

## Risk Management Policy

### 1. Purpose

The purpose of risk management is to provide guidance in mitigating risk in the organisation. This can be related to finance, conflicts of interest, assets and health and safety. It is the process of analysing risks, evaluating options to mitigate these risks, enacting controls and evaluating the remaining risk. Inala Community House (ICH) is dedicated to having a comprehensive risk management strategy in order to be able to achieve the organisation's goals, to ensure the safety of all people on ICH premises and financial sustainability.

It is the policy of ICH to achieve best practice in the management of all risks that threaten to adversely impact ICH, its clients, people, assets, functions, objectives, operations or members of the public.

### 2. Scope

This policy applies to all ICH staff, contractors, volunteers and events.

### 3. Policy

ICH aims to ensure that risk management practices are adopted throughout the organisation as a prudent management practice and seeks to embed a culture of continuous improvement that encourages the continuous assessment, reviewing and mitigation of risks throughout ICH.

This policy also aims to:

- Ensure that all employees are made aware of the need to manage risk and to promote a culture of participation in that process;
- Protect ICH from adverse incidents, to reduce its exposures to loss and to mitigate and control loss should it occur;
- Ensure the ongoing, unimpeded capacity of ICH to fulfil its mission, perform its key functions, meet its objectives and serve its clients;
- Reduce the impact of risks on our clients, ICH and key stakeholders such as Federal and State Government Departments;
- Adhere to Australian Risk management Standards and comply with the appropriate Government Department guidelines, legislation and regulations.

### 3.1 Duties

Group	Reason
Board	Governance responsibility
Chief Executive Officer	Operational and Regulatory responsibility
Managers	Operational and Regulatory responsibility
Staff	Operational responsibility
Contractors and volunteers	Must work within the organisation's risk management practices

The Board of Directors will serve as the Executive Risk Management Committee to determine and communicate policy, objectives and to direct and monitor implementation, practice and performance throughout ICH.

Managers will be responsible for the management of risk within their area and to report these risks to the Chief Executive Officer.

Consultants may be retained from time to time to advise and assist in the risk management process, or management of specific risks or categories of risk.

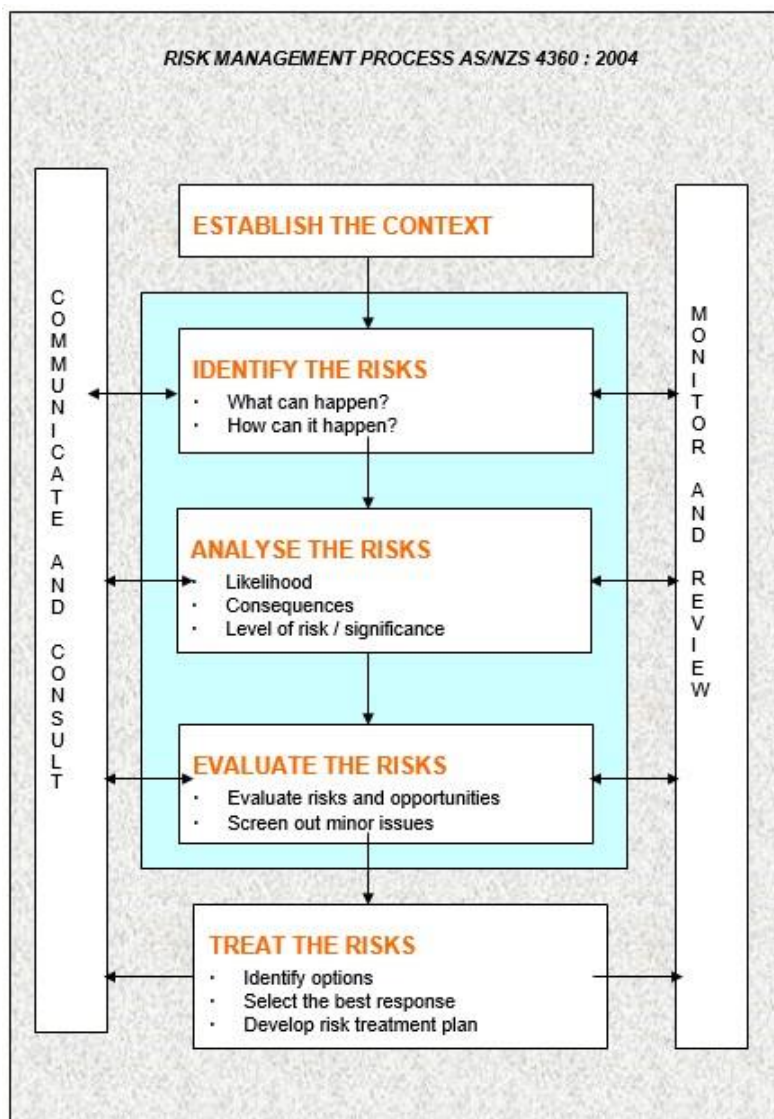
Every employee of ICH is recognised as having a role in risk management for vigilance in the identification of risks to treatment and shall be invited and encouraged to participate in that process.

