

## Summary

The Risk Assessment and Management Policy Guideline supports the Policy Statement and sets out the Life Without Barriers (LWB) risk management framework. It also outlines our commitment to a risk aware culture and establishes risk management as an integral part of management practice in LWB.

Risk Management enables LWB to support clients with challenging behaviours that otherwise may not receive services.

Risk management is a key component of good corporate governance. Effective implementation of the risk assessment and management process improves accountability and decision making to allocate resources to areas of highest need.

This Policy Guideline also describes how the LWB risk management framework aligns to AS/NZS ISO 31000:2018 Risk Management Standard.

## Who should read this document?

The Policy Guideline covers the range of risk management activity in LWB and applies to all employees, contractors, carers, volunteers and the Board of Directors.

## The meaning of terms and words used in this document

In the context of this Policy Guideline, the following definitions apply:

- **Absolute risk** is the measure of inherent risk without any action taken to control the level of risk.
- **Residual risk** is the measure of risk after action is taken to control the level of risk.
- **Risk Appetite Statement** is approved by the Board to guide the Executive on decision making. Risk Appetite refers to the amount and type of risk an organisation is prepared to pursue, retain or take.
- **Risk** means the 'effect of uncertainty on objectives', or in other words, anything that has a potential positive or negative impact. A risk is measured in terms of likelihood and consequence in accordance with defined risk criteria.
- **Risk Framework** means the set of actions embedded in LWB policy, procedures, guidelines and practices to design, implement, monitor, review and improve risk management outcomes.
- **Risk Management** is the coordinated activity in LWB to direct and control known risks at a suitable level.

Risk levels are defined to help organise risk registers, including:

- **Strategic Risk** is a risk that has the potential to impact on the LWB vision, purpose and strategy. It requires continual vigilance by the Executive and Board. Strategic risks are relatively stable and future focused.
- **Entity Strategic Risk** is a risk specific to subsidiary entities and may impact on the entity or overall vision, purpose and strategy.

- **Key Business Risk** is a risk that is dynamic and often based on current issue affecting LWB. They may impact on one or more business areas in LWB.
- **Business Risk** is a risk that has the potential to impact activity within a business area.
- **Project Risk** is a risk that has the potential to impact the delivery of a project or portfolio work program.
- **Declared Critical Event** are risks or issues tracked by the Executive while being resolved.

Risks are classified according to their nature (which may change), including:

- **New Risk** is a risk assessed as having a possible material impact.
- **Emerging Risk** is a long outlook risk with relatively high impact and low likelihood.
- **Escalating Risk** is an existing risk that has a heightened exposure due to changed conditions.
- **Stable Risk** is a risk that is not expected to change.
- **Volatile** is a risk that is fluctuating or unpredictable.
- **Diminishing** is a risk with lowered risk exposure due to changed conditions.
- **Watch** is a watching brief with all risk mitigations implemented or on track.

The treatment status of each risk is rated according to the following ranking scale:

- **Green:** On track with no issues to resolve.
- **Amber:** On track but issues to resolve.
- **Red:** Significant issues or delay.

## What is our aim?

The Policy Guideline provides an overview of our risk framework, which reflects the mandate and commitment to manage risk effectively through leadership and clear policies, allocation of accountability for risk management roles and the provision of appropriate resources and training.

## Roles and Responsibilities

Everyone at LWB is responsible for risk management as part of their duties, including:

- Board - sets the LWB risk appetite and oversees risk management and assessment.
- Risk Management Committee - oversees all aspects of risk management and compliance and advises the Board on management and identification of risks.
- Executive – advise the Chief Executive on significant strategic or operational risks, implement the risk management strategy and develop a risk aware culture.
- Managers and supervisors - support and implement risk management systems.
- Direct support staff and carers – continually monitor and manage client risks.
- Indirect staff – continually monitor and manager business risks.

