

# Risk Management Framework

---

## BOD - Risk Management Framework

### Table Of Contents

Introduction .....	3
Risk Management Framework & Policy .....	3
Policy .....	3
Scope .....	3
Definitions .....	3
The Context Of Headway Gippsland .....	4
Responsibilities .....	4
Risk Identification .....	5
Risk Criteria.....	5
Risk Assessment.....	7
Risk Plans .....	7
References.....	8
Relevant Legislation & Standards.....	8
Appendix .....	8

## BOD - Risk Management Framework

### Introduction

The purpose of this framework is to;

- define risk management;
- outline our risk management register and controls (Appendix);
- describe our approach to managing risks based on AS/NZS ISO 31000:2009 principles
- outline roles and responsibilities for risk management within Headway Gippsland

The risk management process is a “systematic application of management policies, procedures and practices to the activities of communicating and consulting, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk”. AS/NZS ISO 31000:2009

### Risk Management Framework & Policy

Headway Gippsland is committed to an organisational culture that ensures risk management is an integral part of all activities. The purpose of risk management is to achieve the organisation's strategic organisational and financial objectives.

#### Policy

Headway Gippsland has in place and will maintain a risk management framework to ensure the business is adequately equipped to identify, assess and manage risks. This will include:

- A risk identification process.
- Process to review the cause of identified risks.
- Identification of actions to take to reduce and/or eliminate risks.
- Review and evaluate the effectiveness of actions taken.

#### Scope

This policy is applicable to the entire organisation, and has been developed to support the strategic objectives and direction of Headway Gippsland. This policy framework outlines accountabilities and responsibilities for managing risk and our commitment to providing adequate resources to assess and manage and monitor risk. This policy framework is reviewed annually or sooner if required and is provided to all staff within the organisation.

### Definitions

<b>Risk</b>	Effect of uncertainty on objectives.
<b>Risk Management</b>	Coordinated activities to direct and control an organisation with regard to risk.
<b>Risk Assessment</b>	Overall process of risk identification risk analysis and risk evaluation.
<b>Risk Identification</b>	Process of finding recognising and describing risks.
<b>Event</b>	Occurrence or change of a particular set of circumstances.
<b>Consequence</b>	Outcome of an event affecting the objectives.

## BOD - Risk Management Framework

<b>Likelihood</b>	Chance of something happening.
<b>Risk Analysis</b>	Process to comprehend the nature of risk and to determine the level of risk.
<b>Risk Criteria</b>	Terms of reference against which the significance of a risk is evaluated.
<b>Risk Evaluation</b>	Process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable.
<b>Control</b>	Measure that is modifying risk.

### The Context Of Headway Gippsland

Headway Gippsland provides human services in a system which includes government funding at a State and Commonwealth level and works with a number of organisations in both formal and informal partnerships, and participants.

Headway Gippsland is aware of external stakeholders including participants , NDIS, funders, partnerships and the community and considers these as part of strategic planning including the development of this risk management framework.

### Responsibilities

#### Board Of Directors

Ultimately, the Board of Directors (BoD) are accountable/responsible for the operation of the business and this includes the establishment and maintenance of suitable systems of internal control and risk management.

The Board Of Directors are supported by the General Manager in ensuring that a system for risk management includes:

- Assessing the nature and extent of the risk
- Deciding an acceptable level of risk
- Deciding the way to treat the risk
- Monitoring and reporting the level of risk exposure and
- Evaluating the need for insurance

The primary duties of the Board Of Directors include:

Overall monitoring of progress of the Risk Register and the specified actions for all risks assessed as extreme and high.

Approval of all risk management plans developed for risks identified as “extreme” and “high”.

Monitoring of risk management plans for all risks with an “extreme” or “high” overall risk rating.

#### General Manager

Ensuring all relevant employees and contractors are aware of, and comply with, the policies, principles and directives contained within this Risk Management Framework.

Ensuring that risks are monitored, reviewed and communicated to relevant areas in the organisation.

