**[Insert organisation name/logo]**

RISK MANAGEMENT POLICY

**Version: [Year/No]**

**Document status: Draft or Final**

**Date issued: [date]**

**Approved by: [insert organisation’s name] Board of Directors on [date]**

**Date for review: [date]**

**Record of policy development:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Version number** | **Date of issue** | **Lead author/ reviewer** | **Consultative panel** | **Significant changes on previous version** |
| **[Yr/no]** | **[Date]** | **[Name/role]** | **[Name/role/ organisation]** | **[For example, incorporate changes to new legislation]** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

***🖌Note\****

*This policy template has been developed to meet the needs of a diverse range of services and includes items for consideration in policy and procedure.*

*All material provided by the Network of Alcohol and other Drugs Agencies (NADA) is for guidance purposes only. Not all content will be relevant to your service. Organisations are encouraged to review the material in relation to your organisation’s individual circumstances and policies and edit, add and delete content to ensure relevancy.*

*This policy may contain links to other websites. The links are provided for convenience only and may not remain current or be maintained. NADA is not responsible for the content or privacy practices associated with linked websites.*

*All notes (like this one) should be considered and deleted before finalising the policy, and the contents list should be updated as changes are made and when content is finalised. See the NADA Policy Toolkit User Guide for more editing tips.*

*\*Please delete note before finalising this policy*

***🖌Note\****

*To update the contents list when all content has been finalised, right click on the contents list and select ‘update field’, an option box will appear, select ‘Update entire table’ and ‘Ok’.*

*To use the contents list to skip to relevant text, use Ctlr and click to select the relevant page number.*

*\*Please delete note before finalising this policy.*

RISK MANAGEMENT POLICY 1

SECTION 1: RISK MANAGEMENT FRAMEWORK 3

1.1 Policy statement 3

1.2 Purpose and scope 3

1.3 Definitions 3

1.4 Principles 4

1.5 Outcomes 4

1.6 Delegations 4

1.7 Policy implementation 5

1.8 Risk management 6

SECTION 2: RISK MANAGEMENT PROCESSES 7

2.1 Communication and consultation 7

2.2 Establishing risk context 8

2.3 Risk identification 8

2.4 Risk assessment 9

2.5 Risk treatment 10

2.6 Risk management plans 11

2.7 Risk monitoring and reviewing 12

2.8 Reporting and record-keeping 12

SECTION 3: INTERNAL REFERENCES 13

3.1 Supporting documents 13

3.2 Referenced policies 13

SECTION 4: EXTERNAL REFERENCES 14

4.1 Legislation 14

4.2 Resources 14

4.3 Websites 14

# SECTION 1: RISK MANAGEMENT FRAMEWORK

## 1.1 Policy statement

**[Insert organisation name]** (‘**Organisation’**) is committed to effective Risk Management as a strategy for protecting the Organisation, board, employees, workers, clients, stakeholders, visitors, students and the community from unnecessary injury, loss or damage relating to the business and activities the Organisation undertakes.

## 1.2 Purpose and scope

This policy aims to provide guidance to the Organisation in applying risk management processes across the Organisation’s operations, to ensure that, so far as reasonably practicable, the Organisation’s goal and identified outcome areas can be achieved.

This policy applies to all of the Organisation’s staff, workers, Board members, volunteers, student placements and visitors (**Personnel**).

This policy encompasses but is not limited to:

* Identifying, assessing and treating risks
* Ongoing risk monitoring and review
* Communication and consultation
* Record-keeping
* Specific risk areas.

This policy does not provide detailed guidance on:

* Human resources management – refer to the Human Resources Management Policy
* Workplace environment and safety – refer to the Work Health and Safety (WHS) Policy
* Financial operations – refer to the Financial Management Policy.

## 1.3 Definitions

|  |  |
| --- | --- |
| **Board** | Means the Organisation’s Board of Directors |
| **Clinical Incident** | Any unplanned event resulting in, or having the potential to harm a client |
| **Clinical Risk Management** | Clinical risk management is concerned with improving the quality and safety of services by identifying the circumstances and opportunities that put clients at risk of harm and then acting to prevent or control those risks |
| **Compliance Register** | A register that assists an organisation to comply with its legal obligations |
| **Impact** | Actual or potential impact that would or may occur |
| **Likelihood** | Probability or chance of an incident occurring |
| **Organisation** | **[Insert organisation name]** |
| **Personnel** | The Organisation’s staff, workers, Board members, volunteers, student placements and visitors |
| **Risk** | Chance of something happening that will Impact on objectives, measured in terms of likelihood and impact |
| **Risk Assessment** | Process of analysing and evaluating the likelihood and impact of potential risks |
| **Risk Incident** | Realisation or occurrence of a risk impact |
| **Risk Management** | Process of identifying, assessing and judging Risks, assigning ownership, taking actions to mitigate them, and monitoring and reviewing progress |
| **Risk Register** | A Risk Register is a tool for documenting risks, and actions to manage each risk. The Risk Register is essential to the successful management of risk. As risks are identified they are logged on the register and actions are taken to respond to the risk |
| **Risk Treatment** | Identifying and implementing actions to eliminate risks or reduce impacts |
| **WHS** | Workplace Health and Safety |

