

## Risk Management Policy

### 1. General Risk Policy

1.1 According to AS/NZS 4360:2004 Risk Management Standards:

*“Risk Management involves managing to achieve an appropriate balance between realizing opportunities for gains while minimizing losses. It is an integral part of good management practice and an essential element of good corporate governance.”*

1.2 The standard focuses on risk:

*“... as exposure to the consequences of uncertainty, or potential deviations from what is planned or expected.”*

1.3 Ask Funding Limited (“Ask”) has adopted the approach suggested by the standard, and as such Ask has the following policy on risk management:

- (a) The implementation of risk is based on the Australia and New Zealand Risk Management Standard (AS/NZS 4360:2004), which defines risk and provides guidelines on policies, strategies and procedures to manage it.
- (b) Ask is committed to managing risk to meet its fiscal responsibilities, social responsibilities and in support of its mission and deliverables. Ask is committed to, and places a high priority on, managing its risks strategically and systematically. Risk management is an activity that begins at the highest level and is applied consistently through all levels of management. All managers are therefore required to integrate risk management procedures and practices into their department’s daily activities.
- (c) Ask’s Risk Management framework will ensure that risk is a part of all program delivery.
- (d) Implementation of the framework demonstrates that risk has been assessed and managed in accordance with stakeholder expectations.
- (e) The Risk Management Committee is responsible for developing risk management strategies and practices within Ask and the Chief Executive Officer and Executive Management Team are responsible for ensuring that these strategies are communicated to and practised by all employees.
- (f) Training (in line with job responsibilities) in the knowledge and skills required to successfully undertaken risk assessment and risk management practices will be provided by Ask.
- (g) Risk Management is an important part of the Ask planning processes. The treatment strategies for Risks assessed as being unacceptable are incorporated into the relevant business plans, with progress in the management of the treatments of these risks being monitored by the CEO with recommendations provided by the Audit Committee (Financial Risks) and Risk Management Committee (everything else) and where requested advice is sought from Risk Management specialists.

- (h) The Risk Management Committee is responsible under its Corporate Governance Policy for providing advice to the stakeholders on issues relating to the management of risks.
- (i) The Risk Management Committee will assist Ask to implement the risk management policy and procedures, and may facilitate a risk benchmarking exercise.
- (j) The aims of the Ask Risk Management Policy are to:
  - enhance stakeholder and staff safety;
  - ensure that the knowledge, skills and attitudes required for successful risk management are included in appropriate training and career development courses;
  - integrate risk management into the daily decision making processes;
  - ensure that risks are identified, monitored and treated;
  - integrate risk assessment and planning processes; and
  - ensure Key Performance Indicators include risk management processes.

## 2. Framework

- 2.1 Ask has developed a framework that includes procedures to support the policy. This includes risk management designed to protect and enhance Ask resources and enable the achievement of Ask objectives.
- 2.2 The framework emphasises that risk management is an integral part of the management process.
- 2.3 The framework is based on the principles that risk management is:
  - (a) the responsibility of all executives, managers and employees; and
  - (b) integrated into all business activities and systems;
- 2.4 Where further clarification is required on any aspect of Risk Management refer to the AS 4360 standard. A copy of this is held by the General Manager Compliance & Special Projects.
- 2.5 The Ask Risk Management Framework aims to assist managers with risk in terms of:
  - (a) fiscal, environmental and social responsibilities, and
  - (b) the achievement of the corporate outputs and deliverables.

- 2.6 Adherence to the framework will enable Ask to fulfill our stewardship responsibilities of:
- (a) protecting resources from loss or misuse;
  - (b) ensuring the safety of departmental officers, clients and the public; and
  - (c) generally encourage excellence in management, including innovation that may involve responsible risk taking.
- 2.7 Ask's progress will be monitored on an ongoing basis by the Risk Management Committee.
- 2.8 The risk management framework is made up of the following three elements:
- (a) Governance Framework;
  - (b) Risk Management Practice; and
  - (c) Risk Management Skills Development.

