



15 - 17 March 2024

DOCUMENT 10

<b>Title</b>	<b>Risk Management Report Report to Assembly Standing Committee</b>
Type of Paper	For Noting
Assembly or ASC Minute	Regulation 3.7.5.2
Consultation	AFARC Assembly General Secretary National Director, Strategic Finance and Administration
Purpose	To provide the ASC with an update to the Risk Management System and Framework of the Assembly.
Rationale & Findings Summary	<p><u>Risk Management Framework</u> The Assembly's Risk Management system is comprised of several components as is set out in the Assembly Risk Management Policy. Main components are:</p> <ul style="list-style-type: none"><li>• <u>ASC Risk Governance Principles</u> – This document draws together the feedback from the ASC over several meetings which considered the question of “What is my/ASC’s role in Risk as a Governance Committee?” and overlay this on the regulatory requirements of such Committees.</li><li>• <u>Risk Appetite Statement</u> – this statement aims to set out clearly the Assembly’s approach to taking on Risk and highlighting tolerances to risk. Refer Appendix A</li><li>• <u>Risk – Dashboard and Heatmap Report</u> – High level reporting on Risk – including the Risk Register</li><li>• <u>Risk Register</u> – This document looks to identify all the risks facing the Assembly in the work that it does and rates each risk (by going through a process of identifying both the inherent risk and the residual risk - after considering controls). Refer Appendix B</li></ul> <p><u>Feedback from November 2023 ASC</u> Feedback was received from the November 2023 meeting of ASC noting.</p> <p><u>Risk Appetite – Harm to/Possible future abuse of those in our care - Children and Vulnerable People</u> – our Risk Appetite Statement has continued to note that we have <u>Zero Appetite for any harm</u> to those in our care. In understanding this statement, it is important to note that we acknowledge that abuse/harm, despite the systems of safety and the mitigating controls put in place, may still occur but having a zero tolerance means we will never turn a blind eye to it.</p> <p><u>Residual Risk vs Risk Appetite</u> – in recent (and previous ASC meetings) we have noted an increasing proportion of the risk register moving towards the higher risk ratings. In the March 24 Risk Register attached, this reflects 47% of risk in the low to moderate rating and 53% of the risk in the significant to high area. If we go back to the beginning of the current ASC’s triennium the</p>

residual risk ratings splits were 62% in the low to moderate rating and 38% in the significant to high rating. The question was raised at the November 2023 ASC as to how this increasing risk level relates the Assembly Appetite statement.

In considering this question and as part of this update, we have not looked to change the Risk Appetite statement; we believe that it has been fairly and thoroughly set.

However, we appreciate the increasing need to build in a formal risk acceptance process; a process where we consciously accept that the residual risk of a particular risk that may sit outside tolerance and we consciously accept this risk with a clear plan to bring this risk back within tolerance in an acceptable timeframe.

#### Risk Updates Generally – March 24

##### Financial Risks

Various financial risks are included in the register, and it has been suggested that some aggregation of these risk would be beneficial in simplifying the risk register going forward. This is a substantial piece of work and has been earmarked to put in place for the incoming ASC later this year.

As part of considering the Assembly's financial risk, it is important to note the work to date within Project Possum (appreciating that this is being discussed as a separate paper to ASC) and that this expected financial support from the wider Synods will assist in significantly reducing the current financial risk for the wider Assembly.

##### Catholic Church Insurance CCI

The orderly run down of CCI insurance cover has continued noting that CCI's Scheme of Arrangement pursuant to section 411 of the Corporations Act 2001 (Cth) became effective and binding on all Scheme Creditors on 3rd November 2023 after Scheme Creditors voted unanimously to approve the Scheme and it was later endorsed by the Federal Court at the second court hearing.

The CCI currently notes that based on estimates of claims as at 31 May 2023, CCI currently has sufficient assets to meet its liabilities as they fall due. However, the claims situation will continue to develop and is subject to a high degree of complexity and uncertainty. CCI proposed a Scheme as a precaution to ensure an orderly run off and certainty into the future.

We continue to be watchful in the space but appreciate the need for Synod and others to ensure claims are lodged and followed up promptly. We are also conscious of the need to ensure CCI accepts notification of incidents in a timely manner.

It was pleasing to see that whilst the move of CCI into run off cover reducing market capacity the insurance teams working with their appointed insurance

brokers were able to seek out alternative markets as part of the 1 Nov 2023 insurance renewal and appropriate renewal insurance covers have now been placed.

#### National Safe Church Unit (NSCU)

In the Risk Register we have noted that the NSCU currently has a lower level of resourcing than planned for it to carry out its works. This has happened through staff attrition but has also triggered a process of re-evaluation of ways forward by the Governance Committee. We note the work of the NSCU is very important to the ongoing work of the Church; and the Church's collective ability to continue to be a highly valued part of the community.

Whilst we appreciate resources are within the various councils of the Church to address matters of safety the importance of having a central team to ensure consistency and thoroughness in the application of Systems of Safety is very important. We look forward towards a clear vision being re-established and sufficient resourcing being restored within the NSCU.

#### Strategic (ASC) vs Operational (management) Risk Registers

Following the November 2023 ASC meeting, there has been some thought undertaken in regard to the current risk reporting process; and that possibly the Risk Reporting to ASC is too detailed (do ASC need to see all 45 risks listed on the register) and also the question of whether there should be separate risk registers for ASC as distinct from the Assembly office operations.

We liaised with David Tatum from Protect (some of you may recall David provided an excellent Risk presentation as part of this current ASC's induction process). The following comments were noted for ASC's consideration.

- The only reason ASC/Management would have a separate risk register is that the ASC has objectives, activities etc that it undertakes itself outside of activities normally carried out through the main Assembly body.
- Two areas of consideration would be the risk around its own governance processes or the risk around strategy which it has primary responsibility for setting.
- Sometimes you see a Strategic Risk Register, but you would not have an operational risk register at the level of ASC.
- ASC must set the appetite statement – the governing body owns the risk appetite statement – owns means approved it and signed it off and will be monitoring the risk register against it.
- ASC is responsible for conscious acceptance of any risks considered to sit above appetite – if something will take six months to rectify then formal acceptance is required with an expiry/review date.
- This is normally reported to a governing body in 3 zones – Red those Risk that at the residual risk level still sit outside appetite, Amber for

	<p>those Risk which are getting higher, and Green for risks that sit well within tolerance.</p> <ul style="list-style-type: none"> <li>• Risk Register should still be presented to ASC but should be presented at a summarised level; there should aggregation of like risks (helicopter view) so ASC can focus on the 10-15 key risks.</li> <li>• It should be colour coded on the 4 levels of Risk (High, Significant, Moderate, and Low) – Green for risk under controls – Red for the risks we might have messed up and we didn't put the right controls and effective controls in place.</li> <li>• ASC do not need to see all 45 risks as identified on the risk register.</li> </ul> <p>The above listed comments contain a significant amount of detail and a significant amount of work to be performed. We will work with these comments as we look to improve the Risk Reporting Process as part of the incoming ASC in August 2024 and as part of the work on Risk over the new ASC's term.</p>
Attachments	<p>Risk Management Report comprised.</p> <ol style="list-style-type: none"> <li>1. Risk Appetite Statement – Appendix A</li> <li>2. Dashboard/Heatmap Reporting of Risks - Appendix B</li> <li>3. March 2024 ASC Risk Register – Appendix B</li> <li>4. ASC Risk Governance Principles – Appendix C</li> </ol>
Proposals	<p>That the Assembly Standing Committee:</p> <ol style="list-style-type: none"> <li>1. Receive the report.</li> </ol>
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