

MCF Risk Overview and Action Plan – 2023

Sponsor – Governance Domain lead

Current as of **March 2023**

Risk Probability	UNLIKELY (once every 12 months) / POSSIBLE (once every 3 years) / LIKELY (once a year)
Risk Impact	LOW (easily remedied) / MEDIUM (some key objectives not achieved) / HIGH (most key objectives not achieved) / CACTUS (pack up and go home)
Risk Status	GREEN (acceptable risk) / YELLOW (acceptable with periodic review) / RED (not acceptable with priority remediation and mandatory quarterly review)

Quarterly review to include assessment of all RED and YELLOW status risks, and GREEN by exception.

Area	Risk Relation	Risk	Mitigants	Board Remarks, Review and/or Compliance Outcome	Status
Governance	Accountability & Risk	<p>Failure to execute 'best practice' governance & risk management protocols for operating a NFP entity.</p> <p>Failure to deliver on what we have signed up for in our governing documents.</p> <p>Probability UNLIKELY Impact HIGH</p>	<p>MCF governance & risk protocols to be informed by the Australian Institute of Company Directors (AICD) principles and guidance for Not-for Profit entities.</p> <p>MCF Governance Framework</p> <p>MCF Governance, Leadership & Operating Model</p> <p>MCF Risk Management Policy</p> <p>MCF Risk Overview & Action Plan</p>	<p>MCF Governance Framework to include Board and key management roles, duties and responsibilities, delegations, committee/domain lead arrangements, and meeting protocols and records.</p> <p>Annual review of the MCF Governance Framework</p> <ul style="list-style-type: none"> Governance domain lead 2023 Governance Framework approved 24 Nov 22 <p>Note, the MCF Governance, Leadership & Operating Model (GLOM) and the MCF Risk Management Policy have been included as Appendices in the Governance Framework.</p> <p>Quarterly review of this MCF Risk Overview & Action Plan (ROAP)</p> <ul style="list-style-type: none"> Governance domain lead 1st quarter review scheduled for Mar 23 	GREEN
	Strategic Performance	<p>Failure to develop a detailed plan for implementing and measuring MCF strategic objectives.</p> <p>Probability UNLIKELY Impact MEDIUM</p>	MCF Strategic Plan	<p>MCF Strategic Plan to have a no less than three (3) year horizon with components to include MCF's mission/vision, values, strategic goals/initiatives, and quantitative KPIs.</p> <p>Two versions of the MCF Strategic Plan are to be developed: an <u>internal</u> version for Board/management operations, and an <u>external</u> version for public messaging via the MCF website, annual report, and promotional material.</p> <p>Annual review of the MCF Strategic Plan</p> <ul style="list-style-type: none"> Board Chair/CEO lead 2020-25 Plan approved May 21 	RED

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				<ul style="list-style-type: none"> 2022 Plan review conducted 6 May 22 in Cairns – my understanding is the outcomes were not recorded/agreed by the Board Next review scheduled for 1st meeting in Cairns 2023 	
	Reputation	Failure to communicate /advocate MCF intent to external stakeholders Probability UNLIKELY Impact HIGH	MCF Communications Policy MCF website to be the primary resource of MCF information available for external stakeholders	MCF Communications Policy (to be developed by Governance domain lead) to be included in the MCF Governance Framework – remains outstanding The CEO is responsible for www.mcf.ngo accessibility, accuracy, currency and relevancy. Website governance content, as a minimum, to include: <ul style="list-style-type: none"> MCF Constitution MCF Governance Framework – out of date, still has original 2021 version MCF Leadership Team profiles – out of date, includes Fran, no photo for Elizabeth, nothing for Joe MCF Strategic Plan – current external version not discussed/agreed to by Board MCF Annual Report – last report is 2021! Sep 22 Board review – Risk status to be maintained at YELLOW. Website (including governance documents eg. MCF Strat Plan) need management attention and 3 rd party review	
	Enterprise Governance	Board Effectiveness Probability UNLIKELY Impact MEDIUM	MCF Board effectiveness to be informed by AICD's guidance for Not-for Profit entities. MCF Board Governance Analysis Tool MCF Board Effectiveness Survey MCF Individual Board Member Evaluation	MCF Board Assessment Tool to inform MCF Board effectiveness. Analysis components/metrics to include those relating to planning of Board-related activities, meeting efficiency, succession planning, and the effective use of committees/ Director expertise where appropriate. Annual review of Board effectiveness <ul style="list-style-type: none"> Board Chair lead 2022 Board Effectiveness Survey results reviewed Sep 22 Next review scheduled for 2nd face to face meeting in 2023 Annual Board member evaluation <ul style="list-style-type: none"> Board Chair lead 	

