



Risk Management Policy 2.0

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Drafted by	Mary Brown	Approved date	19 September 2018
Responsible person	Jesse Vincent	Review date	19 September 2020

Introduction

Risk Management is a key element of effective corporate governance. Recognising this, St Kilda Mums has developed a risk management policy and specific, comprehensive procedures for managing operational risks.

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Purpose

This Risk Management Policy has been created to:

- Safeguard the wellbeing of the families, volunteers and staff of St Kilda Mums;
- Provide a consistent risk management framework in which the risk that may impact St Kilda Mums will be identified, analysed, assessed and treated through key approval, review and control processes;

- Encourage pro-active rather than re-active management;
- Provide assistance to, and improve the quality of decision making through St Kilda Mums;
- Better identify and quantify opportunities and threats;
- Assist St Kilda Mums meet legal or statutory requirements; and
- Safeguard the assets of St Kilda Mums – people, finance, property and reputation.

Scope

This policy applies to all St Kilda Mums staff, Board of Directors (Board), volunteers and contractors across all activities in the organisation.

Definitions

- **Risk-** the “effect of uncertainty on objectives” and an effect is a positive or negative deviation from what is expected. So, risk is the chance that there will be a positive or negative deviation from the objective you expect to achieve. It is measured in terms of likelihood and impact. Risk is measured by assessing both their likelihood and consequence which categorises them as Extreme, High, Elevated, Moderate, Low and Very Low
- **Risk Management-** a coordinated set of activities and methods that is used to direct an organisation and to control the many risks that can affect its ability to achieve its objectives. Risk management process means the systematic application of management policies, procedures and practices to the task of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk;
- **Risk assessment-** a process that is, in turn, made up of three processes: risk identification, risk analysis, and risk evaluation.
- **Risk identification-** a process that involves finding, recognising, and describing the risks that could affect the achievement of an organisation’s objectives. It is used to identify possible sources of risk in addition to the events and circumstances that could affect the achievement of objectives. Risk identification is a process that is used to find, recognise, and describe the risks that could affect the achievement of objectives.
- **Risk analysis-** a process that is used to understand the nature, sources, and causes of the risks that you have identified and to estimate the level of risk. It is also used to study impacts and consequences and to examine the controls that currently exist.

- **Risk evaluation-** a process that is used to compare risk analysis results with risk criteria in order to determine whether or not a specified level of risk is acceptable or tolerable.
- **Risk treatment-** a risk modification process. It involves selecting and implementing one or more treatment options. Once a treatment has been implemented, it becomes a control or it modifies existing controls.
- **Risk Measurement** – risks are measured in the following way:

Very low	An event that has a negative impact on the operations of the organisation
Low	An event that is likely to have a significant immediate and ongoing negative effect on the organisation
Moderate	An event that poses some physical danger and would hamper the efficient operation of the organisation
Elevated	An event causing injury and that would endanger the ongoing viability of the organisation
High	An event causing serious physical injury or that would endanger the immediate viability of the organisation
Extreme	Causing death or a halt to the operations of the organisation

Policy

Risk Management System

St Kilda Mums' Risk Management System is based on the following components:

- Active support by senior management of a culture supporting awareness and management of risk;
- Implementation of a policy and procedures framework which is understood and owned by all staff;
- Communication and development of processes that make risk management integral to the way St Kilda Mums does business;
- Implementation of processes to identify, assess, and manage key risks; and
- Implementation of processes to monitor the risk management framework, including ongoing evaluation and reappraisal of key risks.

Risk Identification

Major risks confronting St Kilda Mums have been categorised as follows:

1. Operational;

2. Financial;
 3. Strategic;
- Risk will normally be identified, evaluated and managed by the Management Team and reported to and by the Financial Risk and Audit Committee (FRAC).
 - Where an unacceptable risk is identified the FRAC will be informed and required to take action as appropriate to address the matter and inform the Board.
 - Identified risks are reported annually to the Board as part of the Risk Management System

Analysis, Assessment and Prioritisation of Risks

St Kilda Mums actively analyses, evaluates, treats, communicates and monitors risk in order to minimise loss and maximise opportunities. The Board approves the Risk Management Policy, the annual Risk Assessment and approves appropriate risk tolerances and assesses the ongoing adequacy and effectiveness of the risk management system. Management operationalise the Risk Management Policy by:

- Identifying the key risks associated with St Kilda Mums;
- Analysing and assessing key risks;
- Prioritising key risk by applying a Risk Rating to each risk;
- Assigning responsibility for risk management;
- Implementing an effective reporting structure, format and frequency;
- Identifying mitigation strategies for each risk; and
- Identifying responsibilities for monitoring each risk.

Risk Treatment, Monitoring and Communication

All risks identified are monitored to ensure that they remain within the Board risk appetite.

The intention is to ensure that each risk assessed as Major or above is regularly reviewed:

- In order to reduce or mitigate each risk to the ensure it is within the tolerance of the Board; and
- To ensure that specified controls are effective.

Material risk matters and any recorded incidents are reported at each meeting of the FRAC.

In the event that a new risk which has been categorised as Moderate or above arises, the incident or occurrence must be immediately reported to the Chair of the Board advising:

- Details of the incident or event;
- How the incident occurred;
- Identify the source of the failure to prevent the risk occurrence;
- Steps taken to minimise the impact of the occurrence; and
- Steps taken to rectify the breakdown or weakness in the risk controls system.

The Chair will forward a copy of the report, together with their comments, to Board members. The Chair must ensure that all such occurrence reports are tabled at the next Board meeting.

Formal risk assessments will be conducted annually by the FRAC.

Responsibilities

Board is responsible for approving the Risk Management Policy, the annual Risk Assessment and the Risk Management System.

Finance Risk and Audit Committee is responsible for quarterly review of any movement in risk and reporting any new risks. It is also responsible for ensuring the annual Risk Assessment is conducted appropriately and that the Risk Management System is reviewed appropriately to ensure it is adequate for the organisation.

Management is responsible for adhering to this policy and the procedures within.

Reporting

A formal Risk Management Assessment is done at the end of each year and reported to the FRAC for review and then the Board for approval.

The Management Team forms part of the Risk Management assessment at the end of the year and then reviews six months afterward to ensure that any movement in risk is noted.

Review

This policy will be reviewed annually by the Board.

Policy Implementation Documents

The following document is to be used when implementing this policy:

- St Kilda Mums Risk Register and Risk Profile Maps
- Risk Appetite Statement