---

## BOD - Risk Management Framework

Monitor all risks, including “extreme”, “high”, “medium” and “low” risks, and the progress of the actions specified in risk management plans.

Report on any new and emerging risks identified in the work place.

### Staff

All staff are required to be aware of and comply with Headway Gippsland policies, principles and directives contained within this policy.

### Volunteers/Medical Students

Similarly, volunteers and medical students on placement at Headway Gippsland are expected to make themselves aware of and comply with Headway Gippsland policies, principles and directives contained within this policy.

## Risk Identification

Risks can be identified through a number of ways including:

- a. Audits
- b. Complaints
- c. Client and staff feedback
- d. Incident Reports and near misses
- e. Occupational health and safety environmental inspections.

Staff are responsible for participating in maintaining a safe workplace and are encouraged to report risks. We understand that risk can be identified at all levels within the organisation.

All identified risks shall be recorded on the Risk Register maintained by the General Manager and monitored by the Board Of Directors.

## Risk Criteria

The following criteria are used as a guide to determine whether a risk requires further action through the development of a management plan. Other criteria not mentioned here may be considered.

Likelihood Rating Criteria	Frequency
Almost certain	Could occur within the next 6 months.
Likely	Could occur within the next 12 months.
Possible	Could occur within the next 2 years.
Unlikely	Could occur within the next 3 years.
Remote	Not likely to occur in the next 5 years.

## BOD - Risk Management Framework

		Consequence Rating Criteria			
		<i>Catastrophic</i>	<i>Major</i>	<i>Moderate</i>	<i>Minor</i>
<b>Risk Type</b>	<i>Strategy</i>	Unable to deliver on Strategic Plan.	Unable to deliver one aspect of Strategic Plan.	Major delay in delivery on Strategic Plan.	Minor delay in delivery on Strategic Plan.
	<i>Reputation/Brand</i>	Legal or Ministerial enquiry.	Adverse National media coverage.	Adverse local media coverage.	Local displeasure.
	<i>Financial</i>	Financial loss exceeding \$500,000.	Financial loss between \$250,000 and \$500,000.	Financial loss between \$100,000 and \$250,000.	Financial loss between \$50,000 and \$100,000.
	<i>People/Safety</i>	Fatality of staff or client due to negligence.	Irreversible disability of staff or client due to negligence.	Significant reversible disability of staff or client due to negligence.	Minor medical attention required.
	<i>Service Delivery/Quality</i>	Loss of all funding.	Loss of significant program funding for more than 1 program.	Loss of significant program funding for 1 program.	Loss of many clients simultaneously.
	<i>Compliance</i>	Severe breach of legislative compliance leading to prosecution.	Breach of legislative compliance leading to an investigation.	Minor breach of legislative compliance leading to request for further information.	Internal identification of breach of legislative compliance leading to internal investigation.

## BOD - Risk Management Framework

### Risk Assessment

Risk assessment in which the likelihood and severity of each risk are simultaneously assessed to produce a risk “rating” as shown in the table below.

		Consequences				
		Insignificant - 1	Minor - 2	Moderate - 3	Major - 4	Catastrophic - 5
Likelihood	Almost Certain - 5	6	7	8	9	10
	Likely - 4	5	6	7	8	9
	Possible - 3	4	5	6	7	8
	Unlikely - 2	3	4	5	6	7
	Rare - 1	2	3	4	5	6

### Legend

Extreme Risk
High Risk
Moderate Risk
Low Risk

### Risk Plans

Risk plans should be developed where there is an identified need and should include the following information:

- Identified risk
- Risk rating
- Description of the risk
- Causes, current controls and audit measures
- New actions
- Reporting and monitoring required

## **BOD - Risk Management Framework**

### **References**

#### Related Policy and Procedures

Occupational health and safety policy  
Risk management procedure  
Financial management procedure  
Incident reporting procedure

### **Relevant Legislation & Standards**

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

Department Of Health & Human Services

- standards 3.2, 3.3, 3.5, 4.1

National Standards Disability Services

- standard 6

### **Appendix**

Risk Register