been established by MACS including specialist schools through its subsidiary, Melbourne Archdiocese Catholic Specialist Schools Ltd (MACSS).

MACS also has a subsidiary, Melbourne Archdiocese Catholic Schools Early Years Education (MACSEYE), with dedicated responsibility for the governance and operation of early childhood education and care services (MACSEYE Services), established by MACSEYE.

The MACS Constitution clearly articulates the purpose and mission of MACS and defines the relationship between the Member, being the Archbishop of the Catholic Archdiocese of Melbourne, and the MACS Board (Board), including the reserve powers of the Member to ensure that the Board remains faithful to the purpose and mission, that is:

a) Catholic schooling seeks to provide the young with the best kind of education possible, one that fosters a formation of the whole person that is deeply and enduringly humanising[1] and

b) Education is integral to the mission of the Church to proclaim the Good News. First and foremost, every Catholic educational institution is a place to encounter the living God who in Jesus Christ reveals his transforming love and truth. This relationship elicits a desire to grow in the knowledge and understanding of Christ and his teaching. In this way, those who meet him are drawn by the very power of the Gospel to lead a new life characterised by all that is beautiful, good, and true; a life of Christian witness nurtured and strengthened within the community of our Lord's disciples, the Church.[2]

With parents and parishes, Catholic schooling seeks to fulfil this mission by providing an environment in which students are enabled to:

- encounter God in Christ and deepen their relationship with him
- pursue wisdom and truth encouraged by a supportive academic culture; and
- grow in the practice of virtue, responsible freedom and serving the common good.

1.2. Objectives

The objectives of this Risk Management Framework (**RMF**) are to:

- express the Board's commitment to establishing and maintaining robust risk management at MACS
- describe the roles and responsibilities of critical actors in the context of risk management at MACS
- describe the components of the MACS RMF and
- describe MACS's strategy to manage risks across the MACS office and MACS schools, including the provision of a likelihood and consequences matrix.

[1] Pope Francis, *Christus Vivit*, Libreria Editrice Vaticana, Rome, 2019, n. 223.

[2] Pope Bendict XVI, *Address to Catholic Educators*, Liberia Editrice Vaticana, Rome, 2008.

1.3. Scope

The RMF defines MACS's processes and structure for managing risk to assist with the achievement of the MACS 2030 strategy and contributes to MACS's sustainable growth and continued development.

This RMF applies to:

- MACS offices
- MACS schools, including specialist schools operated by MACS subsidiary, MACSS, and boarding school premises operated by MACS schools (MACS Schools)

1.4. Statement of commitment

The Board, as the governing authority of MACS,and MACSS , has ultimate responsibility and accountability for risk management. The Board is committed to identifying, assessing and managing risks that are inherent in MACS's activities and operations, predict future threats and reduce adverse impacts and crystalise the full potential of opportunities.

The Board recognises the importance of developing a robust risk culture that encourages the effective management of risk. At MACS, risk culture is developed through the identification of positive behaviours that are lived and breathed throughout the organisation and through maintaining a continuous improvement mindset.

MACS is also dedicated to adopting a risk-based approach to the management of its material risks. This includes the allocation of additional resources to those areas that are deemed to be higher risk, such as MACSS, where there are the presence of vulnerable children and young people.

1.5. Risk accountability

The Board has overall accountability for risk management at MACS. However, under this RMF, it may assign responsibility for activities to other roles and sub-committees at MACS.

At MACS office, each directorate is required to maintain its own risk register that sets out its risks, risk causes, risk impacts, controls, risk treatment plans and an inherent and residual risk rating. These risks are reported to the relevant board committees at regular intervals.

Additionally, MACS will maintain an enterprise-wide risk register that provides an aggregated view and reflects the top ten material risks.

At the school level, MACS requires that the Principal of each school:

- ensures that a risk register, specific to the context of that school or service, is consistent with the template risk register provided by the MACS Risk team; and
- provides an annual risk management compliance attestation to the MACS Risk team.
- Section 4.4 of this RMF contains more information about the risk requirements for each directorate, MACS schools.

2. Risk principles

The principles which guide MACS's risk management approach are aligned to ISO 31000 Risk Management (ISO 31000) and are described below:

- **Risk management creates and protects value** by contributing to the achievement of MACS's objectives and improvement of performance
- **Risk management is an integral part of MACS**, including strategic, operational, child safety, project and education delivery processes
- **Risk management is systematic, structured and timely** through processes which are planned and are an integral part of business planning and reporting processes
- **Risk management is customised** to appropriately align to MACS's frameworks and policies
- **Risk management is inclusive and transparent** through the appropriate and timely involvement of stakeholders and decision-makers at all levels of MACS
- **Risk management is dynamic, iterative and responsive to change** as internal and external events occur, context and knowledge change, monitoring and reviewing risk as new risks emerge, and some risk profiles change
- **Risk management is based on the best available information** from multiple sources including historical data, experience, feedback, observation, forecast and expert judgments. It is used to assist decision-making and address uncertainty
- **Risk management takes human and cultural factors** into account by recognising the capabilities, perceptions and intentions of people, external and internal to MACS; and
- **Risk management facilitates continual improvement** for MACS and provides an important contribution to the achievement of the MACS 2030 strategy.

