



Draft Practice Guide

Risk Management

(Standard 4.3)

Ver 1.0
Published 17 December 2024

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 avoid. 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: Risks to VET students, staff and the RTO are identified and managed	
Performance indicators	Example activities and other considerations for compliance
<p>The RTO demonstrates:</p> <ol style="list-style-type: none"> it identifies, manages and reviews risks to VET students, staff and the RTO it manages financial risks to the organisation, including by maintaining a financial plan and appropriate monitoring and oversight of the RTO's financial position, financial performance and cashflows a system for identifying, managing and disclosing (as relevant) real or 	<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. Risks include financial, operational, regulatory, reputational as well as environmental. • 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

<p>apparent conflicts of interest</p> <p>d. where the RTO offers training or assessment to VET students aged under 18, risks to their safety and wellbeing are identified and managed consistent with principles for child safe organisations, having regard to the training content and mode(s) of delivery.</p>	<p>position impacts the delivery of training and assessment in accordance with the Standards.</p> <ul style="list-style-type: none"> You demonstrate that you have a mature business continuity plan which is reviewed regularly. You have evidence of systems and strategies for identifying and addressing actual, potential or perceived conflicts of interest. 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 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 have specific procedures in place to monitor and address risks to their safety and wellbeing. You can demonstrate how your approach is consistent with the <i>National Principles for Child Safe Organisations</i>, 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 can demonstrate how staff recruitment processes ensure prospective employees are cleared to work with students aged under 18 years of age. You regularly review your risk management approach, and tools and have these reviews externally validated periodically and 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. Failing to review and assess the potential impact of ASQA's regulatory risk priorities in the context of the RTO's business operations. These sector-wide risks 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. Insufficient financial planning. Failing to effectively monitor third party conflicts of interest, which undermines quality and integrity of operations. Not properly securing and protecting personal information, including for example, images of students under 18 years of age.

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 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?