

RISK MANAGEMENT POLICY

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Document Control

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Revision History

Version Number	Status	Date	Author	Authorised By	Remarks
1.0	Final	25.10.07	Bandula Gonsalkorale	Board	
2.0		08.10.13	Bandula Gonsalkorale	CEO	Minor refresh to original policy
3.0	Final	12.06.19	Adrian Graham	Board	Update of policy

Related Policies and Procedures

- Risk Management Process
- Fraud and Corruption Prevention and Awareness Policy and Procedure
- Procurement Policy
- Organisational Code of Conduct
- Counter-Terrorism Financing and Anti Money Laundering Policy

Purpose

ChildFund Australia's stakeholders are seeking greater transparency and accountability for managing the impact of risk, while also evaluating leadership ability to embrace opportunities. The purpose of risk management is the creation and protection of value. It improves organisational performance, encourages innovation and supports the achievement of the objectives of ChildFund Australia. This policy sets out the organisational-wide culture and approach to Risk Management.

Scope

Risk Management is the responsibility of all those who participate in the work of ChildFund Australia. This includes:

- Board members
- ChildFund Staff (Australia and country offices and including volunteers and interns)

As a condition of organisational partnership, ChildFund Australia also expects appropriate risk management is undertaken by those partner organisations who work in partnership with ChildFund.

Policy Statement

ChildFund Australia is committed to continually developing and maintaining organisational culture and practices that optimise the ability of staff, management, partner organisations and Board Members to pursue the Mission/Vision and achieve organisational objectives, while ensuring the appropriate identification, assessment, monitoring and management of risk. ChildFund Australia integrates consideration of risk in planning and decision-making processes by senior management (in both Sydney and country offices) and the Board.

Exclusions

Nil

Definitions

These definitions apply to both the Risk Management Policy and Process.

Risk is the effect of uncertainty on objectives. Risks includes events that cause damage or are negative in impact as well as events which prevent realising positive opportunities or benefits.

Risk Management Processes the systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, documenting, monitoring and reviewing risk.

Risk Assessment the process of identifying, analysing, quantifying and documenting risk.

Risk Register the document that records risks and assigns responsibility for their controls and treatments.

Inherent Risk Rating the risk rating before the impact of any control or treatment.

Residual Risk Rating the risk rating after the impact of any control or treatment.

Risk Controls Current processes, procedures, actions or other measures that are taken to reduce the likelihood of a risk occurring or minimise the impact if the risk were to occur. A control is something that is currently in use, as opposed to a treatment, which is a control not yet implemented.

Likelihood The chance of a risk happening

Consequence the outcome or impact of a risk happening. The risk can affect ChildFund’s reputation and objectives, its stakeholders or the wider community.

Risk Rating the rating (or level) of a risk derived from the combination of consequences and their likelihood.

Risk Matrix the criteria against which the level of risk is evaluated, taking account of likelihood and consequence. ChildFund Australia has a specific risk matrix for rating risks.

Risk Treatment A strategy, process or procedure that aims to reduce the likelihood, share or mitigate the impact of risk. A risk treatment is something being proposed or planned.

Risk Appetite the amount and type of risk that an organisation is willing to bear to achieve its objectives either before or after treatment.

Risk Owner A named person/entity with accountability or authority to manage a risk.

Policy Principles



ChildFund Australia’s Risk Management Policy aims to reduce and manage risks faced by the organisation. The principles of the policy are as follows:

- Integrated – risk management is an integral part of all organisational activities at all levels within the organisation, both operational and strategic;
- Structured and comprehensive – the process of risk management is consistent across the organisation to ensure efficiency, consistency and reliability of results;
- Customised – Risk management activities are able to be customised and proportionate to the level of risk faced by the organisation;
- Inclusive – Engaging partners and stakeholders in risk management processes recognises that communication and consultation are key to managing risk;
- Dynamic – Risk management activities need to be iterative and responsive to emerging and changing risks;
- Best available information – to effectively manage risk it is important to understand and consider all available information relevant to an activity and to be aware that there may be limitations on the information.
- Human and cultural factors – risk management needs to recognise the contribution that people and culture have on achieving the organisations objectives
- Continual improvement – Risk management is continually improved through learning and experience

Policy in Action

Risk Management Framework



The purpose of the risk management framework is to assist with integrating risk management into all activities and functions. Our risk management framework is centred on leadership and commitment. Senior management (in both Sydney and country offices) are accountable for managing risk. The ChildFund Australia Board is accountable for overseeing risk Management and establishes the amount and type of risk that may or may not be taken (**risk appetite**) (specific roles and responsibilities are articulated further below).

- Integration – As articulated in our policy principles, risk management is part of, and not separate from, all aspects of the organisation;
- Design - Risk management needs to be aligned with the strategy, objectives and culture of the organisation. The internal and external context of the organisation needs to be understood and considered. Communication and consultation arrangements need to be established;
- Implementation – The risk management process defines the appropriate implementation plan including accountability and deadlines as well as identifies where, when and how different types of decisions are made, and by whom;
- Evaluation - As articulated in our policy principles, risk management is an iterative process. As part of this process, we should continually evaluate the effectiveness of existing controls and processes and introduce improvements where necessary;
- Improvement – As articulated in our policy principles, we need to continually monitor and adapt our risk management framework and associated processes to address internal and external changes, and ultimately improve the value of risk management.

Roles and Responsibilities

All ChildFund staff have a responsibility to be mindful of risk and to ensure appropriate steps and measures are taken to identify, analyse and manage risk in the course of their work.

The ChildFund Australia Board with the direct engagement of it's Audit, Risk and Governance Committee:

- Oversees the Risk Management Policy and Processes ensuring that management is taking appropriate measures to manage risk in the organisation;
- Sets the organisational culture and values toward risk management;
- Sets the risk appetite of the organisation ensuring it aligns with the strategic objectives and aims;
- Regularly reviews and provides feedback on the organisational risk assessments and risk register;

Senior management (in both Sydney and country offices) will:

- Monitor and ensure compliance with this policy and related processes;
- Arrange regular risk management training and development;
- Ensure risk management is integrated into all organisational activities that they are responsible for – it is not a stand-alone process;
- Continually monitor and assess risk in their areas of responsibility;
- In our country offices, ensure adequate risk management assessments are undertaken as part of the partner due diligence and capacity assessments;

- In our country offices, ensure adequate risk management assessments are undertaken for each project and an adequate risk management plan is put in place to mitigate such risks;
- In our country offices, ensure partner organisations have adequate risk management processes in place and provide training, support and guidance where necessary

Partner organisations will:

- Comply with all obligations as defined in their agreements with ChildFund Australia including those pertaining to risk management;
- Provide or develop risk management policies and procedures with assistance from ChildFund Australia where required;
- Ensure regular training is undertaken with staff for risk management.

The Chief Operating Officer (COO) (with the assistance of the Head of Finance, Risk and Compliance):

- Is responsible for the interpretation, administration, application and revision of this Policy and processes;
- Is responsible for the consolidated reporting of organisational risk assessments and mitigation strategies to the Audit, Risk and Governance Committee and Board.