3. Three lines model at MACS

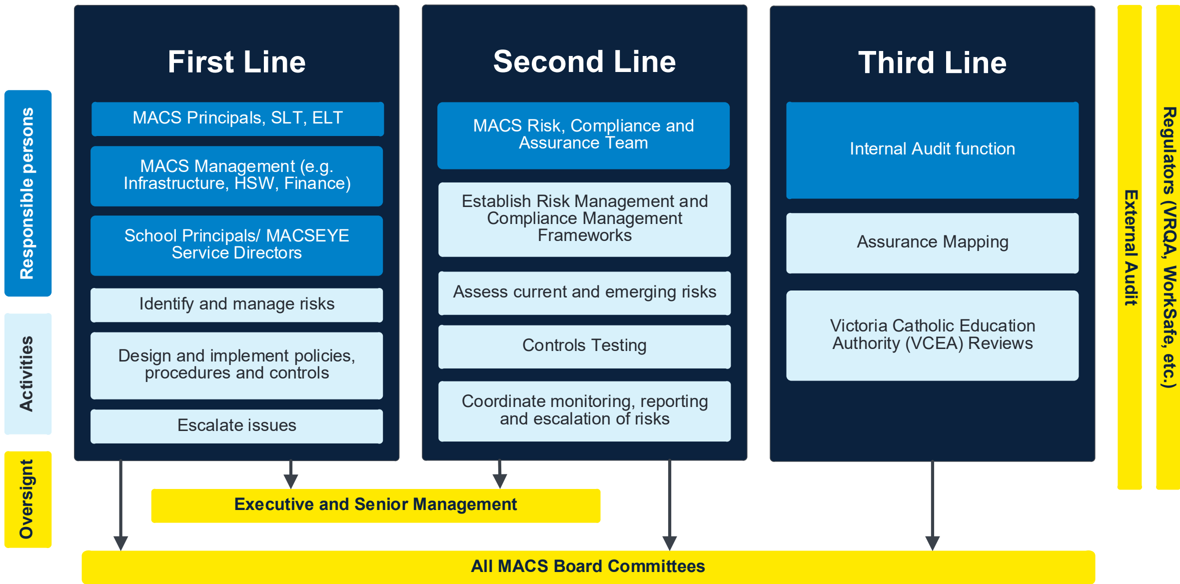
Risk management is the responsibility of everyone at MACS office and schools

MACS's risk accountabilities and responsibilities are based on the 'Three Lines' model.

The three line model provides a simple and effective way to enhance communications on risk management and control by clarifying essential roles and duties.

Each of the three lines are explored in further detail in Diagram 1.

Diagram 1: Three line model at MACS



3.1. First line

The **first line** lies with the business units schools who are the policy and procedure owners. Policy and procedure owners are responsible for maintaining effective internal controls and for executing risk assessment and control processes on a day-to-day basis. This consists of identifying and assessing controls and mitigating risks.

The first line guides the development and implementation of internal policies and procedures and ensure that activities are consistent with MACS's goals and objectives. Business unit managers or school principals may design and implement detailed processes that serve as controls and supervise execution of those processes by their teams and schools.

The first line is also responsible for monitoring the application of their controls to ensure that they are designed and operating effectively and are adequately mitigating risks.

3.2. Second line

The **second line** is overseen by the risk management and compliance functions at MACS office. These functions provide the oversight and the tools, systems and advice necessary to support the first line in identifying, managing and monitoring their risks.

The risk management and compliance functions at MACS ensure that the RMF is fully embedded, operational and monitor the first line controls to ensure that risks are being effectively managed. MACS's risk management function facilitates and monitors the implementation of effective risk management practices by management and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the organisation.

The second line also provides an aggregated view of the MACS's risk profile and reports the level of exposure to the Executive Leadership Team and the MACS Board.

3.3. Third line

The **third line** comprises the internal audit function which provides independent assurance on the effectiveness of governance, risk management and internal controls, including the way the first and second lines achieve risk management and control objectives. At MACS, a risk-based approach to providing assurance to the Board is adopted.

The Internal Audit function provides the Board and Executive Leadership Team with comprehensive assurance based on the highest level of independence and objectivity.

Internal Audit do not direct or implement procedures, but they provide advice and recommendations regarding procedures. Additionally, Internal Audit may support enterprise risk management but may not implement or perform risk management other than inside of its own function.

Internal auditors accomplish their objectives by bringing a systematic approach to evaluating and improving the effectiveness of risk management, control, and governance procedures.

4. Risk Management Framework components

For the purposes of this RMF, risk is defined as the "*effect of uncertainty on objectives*".

The RMF includes the systems, processes, resources and governance arrangements for effectively managing risks to MACS's strategic and operational objectives. The key components of the RMF are included in Table 1.

Table 1: Risk Management Framework Components

Risk Management Framework	
1. Risk Management Statement	2. Risk Management Framework Governance
3. Risk Appetite Statement	4. Risk Profiles
5. Risk Culture Program	6. Compliance Framework
7. Assurance Map	8. Internal Control Framework
9. Business Continuity Management	

Each of these RMF components are explained in greater detail below.

4.1. Risk Management Statement

MACS is committed to implementing a well-devised RMF that is fit-for-purpose and is effective in mitigating material risks. This commitment to risk management is reflected in a risk statement that is signed by the MACS Board Chair and Executive Director and sets out the importance of managing risk across MACS and its schools.

The Risk Management Statement acts as the foundational 'risk' document and provides an anchor for all risk activities. The Risk Management Statement is highly visible throughout MACS and regularly referenced as it shapes risk culture and performance.

4.2. Risk Management Framework governance

The RMF is maintained by the Director, Governance and Legal, is reviewed annually by the Child Safety and Risk Management Board Committee (CSRMC) and is approved by the MACS Board.

Table 2 below provides the core governance arrangements.

Table 2: Risk Management Governance

RMF	Executive Owner	Monitored By	Review Frequency
Risk Management Policy	Director, Governance and Legal	• CSRMC • Board	Annually
Risk Appetite Statement	Executive Director	• CSRMC • Board	Annually
Risk Profile	MACS Executives for their directorates	• Board Committees	Quarterly
Assurance Map	Director, Governance and Legal	• CSRMC • Board	Annually
Enterprise Risk Profile	Director, Governance and Legal	• CSRMC • Board	Quarterly
Business Continuity Plan	Director, Governance and Legal	• CSRMC	Annually

Independent review of the appropriateness and effectiveness of the RMF is performed by the internal audit function. The effectiveness of the RMF must be assessed at least every three years. The report outlining the findings and recommendations of the RMF is escalated to the Board.

