Risk Management Policy

*Last updated July 2022*

Risk management, as conceived in [***Australian Standard for Risk Management***](https://store.standards.org.au/product?designationId=AS%20ISO%2031000%3A2018) (the standard text in this area), operates at a number of levels, from the board’s policy development, strategic planning and change management to childproofing the cupboards in the staff kitchen. Under that approach, risk management involves looking at both possible losses and possible gains and is relevant to almost every decision your organisation makes.

At the Institute of Community Directors, we have taken a somewhat narrower view of the field. We have confined ourselves to dealing with potential losses and how to deal with them. Strategic planning and policy development are addressed elsewhere.

You’ll find a list of policies within this document which we recommend you refer to as part of your broader risk management strategy. Where you see fit, you may wish to include others.

|  |  |  |  |
| --- | --- | --- | --- |
| Policy number | [insert number] | Version | [insert number] |
| Drafted by | [insert name] | Approved by Board on | [insert date] |
| Responsible person | [insert name] | Scheduled review date | [insert date] |

### Introduction

[Organisation] will endeavour to minimise the risk that foreseeable hazards pose to our organisation, our operations, our staff, our volunteers, our clients, or the general public.

### Purpose

* 1. The purpose of this document is to enable risk management procedures to be satisfactorily identified, organised and maintained.
	2. This policy applies to employees, suppliers, contractors, consultants and volunteers at [Organisation], including all personnel (including staff, volunteers, contractors and consultants) of third parties who interact with [Organisation].

### Definitions

* 1. For the purpose of this policy, employees, contractors, consultants and volunteers will be referred to as **‘staff’** or **‘staff members’**.
	2. For the purpose of this policy, **‘risk’** is defined as the probability that an occasion will arise that presents a hazard or danger to our organisation, our staff, our clients, or the general public. It includes, but is not limited to,
* physical hazards
* legal hazards
* financial hazards
* reputational hazards.
	1. **‘Risk’** includes both internal hazards (which the organisation can potentially prevent) and external hazards (which may be outside its control).

### Policy

* 1. [Organisation] has a duty to provide a safe workplace for its staff, a safe environment for its clients, and a reliable development path for the organisation.
	2. [Organisation] will put procedures in place that will, as far as possible, ensure that risks are minimised and their consequences averted.
	3. The board will at least once a year review its risk management policies and procedures against reported risk outcomes to ensure that its management of risk conforms to current standards.

## Risk Management Procedures

*Last updated July 2022*

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| --- | --- | --- | --- |
| Procedure number | [insert number] | Version | [insert number] |
| Drafted by | [insert name] | Approved on | [insert date] |
| Authorised person | [insert name] | Scheduled review date | [insert date] |

### Responsibilities

* 1. It is the responsibility of the **board** to ensure that risks of a societal, developmental, or commercial nature are considered in the preparation of the organisation’s *strategic plan* and relevant policies.
	2. It is the responsibility of the **board**, with the assistance ofthe **CEO** andthe **designated risk management officer or risk management committee,** to carry out risk management analyses of the organisation focused on risks relating to death, injury, property damage or financial loss and to implement appropriate mitigation measures.
	3. It is the responsibility of the **CEO** to ensure that:
* a risk management officer and/or risk management committee for the organisation is appointed, and a risk management register is established and maintained
* effective risk management procedures are in place, applicable to all relevant areas
* risk management procedures are reviewed regularly, and at least annually
* recommendations arising out of the risk management process are evaluated and, if necessary, implemented
* staff are aware of all applicable risks and familiar with the organisation’s risk management procedures.
	1. It is the responsibility of the **risk management officer or risk management committee** to ensure that:
* risk management analyses are routinely carried out for all relevant sectors of the organisation
* risk management checklists are prepared for each relevant section of the organisation
* risk management checklists are reviewed regularly by relevant staff with the assistance of the risk management officer to ensure that no risks have been overlooked or have ceased to be relevant
* each risk management checklist is reviewed by every section to which it is applicable at least once a year to ensure that procedures are in place to avert the risk or, if that is not possible, to mitigate its impact
* copies of up-to-date risk management checklists are kept in a central risk management register.
	1. It is the responsibility of all **staff members** to ensure that:
* they are familiar with the organisation’s risk management procedures applicable to their section
* they observe those risk management procedures
* they inform their supervisor if they become aware of any risk not covered by existing procedures.

### Processes

#### Managing risk

* 1. The risk management officer or risk management committee shall nominate appropriate officers in each section of the organisation to carry out risk assessment exercises. These exercises will specifically, though not exclusively, address the following areas:
* Financial fraud (see Fraud Policy and Financial Controls Policy)
* Workplace health and safety (see Workplace Health & Safety Policy)
* Epidemics and pandemics (see Epidemic and Pandemic Policy)
* Privacy and Cyber Security (see Privacy Policy and Cyber Security Policy).
	1. Conducting a risk management exercise in any section will involve:
* identifying the risks attached to every element of their operation and the likelihood of that risk eventuating
* identifying practices to avert those risks
* identifying practices to mitigate the effects of those risks
* communicating information on those risks and practices to all relevant parties
* recording those risks, those precautions, and those remedies in the form of deliverable checklists.
	1. The risk management officer, or the risk management committee (by nominee), shall participate in each section’s risk management exercise to ensure consistency of approach.