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				<ul style="list-style-type: none"> 2022 Individual Board Member Evaluation results reviewed Sep 22 2023 review scheduled for XXXX 	
		CEO/CFO Performance Probability UNLIKELY Impact HIGH	CEO performance evaluation method to be informed by Board Chair direction	Annual review of CEO/CFO performance <ul style="list-style-type: none"> Board Chair lead Last review conducted Sep 2022 Next review scheduled for 2nd face to face meeting in 2023 	
Finance & Legal	Solvency	Inability to pay company debts as and when they fall due. Probability UNLIKELY Impact CACTUS Insufficient finance available to <u>sustain</u> MCF operations. Probability UNLIKELY Impact HIGH	Board approved MCF Financial Year (FY) Budget MCF accounts (P&L, Balance sheet, Cash Flow) to be prepared <u>no less than monthly</u> All expenditure > \$2,500 <u>not included</u> in the Budget to have prior Board Chair approval All expenditure > \$5,000 <u>not detailed</u> in the Budget to have prior Board approval	MCF FY Budget cycle to include current year allocations and following year predictions of significant expenditure and cashflow FY Budget to be developed for approval during 3 rd quarter of the current calendar year <ul style="list-style-type: none"> Finance domain lead FY22/23 Budget review completed Sep 22 in Cairns Bi-annual review of the MCF FY Budget <ul style="list-style-type: none"> Finance domain lead Next review scheduled for 1st meeting 2023 	
	Investment Return for the Masterman Trust Funds	Failure in investment choices (poor returns), portfolio development, implementation, and monitoring. Failure to secure mainstream (bank) credit.	MCF/MMICT Investment Philosophy and Guidelines MCF/MMICT Consolidated 5-Year Business Plan	MCF/MMICT Investment Philosophy and Guidelines to include an appropriate asset mix recommended by CEO/CFO and be subject to biennial review. <ul style="list-style-type: none"> Finance domain lead Investment Guidelines approved 6 May 21 Next review scheduled for 1st meeting 2023 MCF/MMICT Consolidated 5-Year Business Plan to list all investments and be subject to annual review <ul style="list-style-type: none"> Consolidated 5 Year Business Plan approved 8 Jul 21 Next review scheduled for 1st meeting 2023 	

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		Probability UNLIKELY Impact HIGH			
	Financial / Legal Controls and Compliance	<p>Failure to meet Generally Accepted Accounting Principles (GAAP) compliance, standards, and procedures.</p> <p>Failure to ensure expenditure is within budget, at arm's length and compliant.</p> <p>Failure to comply with organisational reporting responsibilities including for ACNC, ASIC and State Revenue.</p> <p>Probability UNLIKELY Impact HIGH</p>	<p>Ready access to a suitably qualified Finance Officer and external legal advice</p> <p>MCF Policies and Procedures Manual</p> <p>MCF (and Trusts) Legal Compliance Framework</p>	<p>Sue Pynenburg appointed MCF CFO in January 2020</p> <p>Kristel Winkler appointed as lawyers for MCF from 2021</p> <p>MCF Policies and Procedures Manual (under development) to include XXXXXX (Sue to advise please)</p> <p>MCF and Trusts (MMICT, MICT & MCFSF) Legal Compliance Framework to include adherence to legislation for taxation, WHS, workers compensation matters, child protection, Directors (eg Director IDs) and general/specific insurance matters (eg. share houses, Directors & Officers).</p> <p>Quarterly review of MCF Legal Compliance Framework</p> <ul style="list-style-type: none"> Finance domain lead Next review scheduled for 2nd meeting 2023 <p><i>Sep 22 Board review – Risk status maintained at YELLOW. Board noted MCF Policies & Procedures Manual development still in progress</i></p>	
Education	Education Programs and Projects	<p>Failure of the design, quality, effectiveness, and delivery of educational program/projects that meet the objects of the MCF Constitution and respective Trust Deeds.</p> <p>Probability UNLIKELY Impact HIGH</p>	<p>MCF Education Plan</p> <p>MCF programs/projects to be focused on Indigenous/remote communities and developed/delivered using Montessori philosophy</p>	<p>MCF Education Plan (to be developed) to address educational philosophy/intent and include an appropriate mix of programs/projects that lists their goals, initiatives, and deliverables.</p> <p>MCF Education Plan subject to annual review</p> <ul style="list-style-type: none"> Education Chair lead Inaugural Review scheduled for 1st (face to face) meeting 2023 	