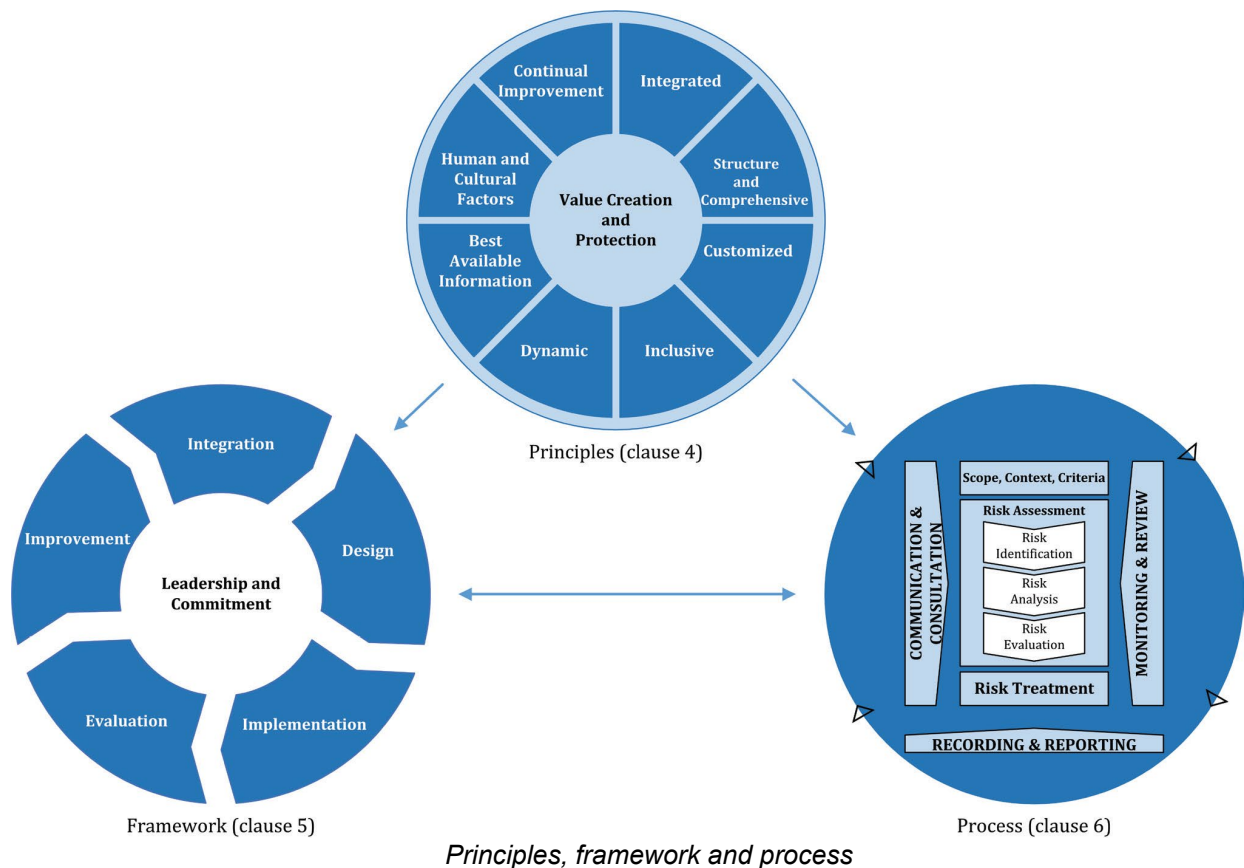
Risk owners are responsible to manage their risks along with the collective responsibility to prioritise resources and contribute to the delivery of risk mitigations. Risk owners are required to be vigilant and avoid complacency.

Independent audits (including internal audits and external regulatory audits) are initiated as required by the Board and our funding agencies to review risk management and internal controls.

## **Guiding Principles of AS/NZS ISO 31000:2018 Risk Management**

The principles in AS/NZS ISO 31000: 2018 define effective risk management as:

- Integrated – risk management is an integral part of all organisational activities.
- Structured and comprehensive – a structured and comprehensive approach to risk management contributes to consistent and comparable results.
- Customised – the risk management framework and process are customised and proportionate to the organisation's external and internal context related to its objectives.
- Inclusive – appropriate and timely involvement of stakeholders enables their knowledge, view and perceptions to be considered. This results in improved awareness and informed risk management.
- Dynamic – risks can emerge, change or disappear as an organisation's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
- Best available information – the inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
- Human and cultural factors – human behaviour and culture significantly influence all aspects of risk management at each level and stage.
- Continual improvement – risk management is continually improved through learning and experience.



*Principles, framework and process*

The risk management standard describes the process of risk management (see diagram above). Each key component of the diagram supports the LWB risk management methodology and framework.

## 1. Communication and consultation

The purpose of communication and consultation is to assist relevant internal and external stakeholders in understanding risk, the basis on which decisions are made and the reason why particular actions are required. Communication promotes awareness and understanding while consultation involves obtaining feedback and information to support decision making.

## 2. Scope, context, criteria

It is important to be clear about the scope and its alignment with the organisational objectives. The context should consider the external and internal environment relevant to the activity the risk management process will be applied and specify the amount and type of risk that it may or may not take relative to objectives.

## 3. Risk identification

The purpose of risk identification is to find, recognise and describe risks that might help or prevent an organisation achieving its objectives. Relevant, appropriate and up-to-date information is important in identifying risks.

#### 4. Risk analysis

Risk analysis involves a detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness. An event can have multiple causes and consequences and can affect multiple objectives.