### 3.2 Risk Strategy

To ensure that risks are identified in a consistent manner across the organisation a Risk Assessment matrix will be utilised. This will rank the risks in priority order and those risks considered important to track will be recorded on ICH's Risk Register. Mitigation strategies will be developed, recorded and monitored on a monthly basis by the Board of Directors. If new major risks are identified these shall be recorded on the ICH Risk Management Register. The register will be made available to the Board of Directors on a monthly basis by the Chief Executive Officer.

At appropriate times, it may be appropriate to re-assess the risks by using the Risk Assessment matrix.

The following diagram represents the process to be followed:



### 3.2.1 Identify the Risks

Risk management should operate in the context of a robust organisational analysis which identifies internal strengths and weaknesses and external opportunities and threats (S.W.O.T). Risks may cover many areas of the organisation and may embrace internal and external factors. The following table gives examples of risks that may be encountered by our organisation.

Internal	External
<p><b>Financial management</b>, for example:</p> <ul style="list-style-type: none"> <li>• Viability / liquidity</li> <li>• Fraud control</li> <li>• Reducing / insufficient income streams</li> <li>• Income loss</li> <li>• Poor cost control</li> <li>• Insurances not kept up to date</li> </ul>	<p><b>Funding</b>, for example:</p> <ul style="list-style-type: none"> <li>• Changes in funding agreement</li> <li>• Shortfalls in funding programs</li> </ul>
<p><b>Human Resources</b>, for example:</p> <ul style="list-style-type: none"> <li>• Succession planning</li> <li>• Poor staff supervision and performance appraisal</li> <li>• Staff turnover/ headhunted by competitor</li> <li>• Excessive work load and poor staff morale / staff burn- out</li> <li>• Difficulties in recruiting suitable staff</li> </ul>	<p><b>Regulatory environment</b>, for example:</p> <ul style="list-style-type: none"> <li>• Changes in regulatory framework</li> <li>• Negative registration reports</li> <li>• No internal systems to proactively manage all the factors that drive the performance of the organisation</li> </ul>
<p><b>Property management</b>, for example:</p> <ul style="list-style-type: none"> <li>• Inappropriate stock</li> <li>• Contractors fail to perform maintenance contract / Poor response time by contractors</li> <li>• Stock transfer liabilities</li> <li>• Asbestos</li> <li>• Aging / poor quality stock</li> </ul>	<p><b>Reputation</b>, for example:</p> <ul style="list-style-type: none"> <li>• Public and community perception of the Association</li> <li>• Negative comments from press or politicians</li> </ul>
<p><b>Legislation compliance</b>, for example:</p> <ul style="list-style-type: none"> <li>• Privacy Act</li> <li>• Corporations Act / relevant Incorporation legislation</li> <li>• Anti-discrimination / Disability Services Act</li> <li>• WHS</li> <li>• Meeting tax requirements</li> </ul>	<p><b>Competition</b>, for example:</p> <ul style="list-style-type: none"> <li>• Losing opportunities to grow</li> <li>• Other providers</li> <li>• Unexpected rapid growth</li> </ul>
<p><b>Corporate governance</b>, for example:</p> <ul style="list-style-type: none"> <li>• Lack of appropriately skilled board members</li> <li>• Volunteer / board member burn out</li> <li>• Board turnover</li> <li>• Board fails to appraise CEO performance</li> <li>• Conflict on the board</li> <li>• Conflicts of interest not managed effectively</li> <li>• Difficulty recruiting to the board</li> <li>• Director's insurance not kept up to date</li> <li>• Policies and procedures not reviewed</li> <li>• Board lacks a value based framework</li> </ul>	<p><b>Partnerships</b>, for example:</p> <ul style="list-style-type: none"> <li>• Risks from failed partnership arrangements</li> <li>• Risk of conflict with partners</li> </ul>
<p><b>Housing management</b>, for example:</p> <ul style="list-style-type: none"> <li>• Poor arrears control</li> <li>• Increasing proportion of tenants with complex needs</li> <li>• Duty of care to tenants is not met</li> <li>• Tenants / Applicants grievances and appeals</li> <li>• Tenants mix unbalanced</li> </ul>	<p><b>Natural disasters</b>, for example:</p> <ul style="list-style-type: none"> <li>• Flood, hail storms etc</li> <li>• Lacks a business continuity plan</li> </ul>
<p><b>Information technology</b>, for example:</p> <ul style="list-style-type: none"> <li>• IT not sufficient for expanded organisation</li> <li>• IT not able to produce registration monitoring data</li> <li>• IT performance date disaster recovery plan</li> <li>• Data breaches</li> </ul>	

