Risk Management Policy Statement

ASQA plays a critical role in achieving the Australian Government's shared vision of Australia's future growth and prosperity and the role the vocational education and training sector will play in the nation's economic recovery in the wake of COVID-19. ASQA is committed to achieving our strategic objective, which is:

> *Through our regulation and partnership with others, ensure quality vocational education and training so that students, employers, governments and the Australian people can have confidence in the integrity of national qualifications issued by training providers.*

In 2020-21, ASQA commenced a journey of transformation to ensure we achieve our strategic objective. We understand the need to achieve organisational and cultural change to fully implement the recommendations of the Rapid Review of ASQA's Regulatory Practices, Governance and Culture. We continue to make strong progress with regards to:
- our organisational and cultural change
- reframing our regulatory approach across the breadth of our regulatory functions and responsibilities
- building the capability and understanding of our workforce and clarifying expectations and accountabilities
- establishing improved, productive, respectful, collaborative stakeholder relationships
- strengthening other fundamentals, including our leadership, system of governance, strategic and operational forward planning, and systems of control.

A key focus of our transformational journey is the regeneration of our Risk Management Framework in line with the International Standard on Risk, ISO 3100:2018, which defines risk as 'the effect of uncertainty on objectives'. Effective, integrated management of risk is critical to the successful delivery of our strategic objective. Effective risk management will help us:
- guard against the possibility that by act, oversight or omission, our ability to achieve our purpose is compromised
- make sound evidence-based decisions in relation to our strategic deliverables, management approaches and day-to-day operations
- build our capacity to innovate
- engender confidence in our stakeholders.

ASQA will ensure that, over the next four years, risk management becomes:
- integral to all of our activities, functions and processes, including: how we innovate in key areas such as self-assurance; how we engage and partner with our stakeholders; and, ultimately, how we meet our obligations to our stakeholders
- a key element of good governance and our best practice regulatory decision making
- pivotal to ASQA's management practices at all levels, including accountability and transparency
- part of the day-to-day work of everyone in ASQA as we build individual capability to engage comfortably with risk and better understand our current and potential risks and our operating environment
- a driver of continuous improvement within ASQA and across the sector.

As part of our continuous improvement, ASQA will change its risk culture. ASQA accepts that, despite best efforts and robust risk management practices, things will go wrong. ASQA will build a positive risk culture based on the premise that we will review the reasons for failure, and use our learnings to further strengthen our systems, processes and controls, reducing the likelihood of reoccurrence. Achieving this positive risk culture will rely on the individual and collective contribution of everyone working in ASQA as reflected in the individual and collective accountabilities set out in the Risk Management Framework.

ASQA is undergoing transformational change and our obligations to our stakeholders to execute the transformation are significant. At this point in time, as set out in the attached table, ASQA has a low risk appetite in relation to the following enterprise risks:

- workforce-related issues, including Work Health and Safety and capability
- implementation of the reform agenda
- systems of governance.

This means that we are prepared to invest resources to closely and actively manage these risks. As ASQA's transformational journey delivers improved systems, processes, governance and outcomes, and our risk management capability matures, I expect that ASQA's risk appetite will change. I anticipate that, during the current four-year planning cycle, ASQA will move to a point where Work Health and Safety remains the only risk for which ASQA has a low appetite.

The benefits ASQA and our stakeholders will derive from the successful implementation of our risk management program are many and include:

- increased likelihood of achieving objectives
- encouraged proactive management
- awareness of the need to identify and treat risk throughout ASQA
- improved identification of opportunities and threats
- compliance with relevant legal and regulatory requirements
- improved mandatory and voluntary reporting
- improved governance
- improved stakeholder confidence and trust
- establishment of a reliable basis for decision-making and planning
- improved controls
- effective allocation and use of resources for risk treatment.

These benefits are measurable, and ASQA will report on the efficacy of our efforts as part of our commitment to continuous improvement, transparency and accountability.