4.3. Risk Appetite Statement

The Risk Appetite Statement (RAS) is a set of principles, boundaries and limits set by the Board as part of the authorisation provided to the MACS Executive Director to execute the MACS 2030 strategy. The RAS defines the parameters established by the Board for acceptable and unacceptable risk taking and provides the overarching framework for guiding decision-making.

The RAS is accessible to all employees and reflected in relevant policies, procedures and systems embedded throughout MACS.

Rating criteria are used to set limits using a traffic light format and the following key in Table 3.

Table 3: Risk rating criteria

Green	Within risk appetite
Amber	Approaching risk appetite limit
Red	Breaching risk appetite

Management monitors its decision-making in accordance with the RAS and reports performance against each criterion to the MACS Risk function. These results are mapped to the Risk Profile as an input to monitor changes to risk exposure.

The Director, Governance and Legal reports breaches to the Child Safety and Risk Management Board Committee quarterly and / or as required.

The RAS is reviewed by the Child Safety and Risk Management Board Committee annually and approved by the Board. Additionally, the RAS is reviewed as part of the MACS strategy process to ensure that appetite is aligned with strategic objectives. Specifically, the RAS is checked to ensure that the Board has sufficient risk appetite to deliver critical elements of the strategic plan.

4.4. Risk profiles

The Risk Profile (or Risk Register) is an iterative, enterprise-wide record of the risk exposures that may impact the achievement of MACS's strategic objectives and its ability to operate into the future.

At MACS office level, risks are defined under the following categories and reported to the following Board Sub-Committees (Table 4):

Table 4: Risk profiles and monitoring

RMF	Executive Owner	Monitored By
Strategic	Strategic risk refers to the potential that the MACS 2030 strategy has / has not been adequately designed and / or delivered. Additionally, strategic risk relates to gains or losses arising from MACS ability to adapt to the external environment.	MACS Board
Catholic Identity and Mission	Catholic Identity and Mission risk refers to the potential for MACS to maintain or fail to uphold its foundational Catholic values, teachings and mission. This risk impacts MACS's ability to maintain its Catholic character and deliver its spiritual, moral and educational responsibilities.	Catholic Identity and Mission Board Committee
Child Safety and Wellbeing	Child Safety and Wellbeing risk refers to the potential for positive or adverse impacts on a child's physical, emotional and psychological safety.	Child Safety and Risk Management Board Committee
Education Service and Delivery	Education service and delivery risk refers to the provision of educational services that impact the quality, accessibility and consistency of education provided to MACS's students. This risk arises when resources, teaching methods, curriculum standards and other external influences fail or are exceeded.	Education Strategy and Policy Board Committee
Financial	Financial risk refers to the chance of financial loss or gain resulting from internal and external factors that impact MACS's financial stability. Internal factors may include fraud risk, liquidity risk and inadequate procurement processes. External factors include but are not limited to credit risk, interest rate risk and investment risk.	Finance and Audit Board Committee
People	People risk refers to outcomes caused by the actions, inactions, decisions or behaviours of people associated with MACS. This includes those risks that arise due to a of skill level, employee behaviour, health and safety risks and workplace culture.	People and Culture Board Committee
Regulatory Compliance and Governance	Regulatory compliance and governance risk refers to the potential of loss arising from MACS's failure to comply with laws, regulations, industry standards and / or poor governance over MACS.	Child Safety and Risk Management Board Committee
Operational	Operational risk refers to loss or gain resulting from	Child Safety and Risk

RMF	Executive Owner	Monitored By
	adequacy of internal systems such as processes, systems, information technology or poor cyber-security practices.	Management Board Committee
Infrastructure	Infrastructure risk refers to the potential for growth and expansion, or, alternatively, disruption, failure and degradation in the physical environments that supports the operation of MACS's schools. This can include those risks associated with buildings and other critical physical assets that are needed for the operations of MACS's office and schools.	Finance and Audit Board Committee

4.4.1. Risk profiles at MACS Office

With the support of the MACS Risk function, each MACS directorate is required to maintain its own risk register which outlines their critical risks. The risk register sets out:

- risk descriptions
- risk causes and their impacts
- controls that are designed to mitigate or eliminate risk causes
- risk treatment plans (additional steps that are taken to mitigate the likelihood and consequence of risks)
- residual risk rating for each risk and
- risk and control owner(s) for each of the risks.

Risks are reported to the relevant board committees at regular intervals.

Additionally, MACS will maintain an enterprise-wide risk register that reflects the aggregated risk register including the top ten material risks. Focus on these risks will ensure they receive closer attention from the executive management team. The top ten risks will be reported to the Child Safety and Risk Management Board Committee on a quarterly basis.

It is the responsibility of the Risk function to perform second line risk monitoring to validate that controls are operating effectively.

4.4.2. Risk profiles at MACS Schools

MACS requires that each of its schools maintains a risk register, specific to the context of that school. The risk register must be consistent with the template risk register provided by the MACS Risk team and provide it to MACS annually.

Additionally, each MACS school must provide the MACS Risk team with an annual risk management compliance attestation to confirm that they have a documented risk register and the controls in the risk register are operational.

The Risk function will also perform second line risk monitoring on an annual basis at a sample of schools to validate that controls are operating effectively.

4.5. Risk culture program

MACS recognises that risk culture is a subset of its organisational culture and refers to the system of *beliefs*, *values* and *behaviours* throughout MACS that guide the collective approach to managing risk and making decisions.

A positive risk culture is strongly influenced by organisational culture and exists when all employees understand the risks facing MACS and consistently make appropriate risk-based decisions. A positive risk culture is one where staff at every level are actively aware of and manage risk as an intrinsic part of their day-to-day work. Such a culture supports an open discussion about uncertainties and opportunities, encourages staff to express concerns, and maintains processes to elevate concerns to appropriate levels.

MACS has developed a risk culture program that sets out:

- a target risk culture state for MACS
- measures to implement a positive risk culture at MACS; and
- how to assess and enhance risk culture at MACS.