#### Risk management checklists

For sample checklists see [ICDA’s risk management help sheets](https://communitydirectors.com.au/tools-resources/insurance-and-risk-management).

* 1. The risk management officer or risk management committee will ensure that:
* each section of the organisation has available to it all relevant risk management checklists
* each risk management checklist is reviewed by the organisation at least once a year to ensure that no foreseeable risks have been overlooked
* each risk management checklist is reviewed by every section to which it is applicable at least once a year to ensure that procedures are in place to avert the risk or, if that is not possible, to mitigate its impact
* a current copy of each risk management checklist is held centrally in the organisation’s risk management register.

### Related documents

[Cyber Security Policy](https://communitydirectors.com.au/policies/cyber-security-policy)

[Privacy Policy](https://communitydirectors.com.au/policies/privacy-policy)

[Epidemic and Pandemic Policy](https://communitydirectors.com.au/policies/epidemic-pandemic-policy)

[Financial Controls Policy](https://communitydirectors.com.au/policies/financial-controls-policy)

[Fraud Policy](https://communitydirectors.com.au/policies/fraud-risk-management-policy)

[Workplace Health & Safety Policy](https://communitydirectors.com.au/policies/workplace-health-and-safety-policy)

About this document

This policy sample has been developed by the [Institute of Community Directors Australia](https://www.communitydirectors.com.au?utm_campaign=policybank&utm_medium=doc&utm_source=website&utm_content=template) (ICDA), in conjunction with [Maddocks](https://www.maddocks.com.au/), and is free for any not-for-profit organisation to download and use, so long as it is for a non-commercial purpose and that the organisation is not paying a consultant to carry out this work. [See here](http://www.ourcommunity.com.au/general/general_article.jsp?articleId=2153#16) for our full copyright guidelines.

### Important notes

You should not rely on these sample policies and procedures alone. They are a starting point only. You need to adapt the sample policies and procedures to suit your own language and the specific requirements of your organisation.

Most samples include both policies and procedures. The policies are designed to provide guidance on standards, while the procedures give instructions on implementing the standards. We recommend adopting policies at a board level, while procedures can be developed and signed off by the organisation's CEO.

We use the term ‘Board’ to cover boards, committees of management, or anybody that has final authority in your organisation. The term ‘CEO’ extends to executive directors, or your chief administrator. You should change the terms in these policies to match the terms used by your organisation.

### Other policies

There are a number of policies available on the [Community Directors website](https://communitydirectors.com.au/tools-resources/policy-bank). You can search for what you need with our site search function.

### Make a deposit into our Policy Bank

If you have some policies that your organisation believes would be of benefit to other groups, email them to service@ourcommunity.com.au. We will review them, amend them so that they are applicable to the greatest number of not-for-profit organisations as possible, update them into our format, and upload them to our Policy Bank as an easily accessible resource.

### Join us!

ICDA is a best-practice governance network for the directors serving on Australia’s 600,000 not-for-profit boards, committees and councils, and the senior Workers who support them. ICDA members get access to a range of educational, capacity building and networking opportunities that build knowledge, connections and credentials.

If you appreciated this free policy, we would appreciate your ongoing support by joining ICDA from only $65 per year.

### The benefits of membership

1. Receive ‘responsible person’ status – ICDA members are recognised by the ATO under ‘responsible person’ rules, provided (among other things) that the member is not:
	1. a founder of the organisation;
	2. a donor to the organisation who has contributed more than $10,000; or
	3. an associate of a founder or a donor who has contributed more than $10,000 to the organisation.
2. Recognition – three membership post-nominal options, providing community and professional recognition for educated and engaged not-for-profit members;
3. Capacity building publications – including current trends, issues and emerging areas of risk via member-only newsletters and governance help sheets;
4. Policy alerts – receive notification when changes are made to governance, human resources, financial management, values and communication policies which have previously been downloaded through the Policy Bank;
5. Preferential member pricing – members receive discounts for the Festival of Community Directors events and online Compact Courses;
6. Alumni events – access to deep connections and a vibrant network of believers and doers. There is an online forum, as well as regular invitations to events such as the Communities in Control Conference;
7. Access to forums, networks, information and opportunities – boost your confidence (and competence) and open career doors; and
8. Budget-friendly – for as little as $65 a year you get all the benefits outlined above and so much more.

### Legal advice at a pre-agreed price

Please note that this is a template policy for guidance only. For assistance in tailoring this policy to suit your organisation, or for legal advice at a pre-agreed price or training in this area, please do not hesitate to contact Our Community’s preferred legal supplier [Maddocks](https://maddocks.com.au).

E: NFPHelp@maddocks.com.au | W: <https://maddocks.com.au>