



RISK MANAGEMENT POLICY

(Good Neighbours Australia)

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1. GLOSSARY OF TERMS

'Acceptable level of risk' or *'valid risk'* refers to the decision by the organisation's management to accept the risk (likelihood and consequences of a risk).

'Activity' defines the condition in which things are happening or being done.

'Risk' defines a situation involving exposure to danger.

'Risk management' defines the coordinated activities undertaken by Good Neighbours Australia to control, minimise or avoid risks.

2. INTRODUCTION

The Risk Management Policy is based on the Australian Standard, AS/NZS ISO 31000:2009 Risk management – Principles and guidelines, and forms part of the governance framework of the Good Neighbours Australia.

Good Neighbours Australia Risk Management Strategy is designed to protect the organisation and fulfills its duty of care obligations in providing a safe environment for staff and other engaged support personnel. This includes, but not limited to:

- All staff members (Senior management, regular staff, contract workers, special service staff, international staff (if applicable) and part-time staff),
- Volunteers and interns; and
- Donors and supporters, media staff, and other participants taking part in an official activity of Good Neighbours Australia.

3. PRINCIPLES

Good Neighbours Australia will communicate the appropriate actions to take in the event of an emergency or crisis, or incident that has the potential to escalate into an emergency or crisis. Following an emergency or crisis, Good Neighbours Australia will comply with procedures to ensure effective and timely management of immediate and longer-term impacts of the emergency or crisis on its staff and engaged support personnel, and continue to action and implement improvements.

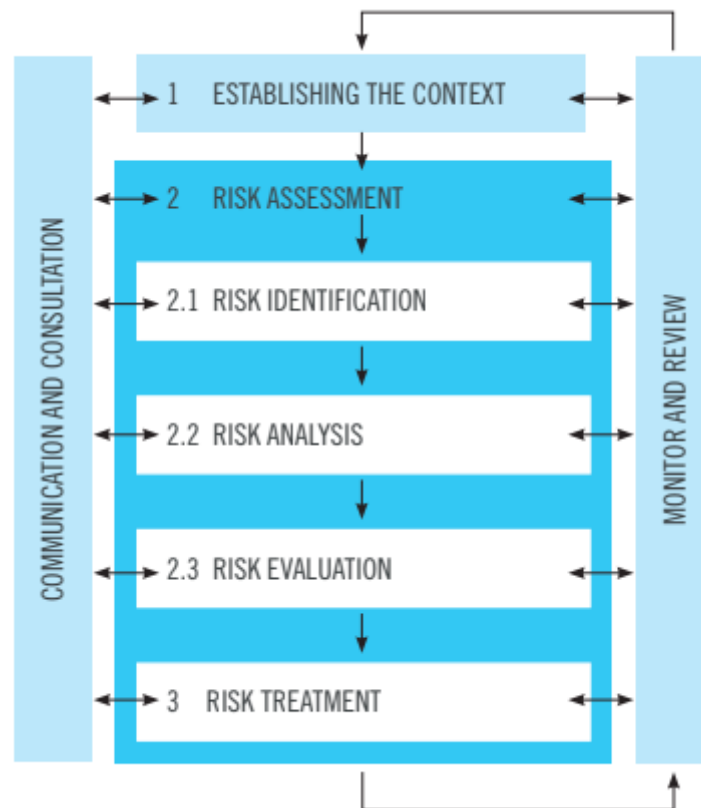
The Standard contains 11 Principles, which are as follows:

1. Creates and protects values,
2. Is an integral part of all organisational processes,
3. Is part of decision-making,
4. Explicitly addresses uncertainty,
5. Is systematic, structured and timely,
6. Is based on the best available information,
7. Is tailored to the organisation's requirements,
8. Takes human and cultural factors into account,
9. Is transparent and inclusive,
10. Is dynamic, iterative and responsive to change; and
11. Facilitates continual improvement of the organisation's processes, procedures and standards.

4. PROCEDURE

All staff and management are responsible for ensuring that appropriate measures are taken to manage risk at each stage.

DIAGRAM 1



SOURCE: AS/NZS ISO 31000:2009 Risk management - Principles and guidelines

This diagram illustrates the following procedure Good Neighbours Australia will follow in the event of emergency or crisis. Each step is set out and detailed in this policy.

