GCLA
BEYOND ORDINARY

Risk Management & Framework Policy

1. Purpose

Gladstone Community Linking Agency (GCLA) is committed to ensuring that all risks to the organisation, employees, volunteers and customers are identified, managed and monitored in a consistent manner. This Policy has been developed to establish a consistent approach to managing risk and opportunity at GCLA and emphasizes that the management of risk and reporting of risk is everyone's responsibility.

The Australian Standard AS/NZS ISO 31000: 2009 Risk management – Principles and guidelines provides specific guidance on the risk management process. GCLA has adopted an organisational Risk Management approach – the management of risk and opportunity across the organisation to ensure a greater consistency of informed management decision making and the subsequent alignment of management and operational resources.

2. Scope

This Policy applies to the GCLA Board Members, employees and volunteers, consultants and contractors, and service providers.

3. Policy Statement

A formal approach to risk and opportunity management serves to enhance business decision making and acts as another form of assurance of the quality of our operations and service.

While there is no specific requirement for a Company Limited by Guarantee to comply with specific legislative requirements for organisational risk management, it is considered best practice and also meets expectations by key stakeholders including Quality and Safety Commissions that risk is being managed efficiently and effectively.

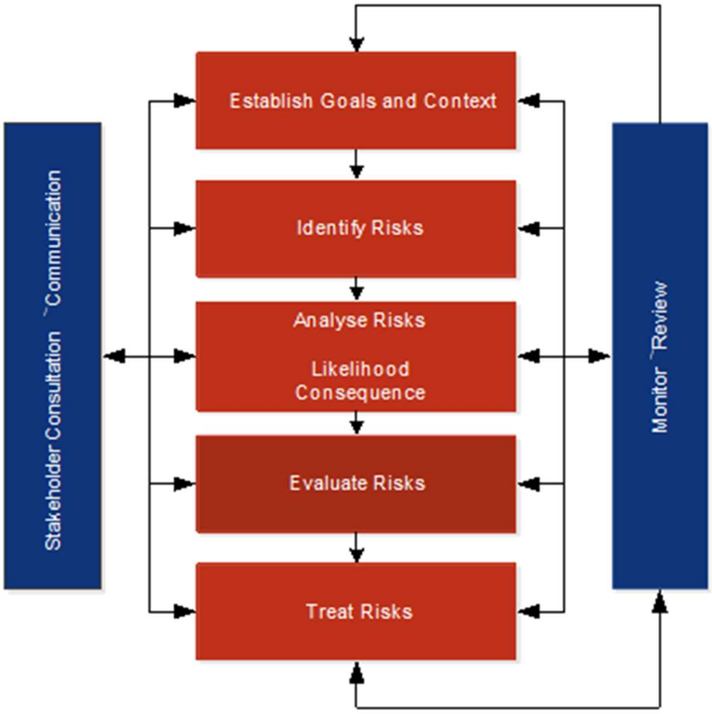
GCLA's Risk Management Principles guides risk management across the organisation.

Risk Management:

- creates and protects value
- is an integral part of all organisational processes
- is part of decision-making
- explicitly addresses uncertainty
- is systematic, structured and timely
- is based on the best available information
- is tailored to the organisation's requirements
- takes human and cultural factors into account
- is dynamic and response to change
- is transparent and inclusive
- facilitates continuous improvement

4. Risk Management Process

Broadly, the Risk Management Process is the whole set of activities GCLA carries out to identify, assess, manage and monitor any risks to which GCLA may be exposed. The diagram below illustrates the main steps:



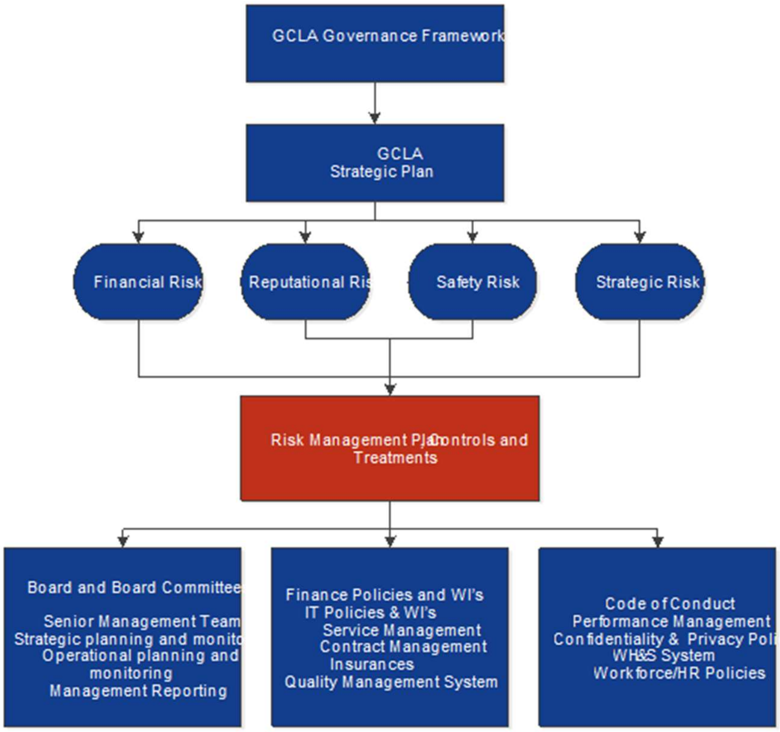
Risk Management Framework

As part of the Risk Management Framework, a Risk Management Plan is developed for GCLA which lists identified risks and actions GCLA takes to control or minimise those risks and is updated annually by the Executive Team with input from the Leadership Team and agreed to by the Board.

When developing the Risk Management Plan, the following components of the Risk Management Framework are considered:

- Complaints management
  - o Customer feedback and complaints
  - o Employees feedback and complaints
- Incident management
  - o Employees Accident/ Incident Reports
  - o Customer Incident Reports
- Work Health and Safety
  - o Hazards and maintenance information
- Human Resource Management
  - o Management knowledge and understanding of service delivery and work processes.
- Financial Management
- Information Management
- Governance
- Quality Management
  - o Review of policies, processes and work instructions
  - o Results and advice from external audits and compliance processes.
  - o Information from peak, industry and funding bodies.

The Risk Management Framework is depicted in the following diagram. It shows how risk management is a core element of the governance of GCLA and that risk management planning and business planning are inexorably linked.



Risk Tolerance and Appetite

GCLA's appetite for risk is documented using the risk criteria at Appendix 1 to this Policy. The risk criteria is used to evaluate if an identified risk or opportunity is of sufficient importance to warrant the Executive Team or Board attention. Any risk identified as High or Extreme should be reported to the Executive Team for further analysis and discussion of the risk treatment plan or control.

Risk Identification

Key consequence categories for measuring risk at GCLA. They are:

- **Financial:** Any financial impacts whether to revenue, costs, loss of capital, valuation, liquidity and credit risks (such as loss of funding, insolvency, over-expenditure)
- **Reputation:** Any effect on GCLA's reputation with its customers and key stakeholders that could subsequently impact GCLA's ability to perform against its business objectives (such as poor service delivery, poorly trained & supported employees, conflict management, Board of Directors dysfunction, confidentiality breaches)
- **Safety:** Physical and psychological impacts on GCLA employees, volunteers, customers, consultants, contractors and visitors to GCLA operations (such as extended staff illness, infection outbreaks, customer safety such as falls, malnutrition, medication errors, customer risk taking choices, environmental risks such as building defects, natural disasters).
- **Strategic:** Constraints, restrictions and blockages to achieving business objectives (such as a legal & regulatory compliance, corporate governance, enterprise risk, ineffective Board oversight, inability to expand services due to inability to attract available, qualified employees)

Having established the risk categories, GCLA identifies specific risks within each category using a variety of ways including conducting one-on-one interviews and workshops.

