Risk Management Policy

One of the duties of Responsible Persons (in our case directors) of entities registered with the ACNC is to consider risk management. Failure to do so is arguably a breach of a director's duties, leading to potential personal legal liability.

It is important to note that it is not a requirement to avoid any risk. If that attitude were to be taken, nothing would be done, and opportunities would be missed. What is required is a mature assessment of risks and a policy of managing the downside as far as possible to enable an upside to be achieved.

Risk management follows the following process:

1. Identifying risk
2. Assessing likelihood (unlikely/possible/likely)
3. Assessing consequences (minor/moderate/severe)
4. Developing strategies to manage the risk
5. Assigning responsibility for implementing the strategies
6. Noting the implementation dates
7. Regular review

The types of risk a not for profit organisation faces are often categorised as follows:

(a) employment, health & safety

(b) financial

(c) donor

(d) mission/programs

(e) compliance (legal/tax/regulatory)

(f) governance

(g) reputation

(h) other

The Board must document the results of carrying out the risk management assessment. This is will be done by way of a matrix.

The Board's standing policy will therefore be to **annually**:

(i) carry out items 1 to 5 of the risk management process above

(ii) fill out the matrix

(iii) have each "owner" report back at subsequent Board meetings on progress and fill in the final column as strategies are implemented

(iv) consider each new step we take to see if it materially impacts our existing risks or creates a new risk and update the matrix accordingly

(v) review the matrix at the Strategy Day (or at a designated Board meeting) annually