## 1.4 Principles

The following principles guide **[Insert organisation name]**’s risk management policy and procedures:

* Risk management applies to all aspects ofthe Organisation’sbusiness and activity
* Risk management is a shared responsibility of all staff, management and Board members
* Risk management is a continuous improvement process where the organisation continually strives to reduce and manage the likelihood and negative impact of risks
* Staff, Board members, volunteers and students are provided with training and other support to assist them in managing risk in their roles.

## 1.5 Outcomes

The outcomes of this policy are that: **[insert organisation name]**

* Makes informed business, operational and service delivery decisions while remaining fully aware of risks and impact
* Staff, management and Board members understand their roles and responsibilities in relation to risk management
* Risks and risk impact are minimised through compliance with relevant regulatory, legal and financial obligations, and implementation of risk treatments.

## 1.6 Delegations

|  |  |
| --- | --- |
| **Board of Directors** | * Endorse and ensure compliance with the Risk Management Policy * Ensure compliance with relevant legislation * Lead and support the CEO to manage risk * Monitor and contribute to internal risk treatment strategies and activities, including regular review of the Risk Register |
| **Business services/ management** | * Comply with the Risk Management Policy * Manage and monitor compliance with relevant legislation * Monitor and contribute to internal risk treatment strategies and activities. * Be familiar with the Organisation’s legislative requirements regarding risk management * Ensure processes are in place across the Organisation to manage and treat risk appropriately * Ensure staff are adequately trained to comply with risk management strategies and activities   **CEO/Manager**   * Lead the implementation of the Risk Management Policy * Identify and assess new risks and implement risk treatments * Lead, monitor and update identified risks and risk treatment * Ensure risk assessments are undertaken   **Management**   * Ensure orientation of new Board and staff members to the Organisation’s risk management processes and activities * Identify and assess new risks and implement risk treatments * Monitor and update identified risks and risk treatments. * Develop, implement and review risk management plans * Maintain current Risk Register and Compliance Register * Document risk management discussions and decisions from Board meetings and Board Finance and Executive Sub-committee meetings |
| **Program services/clinical** | * Comply with the Risk Management Policy * Identify and assess new risks and implement risk treatments * Monitor and update identified risks and risk treatments. * Implement and review risk management plans * Contribute to internal risk treatment strategies and activities   **[Insert specific staff role responsibilities as required]** |

## 1.7 Policy implementation

This policy is developed in consultation with the Organisation’s staff and approved by the Board of Directors.

All Personnel are responsible for understanding and adhering to this Risk Management Policy.

Specific monitoring and support activities undertaken include:

* Risk management issues are part of the Work Health and Safety updates as standing agenda item in staff meetings
* Review of the risk register is a standing agenda item for board meetings
* This policy is to be part of staff orientation processes
* This policy should be referenced in relevant **[insert organisation name]** policies, procedures and other supporting documents, where relevant, to ensure that all relevant staff are familiar with it and that it is actively used
* This policy will be reviewed in line with the quality improvement program every **[insert timeframe]**, following a risk incident and/or following relevant legislative changes.

This policy is implemented in combination with all the Organisation’s policies and procedures.

## 1.8 Risk management

The Organisationdevelops and implements risk management strategies and processes informed by this policy and in compliance with relevant legislation.

# SECTION 2: RISK MANAGEMENT PROCESSES

This section ensures that **[insert organisation name]** develops and implements consistent risk management strategies and processes to effectively manage and treat risk, in order to safely enhance the organisation’s operation and achieve its strategic goals.

This section provides guidance on the plans, processes and tools that the Organisationadopts in order to identify, assess, treat and monitor risks.

This section ensures that the Organisation:

* Provides reliable administrative tools and reporting methods
* Confirms that the Risk Management strategy and activities are informed by its Personnel, clients and the broader community
* Ensures that risk management processes support and enhance the services provided to its clients
* Has a structure for the continuing review of risk
* Provides ongoing safe operations for Personnel, clients and the broader community.