Table 5 below explains MACS's foundational pillars for a positive risk culture.

Table 5: Foundation Pillars for Positive Risk Culture

RMF	Executive owner	Monitored by taking the following actions
We care deeply	• We are connected by our shared Catholic faith. • We value our connection to land. • We are connected to our students, school community and the wider community. • We put the health, safety and wellbeing of our students and staff first. • We recognise and value our role in providing Catholic education in the Archdiocese of Melbourne.	• We reduce, mitigate tension and challenge using the risk management framework and tools when making decisions. • We use our risk appetite, including the consequence management matrix tool, for dealing with challenges and we stay within our tolerance levels. • We escalate and report observations, hazards and incidents when we see unsafe work or practices. • We learn and continue to learn from our observations, hazards and incidents.
We are resourceful	• We are collectively clever at overcoming difficulties. • We are flexible and adaptable. • We do the best with what we have.	• We constructively challenge ourselves and make decisions to overcome difficulties. • We don't cut corners. • We don't try to do it all on our own and will engage with the risk team and other support teams as necessary.
We have pride and a strong commitment	• We are aligned to our purpose – forming lives of faith, hope and love in the light of Jesus Christ. • We manage our risks in a timely and appropriate manner, through systems and communication. • We love what we do. We learn from our mistakes and are open to innovation or new opportunities. • We are proud of our diversity, value inclusiveness and strive for equality voice.	• We have an appetite for risk and are open to taking some risks to provide opportunities to enable us to form lives of faith, hope and love in the light of Jesus Christ. • We conduct compliance and risk training to ensure that we are kept up to date on understanding our compliance and risk requirements. • We are humble and proud to engage with risk within the areas of

RMF	Executive owner	Monitored by taking the following actions
		our responsibilities to create and protect value.

A risk culture survey is performed every two years to help the MACS Board and Executive Leadership Team understand the level of risk culture at MACS. This will be considered with other risk culture indicators such as complaints handling and the finalisation of audit issues.

A report is escalated to the Child Safety and Risk Management Board Committee along and the MACS Board for consideration.

4.6. Compliance Framework

The objective of the MACS compliance framework is to ensure that MACS fulfills its legislative and regulatory obligations as well as internal policies and procedures.

The MACS compliance framework (Diagram 2) is broadly based upon Australian Compliance Management Standard AS ISO 37301:2023 – Compliance Management Systems, consisting of the following key focus areas.

Diagram 2: Compliance Framework for MACS

Supporting the implementation of the compliance framework is the following documents:

- Compliance Management Policy
- Compliance Register with material legislative and regulatory obligations
- Annual Compliance Monitoring Plan and
- Relevant MACS policies.

4.7. Assurance map

MACS uses a 'three lines' model to manage its risk.

Each line plays an important role in ensuring that risks and opportunities don't slip through the three lines, resulting in loss or harm to children, staff and visitors. An assurance map is maintained outlining the activities undertaken by each line to mitigate risk.

Annually, the Child Safety and Risk Management Board Committee approves the Risk Monitoring Plan and Enterprise Assurance Plan, which forms the basis of assurance provided by the second and third lines respectively.

The assurance map is routinely provided to the Child Safety and Risk Management Board Committee for ongoing review and challenge.

4.8. Internal control framework

Management of all risks is underpinned by an internal control framework of systems, operating environment and governance arrangements for designing, implementing and maintaining effective risk controls. The internal control framework is primarily designed to prevent any harm to children, young people and staff, and any loss to MACS.

MACS has documented an Internal Controls Procedure that supports the need for an effective internal control framework that is continuously monitored and reviewed.

The actions established through the Internal Controls Procedure are deployed across MACS. MACS has designed controls to *prevent* negative outcomes, *detect* an error or threat or *correct* an error.

4.9. Business continuity management

Business Continuity Management (**BCM**) is an integral part of MACS's preparedness to respond to disruption related risks.

4.9.1. Business continuity management at MACS Offices

MACS office BCM arrangements are led by the Director – Governance and Legal and are detailed in the following resources:

- Business Continuity Policy
- Business Continuity Plan
- Cyber Security Policy and
- Cyber Incident Response Plan.

The Business Continuity Plan is tested on an annual basis, and the results are escalated to the Child Safety and Risk Management Board Committee for noting and discussion.

4.9.2. Business Continuity Management at MACS Schools

The management of disruption related risks at schools are managed at the school or service level. The Principal and the leadership team are supported by the relevant areas from MACS including the staff in the Child Safety and Risk and the Education Excellence directorates.

A Business Continuity Plan is required to be documented and then tested on an annual basis at schools.

Results from testing should be escalated to the MACS Risk function for review and challenge.

5. Roles and responsibilities

Role	Responsibility
MACS Board	• Annual approval of the RMF • Determine appetite for risk across each of the various risk categories • Nurture a culture promoting ethical behaviour and accountability across MACS • Establish structures and processes for governance, including auxiliary committees as required • Delegate responsibility and provide resources to management for achieving the MACS 2030 strategy
Board Committees	• Review risks for their respective directorates and provide constructive challenge regarding those risks and their controls • Approve second line controls monitoring plans and receives controls monitoring reports relating to their directorates; and • Receive and consider any internal audit reports that impact their directorates.
MACS Executive Leadership Team	• Lead and direct actions (including managing risk) and application of resources to achieve MACS strategic and operational objectives • Maintain continuous dialogue with the MACS Board and / or the relevant Board Committees, and report on planned, actual, and expected outcomes linked to MACS objectives • Establish and maintain appropriate structures and processes for the management of operations and risk (including controls). This includes maintaining a risk register for each MACS office directorate • Ensure staff complete general risk awareness training as recommended by the relevant risk directorate • Ensure compliance with legal, regulatory and ethical expectations.

