



Draft Practice Guide

Risk Management

(Standard 4.3)

Ver 2.0

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Outcome Standards for Registered Training Organisations

Quality Area 4 – Governance

What are the key concepts?

The following key concepts are covered in this practice guide:

Standard 4.3

- Risk identification and management
- Financial risk
- Conflict of interest
- Risks to safety and wellbeing of children

Achieving this Standard in practice

The following table lists examples of activities that may demonstrate compliance with the Standards, as well as risks to mitigate or control. These examples are not a complete list of every activity or risk, nor do all the activities listed need to be completed to achieve compliance. Rather, they are a guide and should be considered within the context, size, scale and student cohorts of your RTO's operations.

Standard 4.3: Any risks to VET students, staff and the organisation itself are identified and managed	
Performance indicators	Example activities and other considerations for compliance
<p>An NVR registered training organisation demonstrates:</p> <p>a. it identifies, manages and reviews risks to VET students, staff and the organisation;</p> <p>b. how the financial position, financial performance and cashflows of the organisation are managed, monitored and understood by governing persons;</p> <p>Note: In accordance with section 24 of the Act, NVR registered training organisations must also comply with the Financial Viability Risk Assessment Requirements made under section 158 of the Act.</p>	<ul style="list-style-type: none">• You can demonstrate that you have systems in place to identify risks to students, staff, your organisation, and your continued compliance with the Standards.• You can demonstrate how you have determined appropriate risk mitigation strategies for identified risks and implemented them.• You can explain how the design of your risk management system has considered the context within which you operate and the risks that are most relevant to your RTO and students.• You can show how risk management is informed by strategic planning, environment scanning, relevant data and feedback from students, staff and regulators.• You have documented systems and strategies in place to anticipate, identify and treat financial risks, to ensure stability of your RTO's financial position.• You can demonstrate how governing persons are involved in reviewing the financial plan and are regularly informed about the financial position and forecasts of the RTO, including how the position impacts the delivery of training and assessment in accordance with the Standards.

<p>c. it has a system for identifying, managing and disclosing any real or apparent conflicts of interest; and</p> <p>d. where it offers training or assessment to VET students aged under 18 – risks to their safety and wellbeing associated with the organisation's delivery of the training or assessment are identified and managed:</p> <p>i. by having regard to the training content and modes of delivery; and</p> <p>ii. in accordance with the National Principles for Child Safe Organisations, as in force from time to time.</p> <p>Note: Section 191A of the Act permits this instrument to make provision in relation to a matter by applying, adopting or incorporating any matter contained in another instrument or other writing as in force or existing from time to time.</p>	<ul style="list-style-type: none"> • You can demonstrate that you have a business continuity plan which is reviewed regularly. • You have a documented conflict of interest policy and procedure which makes clear the process to identify and respond to conflicts, as well as details of how a disclosure of conflict can be made. You have an active process for managing actual, potential or perceived conflicts of interest. • You internally promote a culture of disclosure and ensure that governing persons have access to contemporary information about the appropriate management of conflicts of interest. • Where you offer training or assessment to students aged under 18, you: <ul style="list-style-type: none"> ○ have procedures in place to monitor and address risks to their safety and wellbeing, which are specific to this cohort ○ ensure prospective employees are cleared to work with children. • You can demonstrate how your approach is consistent with the <i>National Principles for Child Safe Organisations</i> – for example through your child safety and wellbeing policy, child safe code of conduct or a charter of commitment to the safety and wellbeing of young people. • You regularly review your risk management approach and tools and have these reviews externally validated periodically as risk profiles change.
	<p style="text-align: center;">Known risks to quality outcomes</p> <ul style="list-style-type: none"> • Solely relying on purchased risk management systems without tailoring to be reflective of your actual operational environment, student cohort and contemporary risks. • Insufficient financial planning or management of financial risks. • Failure to review and assess the potential impact of ASQA's regulatory risk priorities in the context of the your operations. These are sector-wide risks that have the potential to impact the RTO's reputation, integrity, market health or student educational outcomes. • Aiming for technical compliance rather than actively managing risks to the outcomes intended by the Standards. • Failing to effectively monitor conflicts of interest, including third party conflicts of interest, which undermines quality and integrity of operations. • Not properly securing and protecting personal and sensitive information, in line with privacy and cybersecurity principles.

Self-assurance questions

1	What informs your understanding of the key risks to your RTO, students and your continued compliance with the Standards?
2	How do you know that your approach to risk identification and mitigation is effective and adequate?
3	How do you monitor the RTO's financial position and ensure governing persons are aware of (and managing) financial risks?
4	How do you ensure staff and third parties are aware of the types of conflicts of interest that need to be disclosed and how these are to be documented and managed?
5	If you deliver to VET students under the age of 18, what practices do you have in place to embed the principles of child safe organisations?