5. IDENTIFYING THE RISK

A risk may be identified as one or more of the following:

1. Compliance Risks - Where the organisation fails to meet its corporate and legal obligations. These include reporting, accounting, licensing, workplace relations, and work health and safety activities.
2. Organisational risks - Where the organisation fails to achieve objectives such as level of service delivery, standard of service delivery, or meeting stakeholder expectations.
3. Opportunity risks - Some risks arise from the pursuit of opportunities - 'positive risks' - that may enhance the organisation in some way or allow it to more effectively achieve its objectives.

5.1 Examples of Risk Categories

RISK CATEGORY	DESCRIPTION/EXAMPLES
Compliance/Statutory	Internal. e.g. Inadequate compliance systems may result in fines and penalties.
Legal/Commercial	External. e.g. Breach of contract may result in potential fines or litigation.
Political/Economic	External. e.g. Changes in the political landscape resulting in the possible loss of funding.
Financial/Funding	Internal. e.g. Failure to effectively manage the financial resources of the organisation which may result in financial loss.
Management	Internal. e.g. Poor management systems resulting in duplication and potential loss of productivity.
Operational	Internal. e.g. Disruption to day-to-day activities due to systems or process failure resulting in potential loss of productivity.
Service Delivery	Internal. e.g. Reduced quality of service delivery resulting in potential loss of reputation.
Work Health and Safety	Internal. e.g. Failure of staff to follow procedures resulting in potential injury, harm and health and safety incidents.
Human Resources	Internal. e.g. Inability to adequately resource programs with possible program delays and loss of reputation.
Stakeholders (Clients/Suppliers)	Internal/External. e.g. Financial failure of key suppliers resulting in potential impact to delivery of services.

IT/Information Management	Internal. e.g. Loss of digital records through inadequate IT systems resulting in potential loss of reputation and/or loss of productivity.
Security	Internal. e.g. Breach of security due to failure to follow procedures resulting in potential theft/or loss of assets
Reputational	External. e.g. Adverse media attention and/or heightened concern of the local community.

6. ANALYSING THE RISK

6.1 Define the consequence and likelihood criteria of the risk

Risk Consequence Criteria:

- Define the types and levels of impact a risk may have on the Good Neighbours Australia.
- Types of potential impacts include financial loss , reputation, work health and safety, or legal consequences.
- Levels of impact may range from insignificant to critical.

Risk Likelihood Criteria:

- Define the likelihood around a risk event occurring.
- Five levels of likelihood:
 - Rare
 - Unlikely
 - Possible
 - Likely
 - Almost certain

6.2 Assess the risk against the consequence and likelihood criteria

- Having established the criteria, the identified risk must be assessed against these criteria.
- The organisation must take into account the context of the risk, e.g. does the risk have a financial, work health and safety, or legal context? If a risk or risks have been identified Good Neighbours Australia is to take appropriate action to manage this risk/risks.

6.3 Using the risk matrix

- Rate each risk by determining its level and score using the risk matrix (Diagram 2).
- The risk matrix allows Good Neighbours Australia to rate a risk based on its consequences and likelihood.

DIAGRAM 2

LIKELIHOOD	ALMOST CERTAIN 5	Yellow	Yellow	Orange	Red	Red
	LIKELY 4	Green	Yellow	Orange	Orange	Red
	POSSIBLE 3	Green	Yellow	Yellow	Orange	Orange
	UNLIKELY 2	Green	Green	Yellow	Yellow	Orange
	RARE	Green	Green	Green	Yellow	Yellow
		INSIGNIFICANT 1	MINOR 2	MODERATE 3	MAJOR 4	CRITICAL 5
		CONSEQUENCE				

Source: NSW Office of Communities, ‘Risk Management for Not-For-Profit Organisations’

This diagram illustrates how Good Neighbours Australia will rate each risk, by determining its level and score using the risk matrix. This score will be based upon the likelihood of the risk happening, and the consequence of the risk. Using the risk matrix, each identified risk must be assigned a level and score.

6.4 Assign risk ownership

- Each risk is assessed and assigned to the risk manager appointed by the Executive Director, who will be responsible for managing the identified risk.
- Usually, risk managers shall be senior managers or a staff member who has sufficient authority to manage risks and to allocate resources for risk treatment actions.
- All staff and related personnel are required to understand the nature of risk and accept responsibility associated with their area of authority.

