



## Risk Management Policy

Approved/effective date	151020
Due for review	151023

### **Purpose and Scope**

As part of sound management practices, this policy provides guidelines to the Board of Management of Torquay Community House (TCH) for a process of thinking systematically about all risks, problems or disasters that might affect TCH before they occur.

Risk is inherent in all our daily activities, and we continuously manage risks. The goal is not to eliminate risk, rather to manage the risks inevitably involved in many of our activities to maximise our opportunities and minimise negative outcomes. The purpose of this policy is for TCH to set up procedures that will negate or avoid the risk or minimise its impact.

Specifically, this policy is intended to:

- Prevent risk
- Minimise harm
- Reduce liability
- Improve the functioning of the organisation.

### **Definitions/Explanations**

Risk – the possibility of suffering harm or loss; danger

Risk Management – the process of identification of potential negative events and development of plans to mitigate or minimise the likelihood of the negative event and/or the consequences in the event it does occur.

Monitor – continual assessment of what has been implemented using documented procedures.

Review – continual assessment of the effectiveness and environment. Included in continuous improvement cycle.

## **Background**

Risk management is not simply a tool to cover a single area of operation but a total approach to the protection of the organisation's assets, earnings, personnel and liabilities, against known and unknown losses in a cost-effective manner.

There are always risks associated with running any community organisation, but the identification and management of these possible risks, and striving to balance the possibly negative consequences of risk against the potential benefits of a proposed activity is an essential component of sound management.

TCH considers risk management to be a crucial element in ensuring the long-term viability of the organisation.

Compliance with the requirements of the relevant legislation, regulations and codes of practice such as Associations Incorporation Act, Privacy Act, Child Care Act, ATO Legislation, Occupations Health, Welfare and Safety, Equal Employment, Industrial Awards is considered as the minimum standard to prevent loss or harm.

The Board, staff and volunteers have a responsibility to make themselves aware of situations where someone or something might be at risk of harm or loss. They must then take reasonable action to remove or reduce those risks. Reasonable action will be that which is acceptable, average, fair, honest, proper and would be considered reasonable for a similar organisation to take, considering the nature and severity of the risk of harm or loss, knowledge of severity of the harm or loss, knowledge of solutions, availability of solutions, legal requirements and cost of solutions.

## **Policy**

TCH will prevent risk, minimise harm, reduce liability and improve the functioning of the organisation by adopting a planned and systematic approach to the management of risk and providing the resources where reasonable for its successful implementation and continuous improvement.

TCH will categorise risk under the subheadings of Physical Risk, Financial Risk, Governance Risk, Human Resources, Information Technology and Environmental Risk.

Everyone is responsible for the effective management of risk. Both staff and volunteers, through agreed consultative processes, will be involved in helping the Board of Management determine the acceptable level of risk which will exist in relation to the activities of the centre under the identified subheadings

The Board of Management is responsible for ensuring that the centre's decisions and practices comply with the requirements of the relevant legislation, regulations and codes of practice.

A risk management sub-committee will be appointed annually to oversee the implementation of the risk management process and to feed back into the continuous improvement cycle.

All Board members, staff and volunteers of TCH will receive the information, instruction, supervision and training provided in plain English and in a form which meets the needs of the staff and volunteers.

## **Risk Management Procedures**

1. Appoint a risk management sub-committee annually
2. Identify risks in a process involving management, staff, members, volunteers and other stakeholders. Risk will fall under the sub-headings:
  - Physical Risk e.g. injury to a person, damage to property.
  - Financial Risk e.g. insufficient cash flow, declining membership, change of government (funding impact) inadequate insurance, fraud, theft etc.
  - Governance Risk - Poor governance processes e.g. conflict of interest, lack of understanding of roles and responsibilities, breach of confidentiality.

- Human Resources – employment risks, poor relationship between Board of Management and staff, breach of equal opportunity laws, sick leave, volunteer management, lack of succession planning.
  - Information Technology e.g. Data Loss/corruption, breach of intellectual property rights.
  - Environmental Risk. e.g. damage to the reputation of the organisation
3. Analyse Risks. Estimate the likelihood of the risk occurring and what the consequence of the outcome would be using risk assessment matrix. Enter results into a rating table (see risk assessment matrix document).
  4. Evaluate Risks. Using risk assessment rating table as a tool, determine whether the level of risk is acceptable to unacceptable. Establish priorities that equate to level of risk (start with a high risk). Determine appropriate action for each identified risk. (Options include eliminating/avoiding risk, Control risk, transfer risk or retaining risk). Complete detailed risk assessment for each risk identified in order of priority – identify strategy to reduce risk, time frame, person responsibility, outcome, on-going evaluation.
  5. Monitor and Review. Monitor – continual assessment of what has been implemented using documented procedures. Review – an annual assessment of the effectiveness and environment. Included in continuous improvement cycle.

## Risk Assessment Matrix

### Probability (Likelihood) Rating

- A Almost certain to occur
- B Likely to occur in most circumstances
- C Possible – likelihood that could occur at some time
- D Unlikely to occur
- E Rare - May occur in exceptional circumstances

### Consequence Rating

1. Trivial – no action required.
2. Minor – no action required but continue to monitor risk – may cause minor injury or illness, medium financial loss
3. Moderate – need to make effort to reduce risk; consider also cost, and cost-effective strategies for reducing risk – may cause injury or illness resulting in loss of work as an example.
4. Substantial – activity should be ceased until the risk has been reduced, or control measures are in place – may cause severe injury, illness. Major financial loss.
5. Extreme – prohibit activity – may result in death or loss of bodily functions. Huge financial loss.

		Likelihood				
		E. Rare	D. Unlikely	C. Possible	B. Likely	A. Almost certain
Consequence	5. Extreme	Medium	High	High	Very High	Very High
	4. Major	Low	Medium	High	High	Very High
	3. Moderate	Low	Medium	Medium	High	High
	2. Minor	Low	Low	Medium	Medium	High
	1. Insignificant	Low	Low	Low	Low	Medium

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## **Associated Documents**

Health & Safety Policy

The Occupational Health and Safety Act 2004

Child Care policy

Financial Management Policy

Banking Policy

Delegation of Authority Policy

Privacy and Confidentiality Policy

TCH Rules of Association

Grievance Policy

Social Media Policy