Risk, Compliance and Assurance Team	• Provides complementary expertise, support, monitoring and challenge related to the management of risk, including:
	  ○ development, implementation, and continuous improvement of risk management practices (including controls) at a process, systems, and entity level
	  ○ achievement of risk management objectives, such as compliance with laws, regulations, and acceptable ethical behaviour; controls; information and technology security; sustainability; and quality assurance; and
	• Provide analysis and reports to the CSRMC on the adequacy and effectiveness of risk management (including controls) across the organisation.

Principals in MACS schools	• Drive a culture of risk awareness in the school or service by promoting the importance of risk management and directing staff to attend risk general awareness training where appropriate

Role	Responsibility
	• Establish and maintain a school or service risk register for the school or service. Governance and Legal directorate provide support to establish risk registers • Establish and maintain child safety risk register setting out key child safety risks specific to the context of the school or service and • Ensure any plan for international travel is supported by a risk assessment reviewed by the MACS Risk function.
All Staff	• Raise risks with line manager, principal or service director in a timely manner • Report any risk events to the line manager, principal, service director and / or the MACS Governance and Legal directorate • Undertake any training directed by a line manager, principal, service director and / or the MACS Governance and Legal directorate and • Maintain a continuous improvement mindset that supports the effective management of risk and contributes to a positive risk culture environment.

6. Risk methodology

MACS's risk management methodology is aligned with international standard ISO 31000:2018 – Risk Management, which details the risk management process for *establishing the context*, *risk assessment* (incorporating risk identification, risk analysis and risk evaluation), *risk treatment* and *communications* and *consultation*, *risk monitoring* and *review*.

At a high level, Diagram 3 below provides a diagrammatic overview of MACS's approach to risk management:

Diagram 3: MACS' approach to risk management

The key steps to MACS's risk management methodology are summarised below.

6.1. Establish the risk scope and context

An effective risk management process must establish the risk context.

Understanding the risk context includes considering both internal and external factors. Internal factors include any changes to MACS's strategic objectives in MACS 2030 and its operational processes and systems. External factors may include changes to the regulatory environment and / or a change in the macroeconomic environment.

MACS has considered and documented its material risks. The Board acknowledges that some risks need to be accepted, however, these risks must be clearly understood, controlled and monitored by MACS's executive leadership team.

6.2. Risk assessment

6.2.1. Risk identification

MACS regularly scans its risk universe and the impact on its material risks and risk profile. This includes a comprehensive semi-annual directorate risk assessment, with updates to identify new risks or changes to existing risks. These risks are reported to the relevant Board Committee.

Risk assessments are also required to be performed on the introduction of any new change to services, projects and management initiatives.

6.2.2. Risk analysis

Risk analysis involves the consideration of the sources of risk, including:

- The positive and negative consequences of a risk; and
- The likelihood that those consequences may occur.

Please refer to Appendix 1 for the likelihood and impact risk matrix.

Each directorate and the enterprise risk register include sections to analyse contributing factors, risk owner(s), controls to mitigate risks, risk ratings, control ratings and treatment plans required to mitigate any control gap. Each risk is rated on the basis of consequence and likelihood of the risk occurring as well as the effectiveness of the internal controls established to mitigate the risk.

6.2.3. Risk evaluation

The purpose of the risk evaluation phase is to assist in making decisions, based on the outcomes of the risk analysis, about which risks need treatment and the priority of that treatment.

Once a risk has been identified and analysed based on its likelihood and consequence rating, MACS adopts controls to reduce the risk event to an acceptable level of risk.

Controls are assessed in accordance with the criteria provided in Appendix 1 of this RMF.

6.2.4. Risk treatment

Risk treatment involves a cyclical process of assessing a risk, deciding whether residual risk levels are tolerable and if not tolerable producing a risk treatment plan, and assessing the effectiveness of that treatment. Where a residual risk is above the risk appetite limit, a cost / benefit analysis is performed on the risk treatment options and an action plan developed, with responsibility and timeframe for implementation. It is the responsibility of the risk owner to take this action.

The options available for the treatment of risks include:

- **Retain / accept the risk:** If, after controls are implemented, the residual risk is deemed acceptable to MACS, the risk can be retained. However, plans should be maintained and approved to manage the consequences of a risk should it eventuate

- **Reduce the likelihood of the risk occurring**: This can be achieved through preventive measures such as audit and compliance programs, supervision, contract conditions, policies and procedures, testing, staff training and quality assurance programs
- **Reduce the consequences of the risk:** This can be achieved by contingency planning, contract conditions, disaster recovery and business continuity plans, back-up of IT systems and use of public relations
- **Risk transfer:** This involves another party bearing or sharing some part of the risk using contracts, outsourcing, joint ventures or partnerships. It should be noted that some risks cannot be transferred (e.g. duty of care) and
- **Risk avoidance:** MACS decides not to proceed with an activity likely to generate the risk.

The risk treatment plans, with responsibilities and timeframes for implementation will be recorded in the risk register and approved by relevant members of the Senior Leadership Team.

6.3. Risk monitoring and RMF review

6.3.1. MACS Office

Risks, based on their rating, will be monitored according to the following matrix, Table 6.

Residual risk	Monitoring activity	Description and frequency	Responsibility
Extreme	Active management	Weekly monitoring	Risk owner
		Prepare and/or adjust treatments	Risk owner
		Report monthly to the General Manager, Risk, Compliance and Assurance	Risk owner
		Report monthly to the Executive Leadership Team	Director, Governance and Legal
		Report quarterly to the CSRMC, relevant board committee and the Board	Director, Governance and Legal
		Ad hoc reporting as required	Risk owner Director Governance and Legal
High	Continuous review	Monthly monitoring	Risk owner
		Prepare and/or adjust treatments	Risk owner
		Report monthly to the General Manager, Risk, Compliance and Assurance	Risk owner
		Report monthly to the Executive Leadership Team	Director, Governance and Legal
		Report quarterly to the CSRMC, relevant board committee and the Board	Director, Governance and Legal
		Ad hoc reporting as required	Risk Owner and Director, Governance and Legal
Moderate	Periodic management	Quarterly review	Risk owner
		Prepare and/or adjust treatments if required	Risk owner
		Annual reporting to the CSRMC and the Board	Director, Governance and Legal
		Ad hoc reporting as required	Risk owner and Director, Governance and Legal
Low	Annual review	Annual review	Risk owner
		Annual reporting to the CSRMC and the Board	Director, Governance and Legal
		Ad hoc reporting as required	Risk owner and Director, Governance and Legal

6.3.2. MACS Schools

MACS adopts a risk-based approach to support MACS schools monitor their risks.