## 2.1 Communication and consultation

Communication and consultation is undertaken with the Organisation’s Personnel to ensure understanding and engagement in risk management.

Communication mechanisms include:

* Orientation processes for new Board members, staff, and clients entering the service
* Agenda items and discussion at staff and team meetings, e.g. WHS, budgets, client related incidents
* Regular staff and supervisor meetings to review work plans and activities, together with incident management
* CEO/Manager reporting to the Board, and regular review of the Risk Register.

The Organisation implements diverse consultation methods to seek feedback from its clients and Personnel. This may include:

* Staff and Board leadership and participation in policy development
* Staff and Board leadership and participation in risk management and risk incident review
* Client meetings
* Workshops
* Surveys
* **[Insert other consultation method].**

Communication and consultation is undertaken with external stakeholders (if appropriate) as part of **[insert organisation name]** business. Mechanisms include:

* Briefing and planning meetings as part of project development, implementation and evaluation
* Strategic planning
* Performance reporting to funding bodies
* Annual reports
* Surveys and evaluations
* **[Insert other consultation method].**

## 2.2 Establishing risk context

Risk management considers the context in which **[insert organisation name]** operates and how these characteristics and capabilities influence and inform risk responses. This could include assessing:

|  |  |
| --- | --- |
| **Strategic or external context:** | * Operational, regulatory, financial and political environment * Business drivers * Opportunities and threats * Stakeholders. |
| **Organisational or internal context:** | * The Organisation’s goal and outcomes * Organisational culture * Strengths and weaknesses within the Organisation * Existing systems and processes * Stakeholders * Available resources. |
| **Risk management context:** | * The Organisation‘s size, organisational structure and location * Governance structure * Management expertise * Clinical service delivery * Workforce capacity * Assets. |

## 2.3 Risk identification

**[Insert organisation name]** identifies risks through formal and informal processes such as: targeted consultation, observation of workplace practice, monitoring of regulatory requirements, organisational system reviews, regular audits (e.g. WHS, policy compliance), analysis of information gathered relating to WHS incidents and strategic and project planning.

Organisational risks are categorised and summarised as follows:

|  |  |
| --- | --- |
| **Type** | **Area/item compromise** |
| **Strategic** | * Goal and intended outcomes of the Organisation * Intellectual property * Reputation * Organisation and sector positioning * Resourcing, growth and improvement * **[Insert other item].** |
| **Compliance** | * Entity legislation (e.g. incorporations, co-operatives or others) * Contractual obligations * Insurance * Taxation * Employment legislation (refer to the Human Resources Policy) * Work health safety legislation (refer to the Work Health Safety Policy ) * **[Insert other item].** |
| **Financial** | * Fraud * Income, budget and expenditure operations * Debt collection * Governance and management by Board * **[Insert other item].** |
| **Operational** | * Governance * Service delivery (e.g. clinical, projects, programs) * General equipment, resources and facilities * Human resource management * Information management * Break-in, theft, and fire * **[Insert other item].** |
| **Market/ environmental/ external risks** | * Natural disasters or major storms * Changes in government and/or government policy * Major legislation change * **[Insert other item].** |

## 2.4 Risk assessment

The risk assessment matrix, risk likelihood and rating tables below are applied to all identified risks to determine their level of risk based on two categories: likelihood and impact.

Risk assessment also includes reviewing existing controls, whether specific to that risk or by default.

### 2.4.1 Risk matrix

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Likelihood** | Almost certain | Low Medium | | Medium | Medium -High | High | High |
| Likely | Low | | Low - Medium | Medium | Medium -High | High |
| Possible | Low | | Low | Medium | Medium -High | High |
| Unlikely | Low | | Low | Low - Medium | Medium | Medium -High |
| Rare | Low | | Low | Low | Medium | Medium -High |
|  |  | Minimal | | Minor | Moderate | Significant | Severe |
|  |  | | **Impact** | | | | |

### 2.4.2 Risk likelihood

|  |  |  |
| --- | --- | --- |
| **Rating** | **Description** | |
| **Almost certain** | 90% or greater probability | Expected to occur in most circumstances |
| **Likely** | 50-90% probability | Will probably occur in most circumstances |
| **Possible** | 20-50% probability | Could occur at some time |
| **Unlikely** | 10-20% probability | Not expected to occur |
| **Rare** | <10% probability | Would occur only in exceptional circumstances |