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	Partnerships	<p>Failure to engage suitable strategic partner organisations critical to the roll-out of MCF initiatives</p> <p>Probability POSSIBLE Impact MEDIUM</p>	<p>MCF partner organisations to have affiliations with Indigenous/remote communities, and Montessori linkages where appropriate</p>	<p>MCF strategic partners are:</p> <ul style="list-style-type: none"> Remote Area Aboriginal & Torres Strait Islander Child Care (RAATSICC) since XXXX <p>Annual review of MCF partner organisations activities and performance (related to MCF interests)</p> <ul style="list-style-type: none"> CEO lead Inaugural review scheduled for XXXX 	
	Talent	<p>Failure to recruit and retain consultants, trainers, teachers, and advisors critical to the success of the MCF education programs,</p> <p>Probability POSSIBLE Impact MEDIUM</p>	<p>MCF education staff (contractors and volunteers) should have prior Montessori experience</p> <p>All staff to be engaged under appropriate employment agreements</p>	All staff engagements (including departures) to be recorded in CEO reports	
Grants & Fundraising	Grant income	<p>Failure to secure available grants</p> <p>Probability POSSIBLE Impact MEDIUM</p>	MCF Grants Plan	<p>MCF Grants Plan (to be developed) to address application intent and include appropriate sources of grant organisations</p> <p>MCF Grants Plan subject to annual review</p> <ul style="list-style-type: none"> CEO lead <p>Sep 22 Board review – Risk status maintained at RED. Grant income targets not met</p>	
	Donor income	<p>Failure to attract suitable donors</p> <p>Failure to meet published fundraising targets</p>	MCF Fundraising Plan	<p>MCF Fundraising Plan (to be developed) to address fundraising strategies and include a campaign plan.</p> <p>MCF Fundraising Plan subject to annual review</p> <ul style="list-style-type: none"> Fundraising domain lead 	

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		Probability POSSIBLE Impact MEDIUM		<i>Sep 22 Board review – Risk status maintained at Red. Donor income target not met</i>	
Operations	Management support to Board	Failure to deliver timely and quality support to the Board and Directors Probability UNLIKELY Impact HIGH	A comprehensive <u>CEO Report</u> is to be provided for each Board meeting Interim <u>CEO Updates</u> (at least monthly) are to be provided to all Directors MCF file management system to be the singular repository for all MCF official correspondence, data, information, and Board meeting records	CEO Board Report to include, as a minimum, MCF financials, performance against all Strategic Plan pillars, and management progress of all identified ROAP risks for the next six months CEO Updates – method, style and content at CEO discretion File management system is to be the primary source of MCF official information/material for access by Directors	
	COVID	Failure to act on COVID impact on MCF operations Probability UNLIKELY Impact HIGH	COVID-19 impact on MCF operations to be a standing agenda item for Board meetings until further notice	CEO to include COVID-19 impact statement in the CEO Reporting to the Board.	
	Work Health and Safety compliance	Failure in duty to ensure the health and safety of employees, volunteers, and visitors in the <u>MCF workplace</u> . <ul style="list-style-type: none"> Probability LOW Impact HIGH 	Adherence to Commonwealth and State/Territory WHS legislation – WHS Act 2012 MCF WHS Policy and Procedures	MCF WHS Policy statement to be included in the MCF Governance Framework MCF WHS Procedures to include requirements when responding to a Notifiable Incident CEO to bring <u>all</u> reportable WHS matters to the immediate attention of the Chair of the Board	

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	CEO Availability	CEO unavailability for greater than 30 days Probability UNLIKELY Impact HIGH	CFO to be appointed as Acting CEO MCF Board to meet at least monthly		
Sharehouses	Sharehouses operations	Failure to comply with mandatory requirements, and Board imposed, for owning and operating commercial accommodation premises Probability POSSIBLE Impact HIGH	MCF Sharehouses Operations Manual Adherence to relevant legislation inc. QLD Residential Tenancies and Rooming Accommodation Act 2008	MCF Share Operations Manual (under development) to include sufficient detail to enable 3 rd party take up and running. <i>Sep 22 Board review – Risk status maintained at YELLOW. CEO advised increasing maintenance costs and WHS / fire regs need to be addressed</i>	
Education Facilities	Classroom operations	Failure to comply with requirements for owning and operating a Child/Parent/Carer education facility. Probability POSSIBLE Impact CACTUS	Adherence to relevant legislation TBC Child Protection / Blue Card compliance		