MACS Schools

The principal of any school with **extreme risks**, must meet with a member of the MACS Governance and Legal directorate at least twice a year.

A principal of any school with **high risks**, must meet with a member of the MACS Governance and Legal directorate at least once a year.

A principal of any school with **medium** and **low risks**, must meet with a member of the MACS Governance and Legal directorate once every two years.

6.3.3. RMF review

The MACS RMF will be internally reviewed on an annual basis. The annual review will be facilitated by the Director, Governance and Legal in consultation with the CSRMC. Any significant changes to the RMF resulting from the annual review will be presented to the Board for review and approval.

The following summarises the risk management monitoring and review activities to be performed:

- Annual review of the RMF
- Annual review of the RAS
- Quarterly monitoring and analysis of risk appetite limits and exposures, with reporting of risk events to the CSRMC; and
- An independent review of the RMF by internal audit every three years. The results of these reviews will be reported to the CSRMC and Board.

6.4. Communication and consultation

Communication and consultation with internal and external stakeholders will take place during the key phases of the risk management process. This information will be reviewed to determine how the risk management framework can be improved.

Training is another critical component for effectively embedding risk management across MACS. The various training activities to be performed are:

- Induction program: All new employees will complete a risk awareness induction program, where they are made aware of the risk management policies, processes and risk culture of MACS; and
- Ongoing training and education: Specific training requirements are identified and provided to employees on an as required basis. These usually relate to new or updated elements of the RMF. Further, risk awareness refresher training will be provided to all employees once every two years.

All training and education provided to staff is recorded.

7. Emerging risks

Emerging risks are newly developing or changing risks which may have an impact on MACS. Typically, emerging risks are difficult to identify, quantify and evaluate.

Characteristics of emerging risks are often described as having a high level of uncertainty. They are difficult to communicate and assign ownership, often systemic and part of operational practice.

Emerging risks could also be risks that might impact schools /services at a local level. Therefore, it is important that feedback from schools is actively sought and considered by the MACS Risk function.

Emerging risk reports will be provided by the MACS Risk function to the CSRMC for members' information and scrutiny (this will include emerging risks that could impact the education sector. The Risk Team will also monitor a long-range view and consider how emerging global risks may impact MACS long term (5-10 years).

When sufficient information is collected and known about risks, management may opt to include emerging risks as risks on a directorate or the enterprise-wide risk register.

8. Plan for monitoring and measuring

8.1. Non-compliance with the Risk Management Framework

Non-compliance with or deviation from any elements of the RMF is to be reported to the Director – Governance and Legal.

The Director, Governance and Legal will assess any non-compliance for materiality. All matters will be reported to the Executive Director and material matters will be escalated to the CSRMC.

All MACS staff are reminded of the importance to operate within the expectations defined within the MACS Code of Conduct.

The RMF also supports compliance with the VRQA Minimum Standards in relation to Risk Management, Child Safety and Ministerial Order 1359.

9. Continual improvement and review

The RMF document is reviewed annually or as required by the CSRMC and / or the Board.

The reviewed RMF document is then provided to the CSRMC for endorsement. The Board will approve the RMF.

10. Definitions

Definitions of standard terms used in this document can be found in MACS Glossary of Terms.

11. Policy information table

Responsible director	Director, Governance and Legal
Framework owner	General Manager, Risk, Compliance and Assurance
Approving authority	MACS Board
Assigned board committee	Child Safety and Risk Management Board Committee
Approval date	3 December 2025
Risk rating	Extreme
Review by	December 2026
Publication details	Gabriel, CEVN

POLICY DATABASE INFORMATION	
Supporting documents	Refer to framework contents above
Superseded documents	Risk Management Framework – v4.0 – 2025 Risk Management Framework – v3.0 – 2024 Risk Management Framework – v2.0 – 2023 Risk Management Framework – v1.0 – 2021

12. Appendix 1 – Risk Assessment Criteria

Consequence criteria

This guide provides indicative terms against which the consequence of risk is evaluated.

Risk Categories	Severe	Major	Moderate	Minor	Insignificant
Strategic	• Mission or strategic objectives are not achieved. • Ongoing loss of MACS critical infrastructure (e.g. basic services, organisational structure, facilities, systems). • Significant impact on ability to meet governance, accountability or strategic objective (>30%). • Longevity of MACS is compromised.	• Major impact on the ability to achieve governance, accountability or strategic objectives, or mission (25–30% deviation). • Temporary loss of MACS critical infrastructure (e.g. basic services, organisational structure, facilities, systems) – recovery is long-term.	• Moderate impact on ability to achieve governance, accountability or strategic objectives, or mission (10–25% deviation). • Adjustment to resource allocation and service required to manage impact – recovery is medium-term.	• Minor impact on ability to achieve governance, accountability or strategic objectives, or mission (<10% deviation). • Objectives and mission can be delivered with minor impacts. • Impact can be managed through routine activities – recovery is short- term.	• Negligible impact on critical objectives and MACS mission.
Catholic Identity and Mission	• Significant and sustained loss of Catholic identity across multiple schools. • Major reputational damage to MACS and associated institutions. • Widespread loss of trust from key stakeholders, including the Catholic Archdiocese of Melbourne, parents, and students. • Potential intervention from Catholic Archdiocese of Melbourne or regulators. • Significant drop in student enrollment due to perceived loss of Catholic values. • Inability to fulfill core spiritual, moral, and educational responsibilities.	• Noticeable degradation of Catholic identity in some schools or programs. • Negative publicity impacting MACS's reputation within the broader Catholic community in Victoria. • Loss of confidence from key stakeholders, including the Catholic Archdiocese of Melbourne. • Moderate decrease in student enrollment due to concerns about Catholic values. • Challenges in delivering core spiritual and moral education.	• Isolated incidents where Catholic identity is not upheld (e.g. curriculum or events not aligned with Catholic teachings). • Some negative feedback from stakeholders. • Moderate reputational damage is limited to a specific school or program. • Temporary or minor challenges in maintaining Catholic character across certain programs.	• Minor lapses in adherence to Catholic values in isolated situations and are easily rectified. • Low-level stakeholder concern with no significant impact on trust or enrollment. • Small adjustments needed to align certain programs or communications with Catholic mission.	• No discernible impact on MACS's Catholic identity or mission. • Catholic values are upheld, with minimal or no deviation from Catholic values and teachings. • No stakeholder concerns or reputational impact. • Normal operations with no disruption to spiritual, moral, or educational responsibilities.
Child Safety and	• Serious incident causing death or permanent disability of a child.	• Serious medical injury or illness requiring hospital	• Injury / illness requiring medical attention.	• Minor injury requiring first aid.	• Incident – injury / illness not requiring first aid.

