

Strategic Risk Management Policy



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Strategic Risk Management Policy



Scope, Coverage & Objectives

Barnardos Australia (“**Barnardos**”) is committed to establishing an organisation that ensures risk management is an integral part of strategic and operational objectives, management systems and processes, and policies and procedures.

The Strategic Risk Management Policy sets out our approach and expectations in relation to risk management that underpins the development, implementation and integration of the framework and processes to manage risk. It does so in the context of our Vision, which recognises that all children and young people will have caring families, in which they can grow safely and fulfil their potential. In this way, children, young people and families will be valued and supported by quality services and engaged communities.

For the purposes of this Policy, Risk has been defined as “*the chances of something happening that will have an impact on objectives*”, (**Australian/New Zealand Standard on Risk Management AS/NZS 4360:2004**) whilst Risk Management has been defined as “*the culture, processes and structures that are directed towards taking advantage of potential opportunities while managing potential adverse effects*”. (**ASXCGC’s Corporate Governance Principles & Recommendations**)

In this context, our overarching objectives of risk management are as follows:

- Barnardos is committed to minimising risk for children, young people, families and for staff, carers, volunteers and the general community.
- We are dedicated to the long-term sustainability of Barnardos Australia so that we can continue to provide services to, and advocate for Australia’s children and young people.
- Risk management will be aligned to the organisation’s mission, vision, strategic directions, governance framework, culture and processes.

Outcomes of the Policy

To develop a standardised and structured risk management framework relevant to our operations while integrating and embedding risk management within the culture, processes and systems of the organisation.

Rationale

The rationale of this policy is the obligation and desire that we meet our objectives and protect:

- the provision of support and assistance to children, young people and families
- expectations of our staff, carers, volunteers, the general community and the environment in which we operate.

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The aim of this policy is not to eliminate risk. It is to assist the Board, Executive Management Team and Barnardos staff to manage the risk involved in its activities, in order to maximise opportunities and minimise adverse consequences.

Effective risk management requires:

- Identifying and taking opportunities to improve performance as well as taking action to avoid or reduce the chances of something going wrong,
- A systematic process that can be used when making decisions to improve the effectiveness and efficiency of performance,
- Forward thinking and active approaches to management,
- Effective communication,
- Accountability in decision making, and
- Balance between the cost of managing risk and the anticipated benefits.

Statement of Commitment

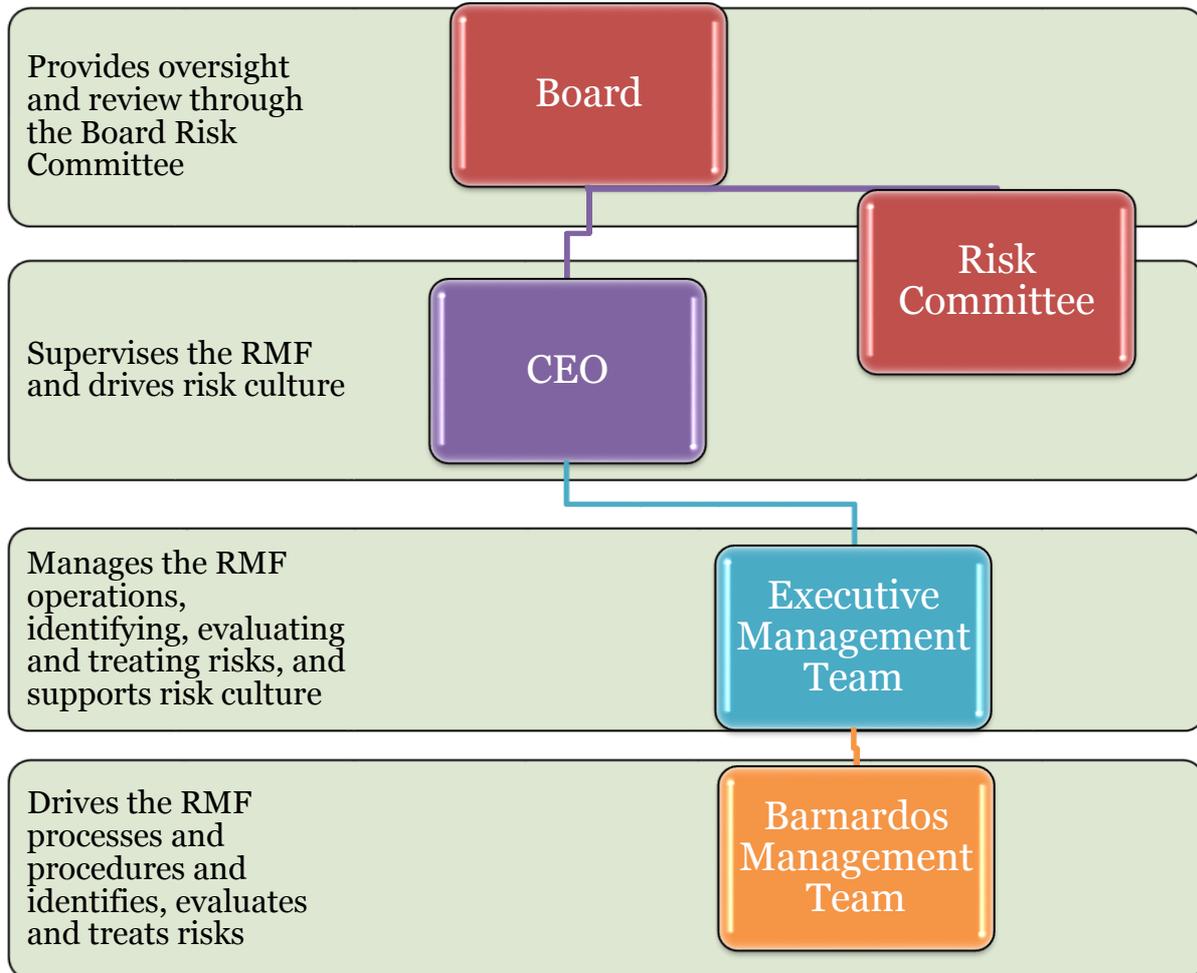
Barnardos is committed to the philosophy of effective and responsible risk management as a core managerial capability. It further views risk management as a fundamental component of its corporate governance charter.

