



RISK MANAGEMENT POLICY

Background

This Risk Management Policy is a direct outcome of Coffs Harbour Regional Landcare's (CHRL's) commitment that its structures, activities and operations are conducted in accordance with the principles of legal compliance, probity, transparency, accountability and respect for; staff, volunteers and contractors within the organisation; together with our broader community of stakeholders and the environment.

Policy Objective

That the organisation identifies and manages risks arising through its activities and operations in a systematic and cost-effective manner.

CHRL notes that while it cannot eliminate all risks from its activities and operations, it can take active steps to prevent or minimise the likelihood, level and impact of risk by following a Risk Management Policy

Definitions

Risk is the possibility or likelihood of something happening which may have a negative impact on the organisation's capacity to deliver on its strategic and operational plans and commitments.

Risk management is the process used to identify, evaluate then either avoid, reduce, transfer or control risks.

Risk Management Policy is the listing and execution of a series of procedural steps that have the effect of contextualising, identifying, assessing and where appropriate, mitigating the effects of risk on the successful achievement of the organisations plans and activities.

Procedure

Step 1. Analyse the context

Consider the environment in which the organisation operates to establish the domain boundaries in which risks must be managed.

Domains may be, but not limited to Regulatory, Legal, Financial, Record Keeping, Privacy, Safety and or, Reputational in nature.

A domain may be associated with a specific project goal or outcome desired by the organisation.

The nomination of each domain for which risk must be managed shall be recorded in the Minutes of the organisation and upon a Risk Register to be maintained by the organisation.

Step 2. Identify the risks

Identify the risk or risks (what can go wrong) that may arise from all aspects of the domain outlined in Step 1 with specific reference as to how that risk might impact on the successful achievement of an organisation plan or activity.

The risk is entered onto the Risk Register

Step 3. Evaluate the risk

Risk is evaluated typically along two dimensions:

- Likelihood or probability of the risk event occurring and
- Consequence or severity from the event occurring

It is the combination of these two factors that typically yield a Risk Rating for the event that then suggests the priority for the risk to be addressed or the nature of the mitigation to be attempted.

Likelihood can be determined simply as Rare, Likely or Very Likely with a matching Consequence scale of Minor Medium and Major.

Using this combination of Likelihood and Consequence could yield: a Risk Rating as follows

	Consequence		
Likelihood	Minor	Medium	Major
Rare	Low	Low	Medium
Likely	Low	High	High
Very Likely	Medium	High	High

The Risk Rating from this simple combination would yield

High risk A high level of risk that would require close monitoring and immediate action where needed as the potential loss or negative impact could be devastating to the organisation.

Medium risk A medium level risk requires normal levels of monitoring action where required, as the potential loss or negative impact could be significant.

Low risk A low level of risk can be treated with routine policy and procedures as the potential loss or negative impact is likely to be small.

More typically today a more granular approach may be adopted for Likelihood and Consequence as follows:

Likelihood

Highly Likely	>80% probability	- Expected to occur in most circumstances
Likely	60 - 79%	- Will probably occur
Possible	29 - 59%	- Might occur at some time
Unlikely	10 – 29%	- Could occur but considered unlikely or doubtful
Rare	<10%	- May occur in exceptional circumstances

Consequence

Minor	Minimal or no impact to overall success
Moderate	Incremental impact on the quality, cost or timeliness of outcome unless acted upon
High	Significant impact requiring additional resourcing to resolve
Major	Significant impact requiring substantial resourcing to achieve any success
Critical	Critical Impact leading to failure of the activity and loss of the objectives.

Under this more specific Likelihood and Consequence classification the resultant Risk Rating of events are as follows

	Consequence				
Likelihood	Minor	Moderate	High	Major	Critical
Highly Likely	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	Severe
Unlikely	Low	Low	Medium	High	High
Rare	Low	Low	Low	Medium	High

In this instance a Risk Rating of Severe can require immediate executive action to mitigate risk to the organisation.

Upon determination of the risk evaluation that determination is recorded in the Risk Register

Step 4. Manage the risk

The organisation will need to determine one of the following options to mitigate the risk:

- **Avoid the risk.** The organisation might decide on a different course of action rather than take the risk involved in the original course of action.
- **Transfer the risk.** The organisation might shift responsibility for the risk to another person or organisation (e.g. take out insurance against the risk).
- **Reduce the risk.** The organisation might reduce the likelihood or consequences of the risk by adopting an alternate strategy eg more resourcing, different skill set, close monitoring etc.
- **Accept the risk.** If all other options are not available to the organisation, they might decide to accept the risk but put in place policies and procedures to manage the consequences

Again, the action to be undertaken and responsibility for executing that action is recorded in the Risk Register

Step 6. Monitor and review

At the conclusion of any activity for which a Risk Management approach has been determined; an “after action” review should be undertaken so as to determine the efficacy of the Risk Management Policy and as necessary points for improvement.

Just as the requirement for Risk Management has been identified and recorded in the Minutes of the organisation for a given activity so to the requirement for an “after action” review and completion of that review.

Addendum 1 Risk Register Format

Each entry in the Risk Register shall contain the following entries

Activity or **Outcome** for which a Risk Registry Entry is to be maintained

Risk Identification. This responds to the questions “What risk have you identified? And what might be the consequence of that event happening”

Risk Entry Date. The date upon which a Risk was identified is recorded.

Likelihood. Dependant on the rating scale agreed upon an entry is recorded. If no “likelihood” has yet been established then an entry of “N” (None) must be recorded and treated as the highest likelihood.

Consequence. Dependant on the rating scale agreed upon an entry is recorded. If no “Consequence” has yet been established then an entry of “N” (None) must be recorded and treated as the highest consequence.

Risk Rating. Dependant on the rating scale agreed upon an entry is recorded. If either “likelihood” or “consequence” is “N”, then the Risk Rating must be recorded as the most severe for the rating scale selected and the only Mitigation permitted is “Resolve Risk Rating”.

Mitigation. The mitigation strategy to manage the risk is identified. This responds to the question “What shall we do about it?”

Responsibility. This responds to the question “Who should do it?”

Action Date. This responds to the question “By when?”

Status. This entry responds to the question “Has it been fixed and if so when?”

The Risk Register shall be a permanent register of Coffs Harbour Regional Landcare and subject to the Records Retention Policy of the organisation.

This policy was agreed at the meeting... 14th March 2018.....

And shall be reviewed.....

Signed: **Barry Powells, PRESIDENT**



Reviewed November 2021