Risk Assessment

Risk assessment is the process of identifying risks and hazards, assessing risk, controlling risk and reviewing controls.

The Leadership Team are responsible for ensuring risk assessments are completed for their area of operation. Risk assessments are required:

- during strategic planning: The Board and Executive Team conduct a risk assessment of any changes to strategic direction during the annual strategic planning review process.
- during operational planning: The Executive Team assess the risks and opportunities around the organisation's annual operational plan and report to the Board on all risk.
- during project planning: Any project with that has the potential to be rated a moderate risk in any category should have a risk assessment conducted. Examples of projects that may be included are:
  - IT infrastructure upgrade
  - Office moves and fit outs
  - Implementation of new systems
  - Implementation of new programs/services
  - One-off activities that may be moderate risk or above
- Where there is identified risk in providing customer supports whether group or individual which may impact both customers and employees.

Any employees can identify a risk. Risk assessments can be conducted by individuals, in small teams or facilitated by Managers/Supervisors. For larger or more complex risk assessments, it is recommended to involve a broad cross section of employees and include employees not specifically involved in the area of business/project and customers to further stimulate thinking around risks and opportunities.

Risk Consequence and Likelihood Criteria

In order to evaluate the level of threat or opportunity a risk presents; it is necessary to know:

- How serious the consequences of the risk would be.
- How likely it is that the risk will happen.

Levels of impact may range from insignificant to extreme.

Levels of likelihood define the probability of a risk event occurring. Each risk is then rated using a risk matrix based on the risks consequences and likelihood. The likelihood criteria is designed so that strategic and operational risks can be prioritised based on the risk level.

Implementing Controls/Treatments

Where relevant, GCLA needs to ensure risk assessments are undertaken with other external Service Providers to identify and assess risks to ensure safe environments, and prevention and management of injuries.

Implementing controls are strategies or treatments to manage risk. Controls are chosen and implemented until the risk has been managed as low as reasonably practical.

The control rating is to be reviewed on all risks with the following criteria considered:

- Does the control effectively address the risk?
- Is the control officially documented and communicated?
- Is the control in operation and applied consistently?

Any control rating above 3 requires a risk mitigation plan to be completed. Refer to Appendix 2 for the GCLA Risk Control Rating table.

Common controls include but are not limited to:

- Employees training
- Employees' qualifications appropriate to perform relevant duties
- Provision of information
- The use of safe equipment
- Maintaining adequate insurance
- Changes in work practices
- Work place inspections
- Personal probity checks including referee checks, driver's licenses, motor vehicle registrations, professional registrations, NDIS worker screening and working with children checks.
- Independent audit process
- Insurance program

Risk Management Register

The Risk Management Register is a record of the identified organisational and operational risks, their current controls, and treatment plans where controls are inadequate. All controls are documented in the risk management register by the relevant Manager or Supervisor.

The Executive Team is responsible for preparing the organisational level risk profile of GCLA and for ensuring risk treatments are implemented as planned.

The Board is responsible for overseeing the Executive Team's assessment of risk and planning and execution of risk treatments.

GCLA monitors the implementation of controls by regularly reviewing and updating the risk management register and matching it against identified relevant hazard reports and feedback.

The review of all open risks is a standing agenda item for the regular Quality, Risk & Safety meeting and Executive Team meetings. In order to ensure the organisational risk profile is relevant and up to date, the Executive Team reviews the organisational level risk assessment annually and advises the Board accordingly.

Risk Reporting Process

GCLA's recognises the need for both a bottom up and top-down flow of information on the assessment and treatment of risk to help ensure strategic and operational management are aligned so that adequate resources are appropriately deployed across the business.
Risk reporting is required to keep management informed of the progress on risk treatments and if any change to the risk profile of the organisation has occurred. Risk reporting is an ongoing process that should occur as new risks are identified, or new risk assessments undertaken.