Risk identification should be as specific as possible in order to create an appropriate risk management plan. A C.A.S.E analysis can be a useful tool to assist in when considering risks:

**C** Consequence  
**A** Asset at risk  
**S** Source of risk  
**E** Event

*For example:*

The risk of a flooding (*event*) at ICH main office (*asset at risk*) due to heavy rains (*source of risk*) causing damage to property and danger to persons present (*consequence*).

The risk of a fall (*event*) caused by a wet floor (*source*) causing injury to person/s (*asset and consequence*).

### 3.2.2 Analyse and Evaluate the Risk

Once a risk has been identified then it should be analysed to determine how serious it is. This is achieved using the risk management matrix which helps to analyse the severity of the consequences and the likelihood. Consequences range from insignificant to significant and examples are given for different types of risks relating to people, information, property, economic, reputation and capability.

Likelihood can be determined by assessing chance, probability or frequency and range from rare to almost certain to occur. The result of these analyses forms the risk rating and determines the severity of the risk.

It is important to recognise that one risk may have different results which require different controls based on the likelihood and consequence such as in the case of a fall which could cause anything from minor injury to death if the person hit their head but the likelihood of these happening would be different.

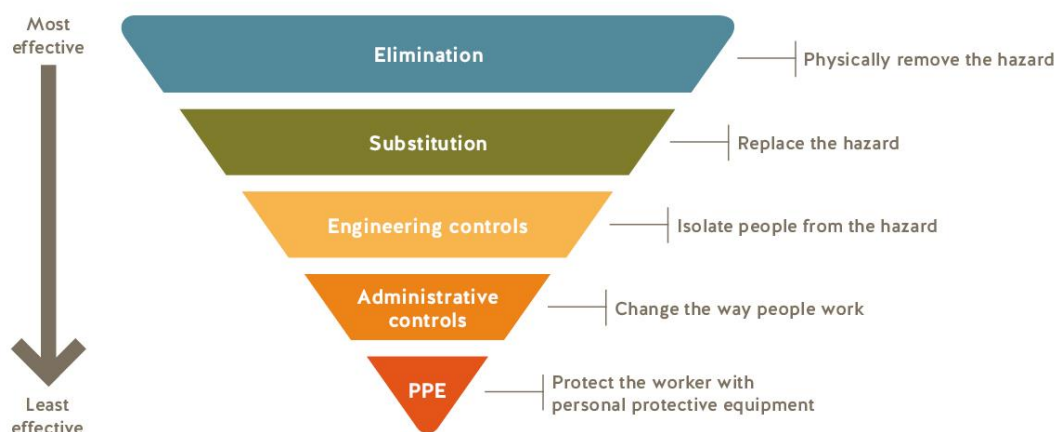
# Risk Management Matrix

			Consequences							
			People	Information	Property	Economic	Reputation	Capability		
			Minor injury or first aid treatment	Minor compromise of information otherwise available in the public domain	Minor damage or vandalism to asset	1% of budget (organisational, division or project budget as relevant)	Local mention only. Quickly forgotten, self-improvement review required	Minor skills impact, minimal impact on non-core operations, impact can be dealt with by routine operations		
			Injury requiring treatment by medical practitioner and/or lost time from workplace	Minor damage or loss of <5% of total assets	2-5% of annual budget	Scrutiny by Executive, informal committee of internal audit to prevent escalation, short term local media concern, some impact on local level activities	Some impact on organisational capability in terms of delays, systems quality but able to be dealt with at operation level			
			Major injury/hospitalisation	Damage or loss of <20% of total assets	5-10% of annual budget	Persistent national concern, scrutiny required by external agencies, long term 'brand' impact	Impact on the organisation resulting in reduced performance such that targets are not met, organisations existence is not threatened, but could be subject to significant review			
			Single death and/or multiple major injuries	Extensive damage or loss <50% of total assets	>10% of budget	Persistent intense national public, political and media scrutiny, long term 'brand' impact, major operations severely restricted	Breakdown of key activities leading to reduction in performance (eg. Service delays, revenue loss, client dissatisfaction, legislative breaches)			
			Multiple deaths	Destruction or complete loss of >50% of assets	>30% of project or organisational annual budget	International concern, governmental inquiry or sustained adverse national/international media, 'brand' significantly affects organisational abilities	Protracted unavailability of critical skills/people, critical failures preventing core activities from being performed, survival of the project/activity/organisation is threatened			
			1	2	3	4	5			
			Insignificant	Negligible	Moderate	Extensive	Significant			
Likelihood	Chance	Probability	Frequency	E	Almost Certain	6	7	8	9	10
	Is expected to occur in most circumstances	>95%	Has occurred 9 or 10 times in the past 10 years in this organisation or circumstances are in train that will almost certainly cause it to happen	D	Likely	5	6	7	8	9