#### 5. Risk evaluation

Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required.

#### 6. Risk treatment

Selecting the most appropriate risk treatment option(s) involves balancing the potential benefits against costs, effort or disadvantages of implementation. Treatment plans should specify how the treatments will be implemented and should be integrated into management plans and process. Risk treatment can also introduce new risks that need to be managed.

#### 7. Monitoring and review

Monitoring and review includes planning, gathering and analysing information, recording results and providing feedback. The results should be incorporated throughout the organisation's performance management, measurement and reporting activities. Monitoring and review should take place in all stages of the process.

#### 8. Recording and reporting

The risk management outcomes should be documented and reported through appropriate mechanisms. Reporting should enhance the quality of dialogue with stakeholders and support top management and oversight bodies in meeting their responsibilities.

## Risk Appetite Statement

The Risk Appetite Statement approved by the Board is designed to enable and encourage innovation in LWB within a risk aware and defined framework. It also considers the strategic context of LWB in order to identify risks for all LWB Values, across the following levels:

- Seeking                      Actively pursue opportunities
- Receptive                     Be aware and open to opportunities
- Cautious                       Requires Chief Executive endorsement
- Averse                         Consult the Board before proceeding
- Zero Tolerance               Prohibited until notified.

## Approach

The Board Governance Framework requires the Executive to complete a monthly review of all strategic and key business risks to highlight prioritised risk information:

- New / Emerging / Escalating Risks

- Strategic and Key Business risks with status of ‘Red’ or ‘Amber’ (Positive assurance statement on the effectiveness of risk mitigation activity).

**LWB Strategic Risk Management**

The diagram below sets out the model and key elements for effective risk management in LWB. It shows the relative responsibility and procedure to implement and maintain our risk framework.



**LWB Client Risk Management**

A key objective of managing client risks is to eliminate the risk of harm to clients. We apply risk management strategies to support our service delivery to clients, including but not limited to:

- Pre-employment checks and screening for staff and foster carers
- Placement matching for residential, general and intensive foster care placements
- Case management and casework supervision

- Panel oversight for high needs clients (clinical, medical and restrictive practice)
- Client voice, client support principles, evidence informed process and family inclusion.

LWB frontline and supervisory staff continually apply risk management according to the specific needs of each client. Often a significant event triggers a review of client risks, including but not limited to:

- Enter/exit care
- Develop/review Case Plans, Behaviour Support Plans etc
- Change in life domains or aspects of care, e.g. placement breakdown
- Incidents involving the client.

Risk management may be applied in any key area of client engagement, including but not limited to:

- Identity and psychological well-being
- Cultural safety and connections
- Medical and physical health
- Social and community connections
- Behaviour and emotional development
- Education and vocational engagement
- Housing, finance and legal matters.

## **Risk Visibility**

The diagram below identifies risk visibility in the Risk Wizard system:

- Strategic Risks – Board approve and monitor risks as assigned and managed by the Executive.
- Key Business Risks – Executive monitor risks managed by States or NSO Business Units.
- Business and Project Risks – Executive Directors monitor and manage these risks and escalate as required.

Risk Visibility

All Users

Risk Owners  
Entity and  
Group Board  
Executive  
Management

Board and  
Executive Only

Risk Hierarchy



Responsibility

Board and Management Structure	Responsibility
Group Board	Board and Management Annually review the Risk Appetite Statement and Strategic Risks for the overall Group.
Risk Committee	Prepare a regular summary report for the Board on progress of all Strategic and Key Business Risks.
Entity Boards – DUO, Divestment, Special Purpose	Regularly engage with Executive/ Management to review related Key Business Risks and Business Risks
Executive	Monthly review of risks and actions progress and consider the Risk Appetite Statement in business decisions
Management	Maintain Risk Registers for all Business Areas and consider these and other risks in business decisions.

## LWB Risk Management Methodology

Identified risks are assessed in accordance with likelihood and consequence. The risk management matrix is applied throughout LWB to enable a consistent assessment of risks.

<b>Consequence</b>	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Likelihood</b>	No impact	Minor impact	Noticeable impact	High impact	Very high impact
Almost certain	Medium - 11	Medium - 16	High - 20	Extreme - 23	Extreme - 25
Likely	Low - 7	Medium - 13	Medium - 17	High - 22	Extreme - 24
Possible	Low - 4	Low - 4	Medium - 15	High - 19	High - 21
Unlikely	Low - 2	Low - 6	Medium - 10	Medium - 14	High - 18
Rare	Low - 1	Low - 3	Low - 5	Medium - 8	Medium - 12

## Risk Identification and Review

Risk identification occurs through a number of processes:

- Strategy and Business Plan development / implementation
- Program and project planning / implementation
- Change in business or work environment
- Environmental scanning
- Risk workshops
- Incidents
- Project closure reports.