Executive team provide the following data regularly to the Board of Directors:

- Incident trends and analysis
- Complaint trends and analysis
- Workplace health and safety escalations
- Risk register
- Improvements made because of incidents, near misses and identified risks.

Risk Communication

A two way flow of risk reporting and risk communication is needed to ensure an appropriate alignment of sufficient organisational resources to minimise risk and maximise opportunity. Employees must be aware of the risks and opportunities agreed by the Executive Team and the Board as being the strategic imperatives for the organisation so they can manage their environment accordingly.

In addition to the informal communications regarding risk and opportunity in day-to-day business, the following formal communication forms a key part of GCLA's Risk Management Framework.
Executive Team to employees:

- Bi-annual updates on progress on key risk treatments and any significant changes to the risk profile of the organisation.
- Department Risks and continuous improvement are standing agenda items at department meetings.

Recording Improvements

Improvements implemented as a result of risk management reviews and planning are recorded and/or updated in the Continuous Improvement Plan to ensure that they are implemented, monitored and evaluated.

Communication of risk and hazards is communicated to employees through one or all of the following methods dependent on risk or hazard identified.

- Email from department manager
- Weekly update
- Brevity Communications
- Where urgent through SMS message.

The Risk Management Plan is managed by the Executive team, who is responsible for reviewing and updating the plan to ensure corrective actions are having the intended effect and there are no unintended consequences.