### 2.4.3 Risk impact

|  |  |  |
| --- | --- | --- |
| **Rating** | **Description** | |
| **Severe** | Business objectives and/or continuing viability is threatened | Death or serious injury to a person |
| **Significant** | Business objectives are not met | Serious injury or illness requiring medical treatment with permanent consequences |
| **Moderate** | Business objectives may be threatened | Injury or illness requiring medical treatment |
| **Minor** | Business objectives require monitoring | Minor injuries |
| **Minimal** | Business objectives unlikey to be affected | Minor first aid injury |

### 2.4.4 Risk rating

The risk rating assists **[insert organisation name]** in determining if the risk is acceptable or unacceptable. A low rating risk may be expected and acceptable with minimal treatment response, whereas a high rating risk is not acceptable and therefore requires a response to minimise or eliminate risk.

|  |  |
| --- | --- |
| **High** | Requires immediate action to mitigate the risk |
| **Medium-High** | Requires short-term action to mitigate the risk |
| **Medium** | Requires medium-term action to mitigate the risk (work within other priorities) |
| **Low-Medium** | May require attention |
| **Low** | Manage by routine procedure |

## 2.5 Risk treatment

Risk treatment involves identifying and implementing actions to eliminate risks or reduce their impacts. In treating risk the organisation, board and staff members ensure that:

* The cost of implementing risk treatments is balanced with the expected and actual risk reduction outcomes
* If eliminating risk is to discontinue an activity, remove an identified risk item, or avoid new or potential risks
* Risk reduction activity involves implementing reasonable and practical steps to reduce risks and minimise loss, injury or harm. For example, where transport of heavy boxes is unavoidable, a trolley and safe lifting training is provided
* Major risks and their responding treatments are logged in the organisation’s Risk Register
* Risks that are substantially mitigated by the existence of a specific organisational policy or listed in the organisation’s Compliance Register may not be required to be recorded in the Risk Register
* Risk specific to client service delivery are managed under a clinical risk management framework
* Risks specific to individual projects are identified and responded to through project implementation; these may not be required to be recorded in the Risk Register.

Risk Treatment should adopt the hierarchy for controlling Risks:

* Eliminate the hazard
* Substitute the hazard for something safer
* Isolate the hazard from people
* Use engineering controls
* Use administrative controls
* Use personal protective equipment.

The diagram below depicts the Organisation’s risk management process.

**Monitor and review**

**Identify risk**

Strategic

Compliance

Financial

Operational

Market/environmental

**Assess risk**

Likelihood

Impact

Existing controls

Risk rating

**Treat risk**

Identify and implement actions

Eliminate risk

Reduce risk impact

**Establish risk context**

Strategic/external

Organisational/internal

Risk management

**Communicate and consult**

## 2.6 Risk management plans

**[Insert organisation name]** implements risk management plans for specific activities that carry likely or almost certain risk which are inherent in working with our clients. The plans provide specific guidance to staff in managing concerns that are likely to arise when providing direct client services.

**🖌Note\***

Sample risk management plans are provided as a supporting document for this policy template. You may choose to incorporate these into the policy or utilise these in other areas of practice and supervision. They should be reviewed regularly as part of the Risk Register, incident management and supervision.

\*Please delete note before finalising this policy.

## 2.7 Risk monitoring and reviewing

**[Insert organisation name]** monitors and reviews risks and their treatment strategies as part of effective risk management and ongoing quality improvement.

Monitoring and reviewing activities include:

* Re-consideration of the contexts, rating, treatment and responsibilities.
* Risks identified through the Organisation’s Risk Register and Compliance Register are reviewed and updated **[insert timeframe; for example, monthly]** by the **[insert allocated position; for example, Work Health and Safety Officer]**.
* The Board reviews the Organisation’s Risk Register and Compliance Register **[insert timeframe; for example, monthly]** through Board and other relevant meetings.
* Previously identified risks may become de-activated through a monitoring and review process, where the likelihood and impact of loss, injury or harm is assessed as non-existent or negligible.
* WHS risks are reviewed **[insert timeframe; for example, quarterly]** through workplace audits and other WHS strategies.
* Clinical risk is monitored and reviewed regularly through **[insert mechanisms, for example case meetings, clinical supervision]**. Risk management plans are developed and regularly reviewed for the delivery of services to those areas where risk is likely or almost certain.
* Risks that are assessed as specific to individual projects are reviewed through project mechanisms such as scheduled milestone checks, progress reporting, advisory group meetings, stakeholder feedback, outcome monitoring, and end-of-project evaluation.
* The Organisation’s risks are also reviewed and their status is updated following a risk incident, such as a clinical incident, workplace accident, cuts to funding, damage to reputation, or not meeting taxation compliance requirements.
* **[Insert other activities].**

## 2.8 Reporting and record-keeping

Risks identified in the Organisation’s Risk Register and the Compliance Register are reported to the Board **[insert timeframe; for example, monthly]** by the CEO/Manager in the scheduled Board meetings. Related discussion and outcomes are recorded in Board and relevant minutes.