7. EVALUATING THE RISK

- To evaluate a risk, its risk level and score will be compared against the organisation’s risk tolerance score.
- A risk that stays within the green area of the risk matrix (e.g. an insignificant, minor or moderate consequence and a rare, unlikely, or possible likelihood) will be considered tolerable.
- Anything that scores in the yellow, orange or red areas of the risk matrix must immediately be actioned.
- The risks must be listed in order of priority for action.
- This list will show which risks need treatment and which does not; and of those requiring treatment, which are most urgent.
- From this list of action, a record must be kept in writing of how the risk was actioned and managed, including the outcome/result.
- A register of emergency or crisis must be kept.

8. MANAGEMENT AND TREATMENT OF THE RISK

8.1 Identify risk treatment options

The options for risk treatment may include:

- avoiding the risk by not starting or carrying on the activity that gives rise to it, or by changing how the activity is undertaken,
- each activity will require to be assessed in the first instance prior to commencement of the activity,
- removing the source or cause of risk,
- reducing the likelihood of the risks occurring,
- limiting or minimising the consequences of the risk, should it occur,
- sharing the risk with another party or parties (i.e. insurance, contracts, partnering), or
- retaining the risk by informed decision and approval of the Executive Director or senior management.

Risk treatment may differ depending on the level of each risk, and whether a national or global treatment is needed. National risk management will focus on actively managing risks during daily operations of Good Neighbours Australia. Global risk management will focus on limiting or minimising global risks on the operation of Good Neighbours Australia.

8.2 Select the most suitable risk treatment option(s)

Issues to consider when selecting the most suitable risk treatment option(s) include:

- the financial and other resources required to implement the treatment,
- the feasibility (including timing) of implementing the treatment,
- how effective the treatment is likely to be in reducing or removing the risk,
- the potential impact of the treatment on stakeholders' values, perceptions, and interests - some treatments may be more acceptable to stakeholders than others,
- whether the treatment will compromise or be in conflict with any legal, regulatory or other obligations Good Neighbours Australia has; and
- possible unintended consequences of the treatment.

8.3 Develop risk treatment plans

- Document how the selected treatment option(s) will be implemented. These plans will then be incorporated into Good Neighbours Australia's processes, activities and discussed with appropriate stakeholder/s. A regular follow up and reporting will be required in the management of the risk, if required.

To manage a particular risk the following is required:

- Detail of the risk,
- the risk(s) the plan is intended to mitigate or limit,
- the plan's objectives,
- the proposed actions,
- the name(s) of the person(s) accountable for the plan's development and execution,
- the risk manager,
- resource requirements including time, costs and other inputs,
- performance measures and monitoring of progress made (weekly, monthly or quarterly); and
- timing and scheduling.

- amending and implementing Good Neighbours processes.

9. MONITORING AND REVIEWING THE RISK AND THE ACTIONS TAKEN

9.1 Monitoring and reviewing the risk treatment plans

- Implement the risk treatment plan,
- Assess its effectiveness,
- Decide whether any remaining risk is at a tolerable level,
- If it is not tolerable, implement a new risk treatment and assess the effectiveness of that treatment.

9.2 Review and Report Mechanisms

- On a regular or required basis, Good Neighbours Australia will review and implement this Risk Management Policy, risk assessment criteria, and the Risk Management Process.
- In an occurrence of a risk event, the risk manager will report to the senior management team to review amendments and risk treatment plans.

9.3 Communication & Consultation

- Good Neighbours Australia will communicate and consult with both internal and external stakeholders on its approach to risk management.

Risk Register

RISK NO.	RISK CATEGORY	RISK NAME/DESCRIPTION	CONTROLS	CONSEQUENCES	LIKELIHOOD	RISK RATING LEVEL	RISK SCORE	RISK OWNER
Example								
5	Financial / Funding	Inability to raise adequate funding resulting on the potential impact on program delivery	Funding process Grants Financial control	Moderate	Possible	High	9	Treasurer

Risk Management Register

TREATMENT NO.	RISK(s) TREATED	TREATMENT PLAN	RESIDUAL CONSEQUENCE	RESIDUAL LIKELIHOOD	RESIDUAL RISK RATING LEVEL	RESIDUAL RISK SCORE	ADDITIONAL ACTION
Example							
1	5	Review and strengthen the reporting system and include in the audit process	Major	Unlikely	Medium	8	