Risk Categories	Severe	Major	Moderate	Minor	Insignificant
Wellbeing	• A substantiated instance or allegation of physical and / or sexual abuse of a child. • Stress / trauma event requiring extensive clinical support for multiple individuals.	admission. • Psychological injury requiring ongoing clinical support.	• Psychological injury requiring professional support. • Medically treated injury (MTI) frequency rate and / or severity rate increased.	• Minor psychological injury requiring peer support.	• Incident with no psychological impact. • Near miss – incident physical or psychosocial with no negative out that could have resulted in negative outcome
Education Service and Delivery	• Evidence of Significant decline in levels of Literacy and Numeracy competence. (Greater than 2.0% decrease in percentage proficiency from NAPLAN results by school) • Significant evidence of unsatisfactory student engagement and connection to the school and their peers. (85% or lower average student attendance rate). • Significant evidence that there are no options for student pathways.	• Evidence of major decline in levels of Literacy and Numeracy competence. (1.5% to 2.0% decrease in percentage proficiency from NAPLAN results by school) • Evidence of major levels of unsatisfactory student engagement and connection to the school and their peers (85% to 90% student attendance rate). • Evidence that there are very limited options for student pathways.	• Evidence of moderate decline in levels of Literacy and Numeracy competence (1.0% to 1.5% decrease in percentage proficiency from NAPLAN results by school) • Evidence of moderate level of unsatisfactory student engagement and connection to the school and their peers (90% to 95% student attendance rate). • Evidence that there are limited options for student pathways.	• Evidence of minor decline in levels of Literacy and Numeracy competence. (1.0% to 0.5% decrease in percentage proficiency from NAPLAN results by school) • Evidence of minor levels of unsatisfactory student engagement and connection to the school and their peers (95% to 97.5% average student attendance rate). • Evidence that there are some options for student pathways.	• Evidence of minimal decline in levels of Literacy and Numeracy competence. (Less than 0.5% decrease in percentage proficiency from NAPLAN results by school) • Evidence of minimal unsatisfactory student engagement and connection to the school and their peers (97.5% or above average student attendance rate).
Financial	• Enterprise-wide loss of annual revenue of >$5 million. • Enterprise wide >30% deviation from budget. • School level >15% deviation from budget. • Loss of majority of key assets. • Systemic and high value fraud. • Project cost impact >10%.	• Loss of assets or annual revenue of $1–$5 million. • Enterprise wide 15% - 30% deviation from budget. • School level 6% - 15% deviation from budget. • High end fraud • Project cost impact <10% but >7.5%	• Loss of assets or annual revenue of $250,000–$1 million. • Enterprise wide 10–15% deviation from budget. • School level 2% - 5% deviation from budget. • Moderate fraud. • Project cost impact <7.5% but >5%	• Loss of assets or annual revenue of <$250,000 or <%10 deviation from budget. • Project cost impact <5% but >2.5%.	• Loss of assets or annual revenue of <$25,000 or <%1 deviation from budget. • Near miss – financial incident that could have resulted in negative outcome but did not.
People	• Severe and widespread impact on MACS operations due to critical staff shortages, loss of key	• Significant operational disruptions caused by high employee turnover,	• Localised operational disruptions due to specific skill shortages	• Minor operational impacts due to temporary staff	• No discernible impact on operations or employee performance.