	Will probably occur in most circumstances	>65%	Occurred more than 7 times over 10 years in this organisation or in other similar organisations or circumstances have such that it is likely to happen in the next few years	C	Possible	4	5	6	7	8
	Might occur at some time	>35%	Has occurred in this organisation more than 3 times in the past 10 years or occurs regularly in similar organisations, or is considered to have a reasonable likelihood of occurring in the next few years	B	Unlikely	3	4	5	6	7
	Could occur at some time	<35%	Has occurred 2 or 3 times over 10 years in this organisation or similar organisations	A	Rare	2	3	4	5	6
May occur only in exceptional circumstances	<5%	Has occurred or can reasonably be considered to occur only a few times in 100 years								

### 3.2.3 Treat the risks

After analysing and evaluating the risk, possible controls can be investigated to determine how to minimise or eliminate the risk. Controls should be determined in accordance with the 'Hierarchy of Control' which demonstrates the most effective control type to reduce the risk.

#### Hierarchy of controls



Once controls have been determined, senior management must be informed to consider the effectiveness of the control, the risk rating (likelihood and consequence) and the finally the cost involved. Where possible staff exposed to the risk should be consulted about how to minimise the risk.

### 3.2.4 Recording and Reporting

Managers will be required to maintain a risk register for their area and update this on a monthly basis. The Chief Executive Officer will provide timelines to Managers to ensure risk registers are kept current and available for review as required. Managers will be responsible for reviewing risks on an on-going basis and the Chief Executive Officer, upon reviewing the risk register will determine if an item is high risk. High and very high risk Items are to have a *Risk Management Action Plan* completed and presented to the Chief Executive Officer by the Manager as soon as possible after identification.

Risk Management will be included in the strategic and operational plans of the organisation and will be an essential element of all new programs and projects. Risk assessments should be conducted when deciding to create a new service or upon deciding to renew a service to assess the internal and external risks and to determine strategies which mitigate these risks. The Board will not accept a proposal for new activity without the appropriate risk management assessment.

High risks will be reported to the Board of Directors as soon as reasonably practicable. The Chief Executive Officer will be responsible for presenting the any high risk management plans to the Board at each monthly meeting.

### 3.2.5 Monitor and Review

Once controls have been implemented to minimise or eliminate the risk the effectiveness of these should be monitored. Further risk assessment may be required where the controls are ineffective or where there is still residual risk.

Performance will be measured by:

- implementation and documentation of risk management
- identification of risks and successful treatment in accordance with procedures and guidelines
- mitigation and control of any losses
- reduction in the costs of risks, and
- achievement of Best Practice

Consultants may be retained from time to time to advise and assist in the risk management process, or management of specific risks or categories of risk.

## 4. Review

This policy should be reviewed every 2 years or as required.

This policy remains in effect unless otherwise determined by resolution of the Board of Directors.

## 5. Related Documents

### **Policies**

ICH Privacy Policy  
ICH Human Rights Policy  
ICH Service User Protection Policy  
ICH Feedback and Complaints Policy  
ICH Workplace Health and Safety Policy

### **Other Documents**

ICH Child and Youth Risk Management Strategy