Risk management discussion and outcomes from staff meetings are recorded in meeting minutes.

### 2.8.1 Risk register

The Organisation’s Risk Register details major risks, their rating, controls and treatments, as well as responsibilities and timeframes.

* All risks listed in the Risk Register are allocated a unique risk identification number.
* De-activated risk identification numbers are maintained on the Risk Register for reference as required.
* Electronic copies of **[insert timeframe; for example, monthly]** reviewed and updated Risk Register are saved in accordance with the Information and Communication Technology Policy.

### 2.8.2 Compliance register

The Compliance Register details compliance obligations in relation to: insurance, incorporation, taxation, performance agreements, and WHS.

Electronic copies of **[insert timeframe; for example, monthly]** reviewed and updated Compliance Register are saved in accordance with the Information and Communication Technology Policy.

# SECTION 3: INTERNAL REFERENCES

## 3.1 Supporting documents

* [Risk register](http://www.nada.org.au/media/96056/risk_register.xlsx)
* Sample risk management plans including:
  + [Client drug overdose risk management plan](http://www.nada.org.au/media/96059/client_drug_overdose_risk_management_plan.docx)
  + [Mental health related episodes risk management plan](http://www.nada.org.au/media/96068/mental_health_related_episodes_risk_management_plan.docx)
  + [Home visiting risk management plan](http://www.nada.org.au/media/96062/home_visiting_risk_management_plan.docx)
  + [Opioid overdose response template](http://www.nada.org.au/media/96071/opioid_overdose_response_template.docx)

**Part of the Governance Policy**

* [Compliance register](http://www.nada.org.au/media/96074/4._gov_compliance_register_template.xls)

## 3.2 Referenced policies

* [Financial Management Policy](http://www.nada.org.au/media/96077/1.3_financial_management_policy.docx)
* [Governance Policy](http://www.nada.org.au/media/96083/1.1_governance_policy.docx)
* [Human Resources Policy](http://www.nada.org.au/media/96086/2.2_human_resources_policy.docx)
* [Work Health and Safety Policy](http://www.nada.org.au/media/96080/1.2_work_health_safety_policy.docx)

# SECTION 4: EXTERNAL REFERENCES

## 4.1 Legislation

* Associations Incorporation Act 1984 (NSW) No 143
* Corporations Act 2001 (Cth) No 50
* Work Health and Safety Act 2011 (NSW)

## 4.2 Resources

* [Ageing, Disability and Home Care, Department of Family and Community Services. It’s Your Business. Chapter 6. Risk Management](https://www.adhc.nsw.gov.au/__data/assets/file/0009/228753/Chapter-6-Risk-Management.PDF)
* [Australian / New Zealand Standard (AS/NZS ISO 31000:2009) Risk Management – Principles and guidelines Factsheet](http://www.finance.gov.au/sites/default/files/COV_216905_Risk_Management_Fact_Sheet_FA3_23082010_0.pdf)
* [The Australian Council on Healthcare Standards, Risk Management and Quality Improvement Handbook. Sydney, Australia, 2013](http://www.achs.org.au/media/69305/risk_management_and_quality_improvement_handbook_july_2013.pdf)
* [Clinical risk assessment and management (CRAM) in Western Australian Mental health services - Policy and Standards](http://www.health.wa.gov.au/docreg/Education/Population/Health_Problems/Mental_Illness/HP10607_Clinical_risk_assessment_management.pdf)
* [NSW Health, Corporate Governance & Accountability Compendium, Clinical Governance](http://www.health.nsw.gov.au/policies/manuals/Documents/corporate-governance-compendium-section5.pdf)
* [Safe Work Australia – How to Manage Work Health and Safety Risks Code of Practice, 2011](https://www.safeworkaustralia.gov.au/system/files/documents/1702/how_to_manage_whs_risks.pdf)

## 4.3 Websites

* [Australian Institute of Management](https://www.aim.com.au/courses/risk-management)
* [Commonwealth Legislation](http://www.legislation.gov.au)
* [Governance Institute of Australia](http://www.governanceinstitute.com.au/)
* [NSW Legislation](http://www.legislation.nsw.gov.au)