ASQA's journey of transformation, including building our capacity to manage risk effectively and efficiently, is a journey we must successfully complete. Achieving our purpose – to ensure quality vocational education and training so that students, employers, governments and the community can have confidence in the integrity of national qualifications issued by training providers – is too important for us to get off-track. Everyone in ASQA is accountable for expediting our transformational journey.

Saxon Rice
Chief Executive Officer
27 **January 2021**

Risk Category	Definition	Examples	Risk Appetite	Accountability
Strategic risk	Originate from sources external to ASQA. While we have limited control over these risks, horizon scanning and adaptable leadership helps to maximise our preparedness for these changes and manage risks.	1. Wider reforms as outlined in the Heads of Agreement for Skills Reform (August 2020, including reforms to strengthen quality standards and build training provider capacity and capability for continuous improvement	Medium	Deputy CEO
		2. Changes in Australian Government expectations or requirements of ASQA		CEO
		3. Changes to Australian Government cost-recovery policy or approach		Deputy CEO
		4. Changes to Australian Government regulatory practice policy or guidelines		Deputy CEO
		5. Other changes from Australian Government, state/territory governments or Commonwealth agencies		GM, Strategy and Performance
		6. International events.		GM, Strategy and Performance
Enterprise risk [1]	Originate from internal or external sources and are risks over which we have greater control. Overarching risks, derived from considerations associated with ASQA's purpose, delivery expectations and resource requirements.	1. Effective leadership of ASQA including: • through the reform process • while providing for ASQA's continued operation and building stakeholder relationships and the agency's reputation.		CEO
		2. Driving and overseeing organisational and cultural change to fully embed and implement the reforms agreed in the Rapid Review – we keep seeing ASQA as 'different' from other regulators and don't understand and apply best practice. We can't demonstrate continuous improvement.		CEO
		2.1 Establishing new lines of authority and accountability as a result of the broader governance reform		GM, Strategy and Performance
		3. Human Resources – one-ASQA	Low	GM, Strategy and Performance
		3.1 Workforce engagement – ASQA's people are 'risk-averse', unwilling to try something new (even when the potential benefits are high), and change adverse in an accelerated and sustained period of change 3.2 Work Health and Safety 3.3 Workforce capability and capacity, including understanding its own legislation 3.4 Workforce agility		
		4. Elements of the reform agenda	Low	Deputy CEO
		4.1 Self-assurance 4.2 Impedes the efficient operation of regulated entities/regulation is not proportionate to the regulatory risk being managed 4.3 Transparency and accountabilities 4.4 Engage and partner with stakeholders 4.5 Contribute to quality VET 4.7 ASQA's actions are not consistent, contemporary, appropriate and prioritised to our purpose and strategic objective 4.8 ASQA's communication and engagement is not consistent, contemporary, appropriate and prioritised to our purpose and strategic objective		Deputy CEO GM, Regulatory Insights and Impact GM, Quality Assessment and Compliance GM, Regulatory Engagement and Education GM, Strategy and Performance CEO GM, Regulatory Engagement and Education
		5. Governance arrangements	Low	GM, Strategy and Performance
		5.1 Framework: objectives and four-year deliverables 5.2 Planning and measures 5.3 Accountabilities and performance 5.4 Risk management and internal controls		
		6. Security, including information security (privacy, non-secure data)	Medium	
		7. Fraud	Medium	
		8. Business continuity	Medium	
		9. Finance/budget including cost recovery	Medium	
		10. Review and evaluation	Medium	
Operational risk	A risk that may eventuate within ASQA's operations and control	1. Scheduling risks (timing/dependencies)	Medium	General Managers and Directors
		2. Improper process implementation, failed systems, ineffective structure		
		3. Business risks (IMIT/contractors/consultants)		

[1] COVID-19 is a consideration against every strategic, enterprise and operational risk

(Working together)