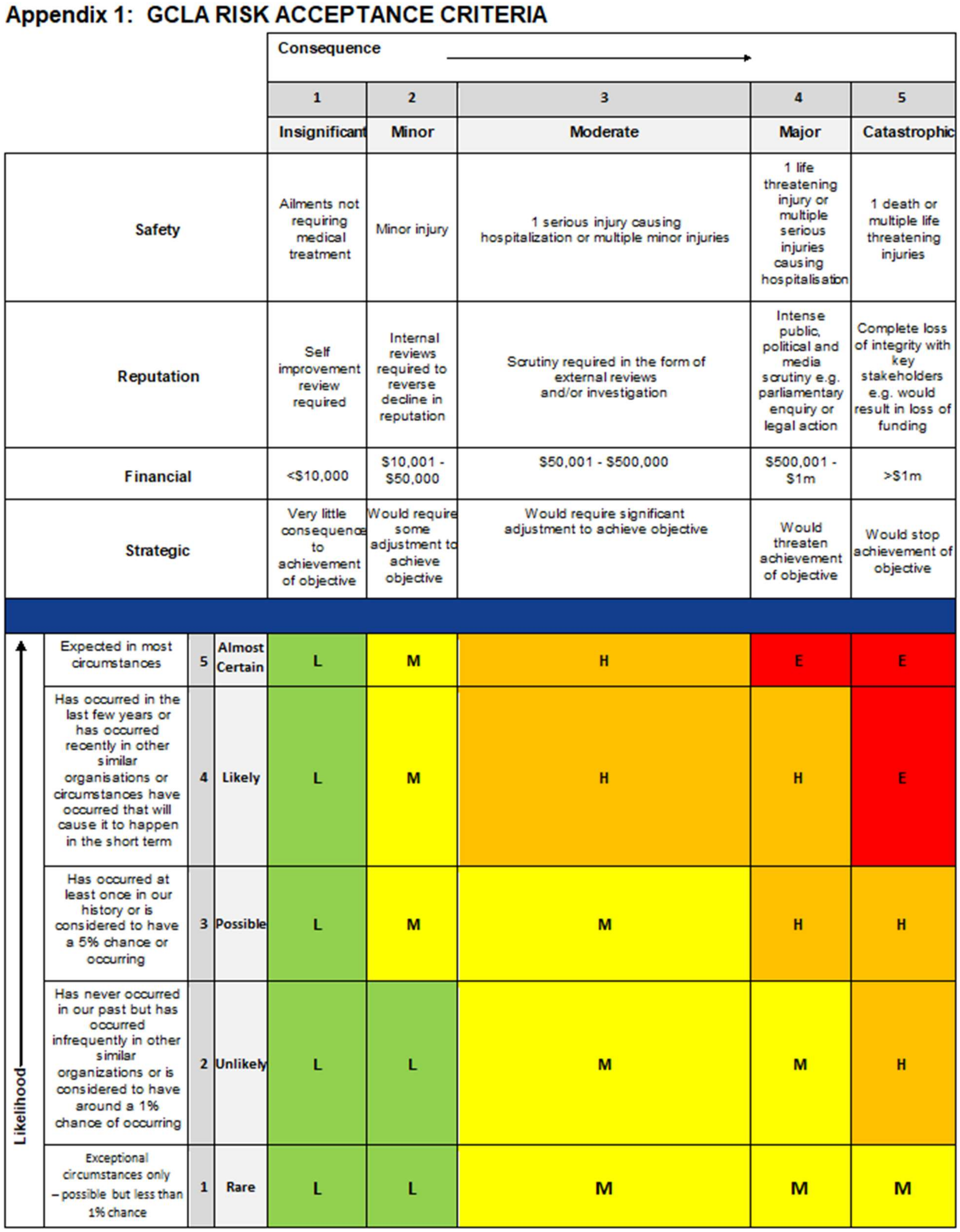
5. Responsibilities and Delegations

Employees	• All Employees are responsible for identifying and reporting risks they become aware of. • Participating in training provided
Managers & Supervisors	• Ensuring that members of their teams are considering risk, reporting risks, and managing risk where appropriate. • Ensuring risk assessments are undertaken where relevant or when new business activities or changed circumstances arise. • Ensuring risk assessments are in place and regularly reviewed where there is identified risk to an individual customer or the employees providing support to the customer. • Providing training to all employees and volunteers in hazard identification and risk management.
Leadership	• Ultimate responsibility for the Risk Management Framework and is accountable to the Board. • Actively pursuing a risk management culture where risks are proactively assessed and reported, and effective risk treatment strategies implemented. • Ensuring appropriate risk management skills, experience and resources are available to employees and volunteers in key areas of risk, business continuity and compliance.
Board of Directors	Oversight of the GCLA's approach to risk management including: • Ensuring management have a framework in place for managing risk that is suitable for the size, business objectives and overall complexity of GCLA's operations. • The risk appetite of the organisation has been appropriately set and has been communicated to all levels of management responsible for assessment of material risks. • That employees appreciate that the management of risk is not about compliance and that it is about managing risk and opportunity for the ongoing success of the business.

Board of Directors continued	• That employees and volunteers appreciate that all risks assessed should be managed or escalated as required. When material to the whole business, this includes escalation to the Board for confirmation of the risks and the suitability of planned risk treatments. • Regular review of the Governance Framework to ensure all key categories of risk are being addressed. • Engaging Executive Team on the extent and format of risk information to be provided to the Board. • Board processes allow access to management for the purposes of challenging and verifying key assumptions and assertions.