### **3. Governance Framework**

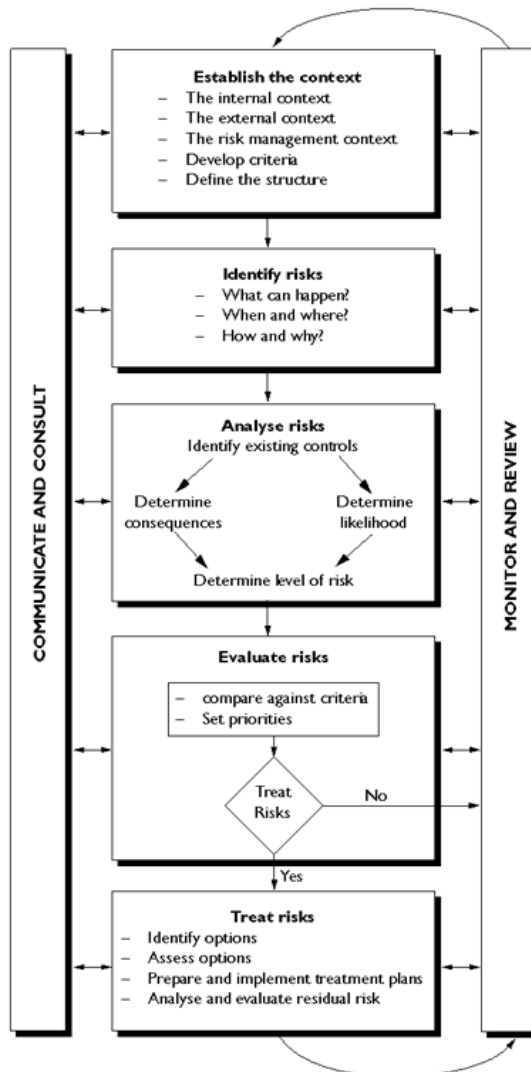
- 3.1 The CEO has overall responsibility for monitoring and reporting of risk management to the audit committee. Responsibilities of the Senior Executive include:
- (a) maintenance of the Risk Management Framework;
  - (b) development and maintenance of a system that enables regular reporting of risks and their management;
  - (c) monitoring the effectiveness of Risk Management;
  - (d) providing leadership to the processes underpinning the Framework and maintaining a risk aware and intelligent workforce;
  - (e) making Recommendations to the Board and/or provide directions and advice to management on matters arising out of risk management reports, performance reports or other matters that come before them; and
  - (f) monitoring the compliance of the risk management policy through regular reporting.
- 3.2 The Risk Management Committee will review the risk management practices and report to the CEO as appropriate on issues arising from these reviews.

### **4. Risk Management Practice**

- 4.1 The Australia/New Zealand Standard for Risk Management provides a 'ready-made' framework that enables a consistent and comprehensive approach to risk management.

The risk management procedures are:

Steps	
1	Communicate and Consult
2	Establish risk context
3	Identify risks
4	Analyse the identified risks
5	Evaluate the risks
6	Treatment of risks
7	Monitoring, reviewing and reporting on the risks and the risk environment regularly



## 5. Risk Management Knowledge and Skill

- 5.1 The development of manager and employee knowledge and skill is aimed at increasing their understanding and skills for the application of their risk management accountabilities and responsibilities. As the approach to risk management matures other learning related activities are be provided.
- 5.2 The objectives of the initial knowledge and skill communication strategy are:
- Increased awareness of risk management within Ask.

Awareness raising is provided to all management and staff. As the implementation of the risk management framework matures, the awareness raising will be provided for new staff through induction activities and for existing staff through other training activities.

- (b) Consistent application of risk management framework for Ask.  
Training will be provided on an 'as required' basis for management and staff with functional responsibilities for risk management within Ask. Training will focus on policies, procedures and the use of risk management templates.
- (c) Leadership and commitment through the application of risk management.  
Ask will encourage senior management to share their experiences and knowledge required to achieve their outputs through the successful management of current and emerging risks.

## 6. Business Continuity Management

- 6.1 Business Continuity Management (BCM) is an integral part of Ask's Risk Management Framework and is undertaken to ensure that stakeholders can rely on the continuation of services from Ask even in times of crisis.
- 6.2 Business Continuity Management involves the following steps:
  - Perform a risk and vulnerability analysis;
  - Conduct a business impact analysis;
  - Develop response strategies;
  - Develop resource requirements; and
  - Develop continuity plans.
- 6.3 The steps are similar to, or an extension of, those used during the risk assessment and treatment exercise. By undertaking the BCM analysis while completing a risk assessment, the processes and resources essential to the operations of Ask are identified. The risks associated with these processes and resources must therefore receive the highest level of priority for treatment, continuous monitoring and improvement.

## 7. Insurance Matters

- 7.1 Insurance cover does not take the place of risk management and will not cover all risks of Ask.
- 7.2 Insurance is only one method of treatment of identified risks. Nevertheless, it is an extremely important part of Ask's management strategy.
- 7.3 Insurance Premium and Data Requirements  
Every year the Risk Management Committee will review the annual insurance review document within 30 days of the renewal date(s).
- 7.4 Claims and Incident Reporting  
Claims and incidents that could give rise to a claim are reported to the Risk Management Committee and the Audit Committee as soon as possible. This enables prompt action to be taken towards settling and claim and to avoid further loss or damage.

**Appendix 1.0**

Responsibilities for Risk Management Implementation	
<b>Chief Executive</b>	<ul style="list-style-type: none"> <li>• Establish and maintain a climate of risk awareness and intelligence,</li> <li>• Develop and maintain governance mechanisms that effectively monitor risks and their management,</li> <li>• Ensure managers and staff receive support and training to fulfil their responsibilities, and</li> <li>• Set requirements for risk management based on AS/NZS 4360 and ensure that they are consistent with our business, ethical and professional standards.</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>• Integrate risk management into all aspects of their business,</li> <li>• Systematically identify, analyse, evaluate and treat any risk that might impact on their objectives, and</li> <li>• Ensure that risk management practices and treatments are:               <ul style="list-style-type: none"> <li>- consistent with Ask's requirements,</li> <li>- Reported to the Risk Manager</li> <li>- monitored to ensure that management strategies remain effective, and</li> <li>- Commensurate with the level of risk exposure.</li> </ul> </li> </ul>
<b>All staff</b>	<ul style="list-style-type: none"> <li>• Maintain an awareness of risks (current and potential) that relate to their area of responsibility,</li> <li>• Actively support and contribute to risk management initiatives, and</li> <li>• Advise their managers of risk issues they believe require attention.</li> </ul>