Risk owners regularly review risk data to ensure currency.

## Reporting

A key element of the Risk Standard is to actively monitor and report risks. LWB uses the Risk Wizard system to capture and report on risks affecting LWB. The Executive and Board receive regular reports on actual and potential LWB risks, including:

- Strategic Risks reported to the Executive each month and the Risk Committee and Board each quarter or additional reports as required.
- Key Business Risks reported to the Executive each month and Risk Committee each quarter.
- Business and Project Risks reported locally and escalated via the responsible Director as required.
- New / Emerging risks (with a possible material impact) are report to the Board each month.
- Escalating risks (existing risks with a heightened risk exposure due to changed conditions) are reported to the Board each month.
- Strategic and Key Business risks showing a treatment status of ‘red or ‘amber’ are reported to the Board each month with the inclusion of a positive assurance statement.

Reports on individual and collective client risks are available through CIRTIS reporting and other organisational systems.

## Risk Assurance

The Risk Assurance Health Check brings together the risk owner (or delegate) and independent risk manager to assess the effectiveness of risk mitigation activity where required identify additional measures to improve risk outcomes. The process is applied as a minimum for risks with a status of Amber or Red. The outcome of the process is to produce a positive assurance statement of the effectiveness of risk controls – as described in the tables below.

### Risk Assurance Health Check

Assurance	Objective	Assurance Assessment
Governance	Risk ownership is assigned and accepted.	<p>Have roles and responsibilities been established for the management of this risk?</p> <p>Are the risk and mitigation owners aware of their role and actively managing this risk?</p> <p>Are all valid risk fields populated for the owner to effectively manage the risk?</p> <p>Has risk mitigation budget been approved for the risk?</p>
Alignment	The risk statement and mitigation activities address the source and cause of the risk.	<p>Does the risk statement reflect the actual risk?</p> <p>Do the defined risk actions mitigate the actual risk?</p> <p>Is the risk mitigation covered in the business plan or a business plan activity?</p>

Assurance	Objective	Assurance Assessment
Communication	The risk scope is clear and understood by relevant people.	Has the risk scope and required activities to manage the risk been communicated to relevant people? Is the risk scope clearly understood? Is the communication timely? Are changes to the risk communicated in a timely manner?
Risk Plan	The risk mitigation pathway is defined and timelines clearly set.	Is there an approved risk plan and schedule for implementing risk mitigation activities? Is the risk plan running to schedule? Are mitigations effective in managing the risks? Do mitigation controls expose new risks?
Resourcing	Resources are allocated to manage the risk appropriately.	Are sufficient resources deployed to deliver risk mitigation in a reasonable timeframe? Are the resources aware of their deliverables?
Status Assessment and Reporting	Risk status assessment and reporting are accurate and timely.	Is the risk status monitored by the risk owner? Are risk deliverables and outcomes measured? Does the risk owner stay abreast of emerging or escalating matters that may impact the risk? Is there an escalation process for any risk not meeting the mitigation timelines? When escalated is timely action taken resolve? Is the risk updated to reflect the revised activities and timelines?
Effectiveness	Risk mitigation activities are effective and efficient at managing the risk.	Are risk controls effective in the management of the risk? Is there evidence that risk management activity has made a difference? Is the risk management activity subject to continuous improvement?

## Risk Assurance Criteria

The results of the risk assurance health check are aligned to one of the four categories shown below:

Assurance	Description	Action	Reporting
Highly effective	Controls and mitigations are continually applied and highly effective for this risk.	Regular monitoring and review of the risk to continue.	All risks ranked highly effective should be tracking green. There are no specific reporting requirements.
Moderately effective	Controls and mitigations are regularly applied and moderately effective for this risk.	An assessment to be undertaken and approved to determine if further controls or mitigations are to be added and by when.	If the risk is red or amber an assurance statement is to be provided describing what will be implemented and by when. Refer to risk type for reporting requirements.

Assurance	Description	Action	Reporting
Partially effective	Controls and mitigations are inconsistently applied and only partially effective for this risk.	An assessment to be undertaken and approved to determine if further controls or mitigations are to be added and by when.	If the risk is red or amber an assurance statement is to be provided describing what will be implemented and by when. Refer to risk type for reporting requirements.
Ineffective	Controls and mitigations either not in place or ineffective for this risk.	Immediate identification of controls and mitigations to be undertaken within agreed timeframe approved by the risk approver.	This risk should be tracking red or amber, an assurance statement is to be provided describing what will be implemented and by when. Refer to risk type for reporting requirements.

## Review

This policy guideline scheduled review period is two years from the time of approval.