Risk Categories	Severe	Major	Moderate	Minor	Insignificant
	leadership, and / or widespread employee misconduct. • Major workplace incident leading to fatalities or serious injuries. • Severe damage to workplace culture, resulting in mass resignations and long-term reputation damage. • Legal or regulatory action due to significant breaches of health and safety laws or workplace standards. • High financial costs due to legal settlements, fines and recruitment efforts. • Stakeholder trust severely eroded, including parents, staff, and regulatory bodies. • Serious incident causing death or permanent disability • A substantiated instance or allegation of physical and / or sexual abuse/harassment. • Stress / trauma event requiring extensive clinical support for multiple individuals.	prolonged absenteeism, or misconduct by key personnel. • Major health and safety incidents resulting in serious injuries and regulatory scrutiny. • Decline in workplace morale and culture, leading to reduced productivity and increased employee dissatisfaction. • Negative media attention and reputational damage affecting MACS's credibility. • Substantial financial impact from legal costs, recruitment, or penalties. • Serious medical injury or illness requiring hospital admission. • Psychological injury requiring ongoing clinical support.	or employee behaviour issues (e.g. isolated incidents of misconduct). • Moderate health and safety incidents, such as injuries requiring medical treatment but not life-threatening. • Workplace culture issues in certain teams or locations, impacting productivity or morale. • Stakeholder dissatisfaction but manageable with internal actions. • Financial impact limited to increased training or minor legal fees. • Injury / illness requiring medical attention. • Psychological injury requiring professional support. • Medically treated injury (MTI) frequency rate and / or severity rate increased.	shortages or low-level behaviour issues (e.g. tardiness, unprofessional conduct). • Low-level health and safety risks, such as minor injuries or incidents resolved on-site. • Slight declines in morale or workplace culture, limited to individual teams. • Minimal financial impact due to minor training or process improvement costs. • No significant stakeholder concerns. • Minor injury requiring first aid. • Minor psychological injury requiring peer support.	• Minor and routine employee issues (e.g. occasional absence or lateness) easily managed. • Workplace culture and morale remain positive. • Negligible financial impact with no effect on stakeholder trust or satisfaction. • Incident – injury / illness not requiring first aid. • Incident with no psychological impact. • Near miss – incident physical or psychosocial with no negative out that could have resulted in negative outcome
Regulatory Compliance and Governance	• Sustained / serious non-compliance with legislation that has funding impacts / results in prosecution or imprisonment. • Failure / breach of multiple controls, policies or code of conduct. • Board not abiding by its role as a governing authority of schools and early childhood education and care services.	• Failure to comply with legislative / regulatory requirements that result in fines / common law action. • Significant breach of policies or code of conduct.	• Regulatory breach that results in letter to the regulator or executive management. • Breach of policies or code of conduct.	• Regulatory breach that can be managed at school / directorate level. • Breach of policy, with little or no impact on code of conduct.	• Near miss – near breach, with no negative outcome that could have resulted in negative outcome.

Risk Categories	Severe	Major	Moderate	Minor	Insignificant
Operational	• Complete failure of critical systems or IT infrastructure, resulting in widespread disruption of MACS operations across multiple schools or offices for a period greater than one month. • Severe and multiple cyber-security breaches, leading to loss of sensitive data, legal / regulatory action and significant reputational damage. • Long-term operational impact, including permanent loss of critical data and disruption of educational services.	• Significant disruptions to operations due to failures in key systems or processes, such as payroll, student management systems, or learning platforms for a period between one week and one month. • Cyber-security incidents leading to data breaches or unauthorized access, with moderate reputational damage. • Regulatory scrutiny due to non-compliance or delayed reporting. • Stakeholder dissatisfaction, including parents, staff, and students.	• Localized system or process failures, such as downtime for individual schools or departments, causing disruptions of up to a week. • Cyber-security vulnerabilities identified but not exploited, requiring immediate remediation. • Minimal reputational impact, with most stakeholders remaining unaffected. • Operational delays in delivering non-critical services or reporting.	• Minor system outages or process inefficiencies with an impact of less than three hours. • Low-level cyber-security incidents, such as phishing attempts, quickly identified and mitigated. • No significant stakeholder impact; minor inconvenience to staff or students. • Quick resolution with no long-term operational impact.	• No impact on operations or service delivery. • Routine system maintenance or process adjustments with no disruption. • No cyber-security incidents or risks detected. • No stakeholder concerns or reputational damage. • Business continuity remains fully intact.
Infrastructure	• Widespread, prolonged disruption to multiple schools and / or MACS offices, resulting in an inability to deliver educational services for an extended period. • Severe damage or destruction of critical infrastructure (e.g. major building collapse, significant fire, or natural disaster). • Government intervention or regulatory scrutiny.	• Significant disruption affecting multiple schools or a major facility, requiring temporary closures or relocation. • Partial failure of critical systems or infrastructure (e.g. HVAC, electrical systems). • Delays in planned expansions or upgrades, affecting operational goals.	• Localised disruption to a single school or office facility, leading to temporary closure or operational challenges. • Some stakeholder dissatisfaction but manageable through effective communication and mitigation.	• Minor operational disruptions due to infrastructure issues (e.g. brief power outages, minor equipment failures). • Easily resolved with minimal downtime and effort.	• No disruption to operations or educational services. • Minor wear and tear on infrastructure with no immediate need for repair. • Normal maintenance schedules are sufficient to address any minor issues.

Likelihood criteria

This guide provides the indicative terms against which the likelihood of a risk event occurrence is evaluated.

Likelihood				
Rare (1)	**Unlikely (2)**	**Possible (3)**	**Likely (4)**	**Almost Certain (5)**
Control failures or repetitive risk events during operations				
Possibility of occurrence <5%	Possibility of occurrence 5–25%	Possibility of occurrence 25–50%	Possibility of occurrence 50–75%	Possibility of occurrence >75%
Historical				
Is possible, but has not occurred to date	Has never occurred, but has occurred in other organisations with a similar risk profile	Has occurred at least once in the history of MACS	Has occurred in the last few years or circumstances could cause it to occur again in the next few years	Has occurred in the past or circumstances could cause it to occur again
Discrete risk events (e.g. cyclone, failure to meet strategic objectives, loss of key personnel)				
May occur less than once in 15 years	May occur at least once in 5–15 years	May occur at least once in 2–5 years	May occur at least once in a year	May occur multiple times in a year

Risk rating matrix

Used to combine consequence rating with likelihood rating to determine the overall level of risk.

Risk rating matrix		Consequence				
		Insignificant	**Minor**	**Moderate**	**Major**	**Severe**
Likelihood	**Almost certain**	Medium	High	Extreme	Extreme	Extreme
	Likely	Medium	Medium	High	Extreme	Extreme
	Possible	Low	Medium	Medium	High	Extreme
	Unlikely	Low	Low	Medium	Medium	High
	Rare	Low	Low	Low	Medium	Medium

Control effectiveness rating

Indicates the self-assessment of control effectiveness.

Good	Fair	Poor
Current controls will identify risk occurrence or prevent it, enabling effective management.	Current controls have a reasonable chance of preventing or detecting risk occurrence to enable effective management.	Minimal chance of current control framework preventing or detecting risk occurrence to enable effective management.