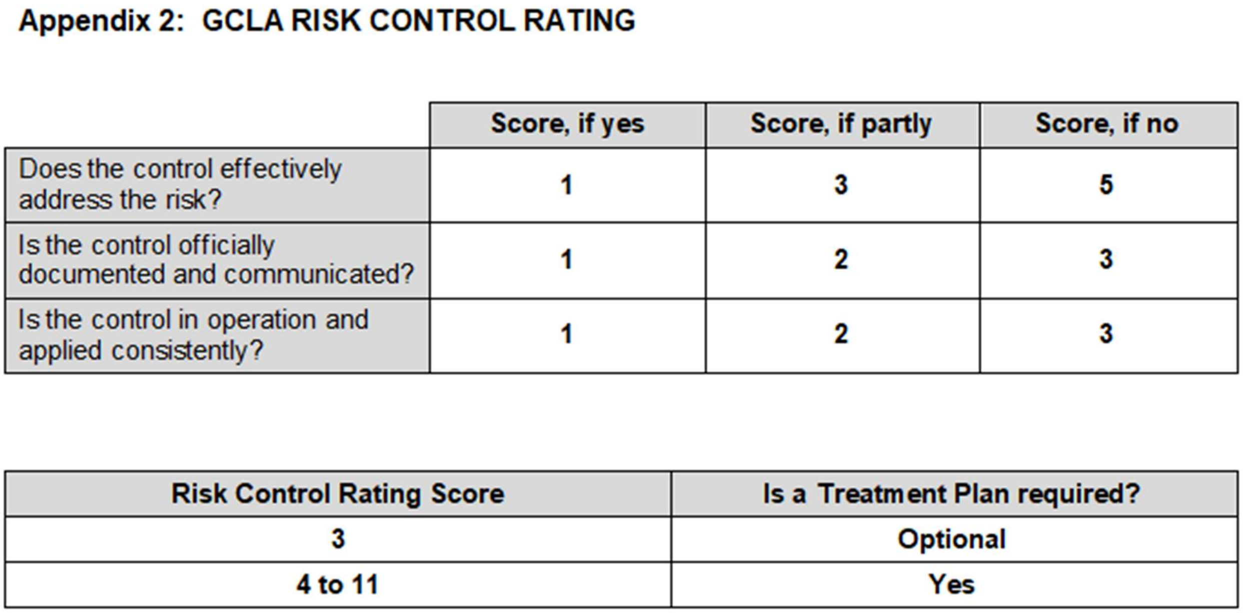
6. Policy Context

Standards	• Australian Standard AS/NZS ISO 31000: 2009 Risk management – Principles and guidelines • Aged Care Quality Standards (ACQS) • NDIS Quality Standards (NDIS)
Legislation	• Aged Care Act • Disability Act • Work Health & Safety Act • Child Protection Act
Contractual obligations	• Employment Agreements • Customer Service Agreements • Service Provider Agreements
Organisation policies	• Governance Framework • Incident Management Policy • Work Health & Safety Policy • Business Continuity Policy



Appendix 1: GCLA RISK ACCEPTANCE CRITERIA

				Consequence				
				1	2	3	4	5
				Insignificant	Minor	Moderate	Major	Catastrophic
Safety				Ailments not requiring medical treatment	Minor injury	1 serious injury causing hospitalization or multiple minor injuries	1 life threatening injury or multiple serious injuries causing hospitalisation	1 death or multiple life threatening injuries
Reputation				Self improvement review required	Internal reviews required to reverse decline in reputation	Scrutiny required in the form of external reviews and/or investigation	Intense public, political and media scrutiny e.g. parliamentary enquiry or legal action	Complete loss of integrity with key stakeholders e.g. would result in loss of funding
Financial				<$10,000	$10,001 - $50,000	$50,001 - $500,000	$500,001 - $1m	>$1m
Strategic				Very little consequence to achievement of objective	Would require some adjustment to achieve objective	Would require significant adjustment to achieve objective	Would threaten achievement of objective	Would stop achievement of objective
Likelihood	Expected in most circumstances	5	Almost Certain	L	M	H	E	E
	Has occurred in the last few years or has occurred recently in other similar organisations or circumstances have occurred that will cause it to happen in the short term	4	Likely	L	M	H	H	E
	Has occurred at least once in our history or is considered to have a 5% chance or occurring	3	Possible	L	M	M	H	H
	Has never occurred in our past but has occurred infrequently in other similar organizations or is considered to have around a 1% chance of occurring	2	Unlikely	L	L	M	M	H
	Exceptional circumstances only – possible but less than 1% chance	1	Rare	L	L	M	M	M



Appendix 2: GCLA RISK CONTROL RATING

	Score, if yes	Score, if partly	Score, if no
Does the control effectively address the risk?	1	3	5
Is the control officially documented and communicated?	1	2	3
Is the control in operation and applied consistently?	1	2	3

Risk Control Rating Score	Is a Treatment Plan required?
3	Optional
4 to 11	Yes