

RISK MANAGEMENT POLICY – FRIEND IN ME INC

1. Policy

The organisation identifies and manages risks in a systematic and cost effective manner.

2. Definitions

2.1. **Risk:** The possibility or likelihood of something happening which may have a negative impact on the organisation's capacity to deliver on its strategic and operational plans.

2.2. **Risk Management:** The process which is used to avoid, reduce or control risks.

3. Procedures

3.1. Types of Risk: examples of risks include:

- (a) Client dissatisfaction with service delivery
- (b) Harm caused to management committee, staff, volunteers, clients or the public
- (c) Loss of government funding
- (d) Equipment
- (e) Inadequate allocation of resources, e.g. Human, physical and financial
- (f) Financial mismanagement
- (g) Fraud
- (h) Breaches of confidentiality
- (i) Service disruption or closure.

3.2. Why Manage Risks

3.2.1. Risk management is a fundamental part of sound organisational management.

3.2.2. The organisation will not be able to eliminate all risks but they can take active steps to prevent or minimise the likelihood level and impact of risk by developing a Risk Management Plan.

3.2.3. An annual risk management plan should be prepared and reviewed as part of the Strategic and Operational Planning Process.

3.2.4. By managing risks, the organisation is better placed to:

- (a) Protect the safety and well being of staff, volunteers, clients and visitors
- (b) Provide efficient and effective service delivery
- (c) Manage and maintain facilities and equipment
- (d) Improve confidence and public perception of the organisation
- (e) Operate within the allocated budgets
- (f) Protect or reduce likelihood of legal action

- (g) Comply with legislative or funding requirements.

4. Responsibilities for risk management

- 4.1. All board and Friend in me representatives are responsible for identifying, reporting and managing risks.
- 4.2. The Board should approve and sign off the Risk Management Plan.
- 4.3. The board and Friend in Me representatives are accountable for implementing and maintaining sound risk management processes in their work areas. This includes creating a culture and environment in which ALL are encouraged and supported to identify and manage risks.

5. Reporting

- 5.1. Program Supervisors
 - 5.1.1. Report regularly on assessment and management of risks in work area.
 - 5.1.2. Update the Risk Register for their work area every three months.
- 5.2. Manager
 - 5.2.1. Review all risks identified and the measures proposed or undertaken to manage them.
- 5.3. Management Committee
 - 5.3.1. Monitor and evaluate the implementation of the Risk Management Plan.

6. Risk Management Process

- 6.1. **Step 1: Analyse the Context**
 - 6.1.1. Consider the environment in which the organisation operates to establish the boundaries in which risks must be managed and guide decisions on managing risks.
 - 6.1.2. The financial, operational, competitive, political, public perception/image, social, cultural and legal aspects of the organisation's functions are all part of the risk management context.
- 6.2. **Step 2: Identify the Risk**
 - 6.2.1. Identify the risks (what can go wrong) that arise from all aspects of the environment outlined in Step 1. Include:
 - (a) Community perception/image
 - (b) Political (e.g. Government funding)
 - (c) Cultural
 - (d) Physical and environmental
 - (e) Financial

- (f) Legal
- (g) Ethical or moral.

6.3. **Step 3:** Evaluate the Risk

- 6.3.1. **High Risk:** A high level of risk requires close monitoring and immediate action where needed as the potential loss or negative impact could be devastating to the organisation.
- 6.3.2. **Medium Risk:** A medium level risk requires normal levels of monitoring action where required, as the potential loss or negative impact could be significant.
- 6.3.3. **Minor Risk:** A low level of risk can be treated with routine policy and procedures as the potential loss or negative impact is likely to be small.

6.4. Summary of Steps 2 and 3:

- 6.4.1. **Probability:** How likely or how often will this risk occur: rare, likely or very likely?
- 6.4.2. **Seriousness:** How serious would the consequences or the impact of the risk occurring, be on the organisation: minor, medium or major?
- 6.4.3. **Priority:** Based on the probability and the seriousness, what priority should your organisation give to managing the risk: low, medium, high? The priority assigned impacts on the action required.

6.4.4.

Probability	Seriousness of Consequences (impact) of Risk (Minor, Medium Major)		
	Minor	Medium	Major
 Rare	Low	Low	Medium
Likely	Low	High	High
Very Likely	Medium	High	High
	Priority Rating (Low, Medium or High)		

6.5. **Step 4:** Manage the Risk

The organisation will need to determine one of the following options to manage the risk

- 6.5.1. **Avoid the risk:** The organisation might decide on a different course of action rather than take the risk involved in the original course of action.
- 6.5.2. **Transfer the risk:** The organisation might shift responsibility for the risk to another person or organisation (e.g. take out insurance against the risk).

- 6.5.3. **Reduce the risk:** The organisation might reduce the likelihood or consequences of the risk by adopting a strategy such as regular training, progress reporting on major activities or auditing risk management procedures on a regular basis.
- 6.5.4. **Accept the risk:** If all other options are not available to the organisation, they might decide to accept the risk but put in place policies and procedures to manage it. The organisation then needs to develop a risk management plan. Ask:
- (a) Community perception/image
 - (b) Political (e.g. Government funding)
 - (c) Cultural
 - (d) Physical and environmental
 - (e) Financial
 - (f) Legal

6.6. **Step 6:** Monitor and review

- 6.6.1. Regularly monitor and evaluate the strategies used to manage risk.
- 6.6.2. Risks do not remain the same. The environmental context changes and other factors have an impact.

7. Ways to Reduce Risks

- 7.1. Develop and implement good strategic/operational planning, financial management and community engagement processes.
- 7.2. Develop and monitor good risk reducing policy and procedures for staff, e.g. code of conduct, project planning, critical incident reporting.
- 7.3. Develop a Risk Register.
- 7.4. Plan for unseen events.
- 7.5. Make sure that security measures are in place.
- 7.6. Develop and implement effective reporting processes.
- 7.7. Check that all assets (e.g. equipment) are in safe working order.
- 7.8. Develop and maintain sound financial management practices.
- 7.9. Place signs, notices or instructions regarding possible risks, e.g. Wet Floor
- 7.10. Make sure that facilities, utilities and equipment are maintained regularly.
- 7.11. Make sure that staff receive adequate safety induction and training.
- 7.12. Make sure that staff is effectively supervised.

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