Management undertakes to co-operate and consult with staff and external stakeholders to ensure that the risks associated with all our programs and facilities are formally identified, assessed and managed in accordance with the principles outlined in Australian Standard **AS/NZS ISO 3100:2009 Risk Management – Principles and Guidelines (“The Standard”)**¹

¹ Recent updates included in the publication of the 2018 Standard, have, as yet, not been incorporated in an updated AS/NZS Standard. However, the renewed focus on cybersecurity has been reflected in our Risk Elements contained within the Risk Category of Operating Risks detailed in Table 1

Risk Management Governance Structure

Figure 1: Governance Structure of the Risk Management Framework



Risk Appetite

Barnardos is a not-for-profit organisation with the principle aim of protecting children and supporting families. In this context, it is important to have clear guidance on risk appetite and risk tolerance to ensure management and staff operate within clear parameters.

However, we work in a sector that faces the ongoing challenges of working with vulnerable children, families and communities, where change and adversity is inherent with changes in government policy and economic factors adding to the complexity of managing risk. Whilst these are largely out of our direct control, the impacts must be mitigated as far as possible, and it is within this mitigation strategy that our risk appetite must be framed.

It is acknowledged that the Board sets the Risk Appetite for Barnardos in order to provide guidance to the organisation in the course of its dealings as to the amount of risk that it is willing to seek or accept in the pursuit of its long-term objectives. In support of this, the guidelines contained in this Policy support Barnardos in the following manner:

- Managers making decisions need to understand the degree to which they are permitted to expose the organisation to the consequences of an event or situation,
- Executives need to understand their aggregated and interlinked level of risk so they can determine whether it is acceptable or not,
- The Board and Executive need to understand the aggregated and interlinked level of risk for the organisation as a whole,
- Executive Managers and Barnardos Managers need to be clear as to the variability of risk appetite levels over time, and
- Risk decisions must be made with full consideration of outcomes, and linked to risk mitigation strategies.

Barnardos' Risk Appetite is currently reflected in the descriptions attributed to our Consequence Levels as contained in our Risk Matrix. In these, we have clear indications as to the manner, and the extent to which, we have characterised a wide-range of events that may reflect the day-to-day challenges associated with the services and programs that we offer, the manner in which our staff provide these services and programs, and the impact these may have on our children, families and carers. In recognising these consequences, and our desire to minimise risk and ensure strong and effective mitigation strategies are identified and put in place for Extreme and High Risk items, it reflects our current attitude to our Risk Appetite.

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Additionally, the Board reporting regime that has been implemented, provides further insight as to the risk appetite levels within which Barnardos operates. As part of the regular reporting to the Risk Committee, members are apprised of all Extreme and High risks, including details of all mitigation strategies. Additionally, members are also informed of all Medium risks, enabling them to maintain oversight of these so as to ensure that the mitigation strategies that have been put in place by management are effective, thereby preventing them transitioning to a greater risk level in the short-to-medium term.

Review

The Strategic Risk Management Policy will be reviewed by the Board every three (3) years or sooner if there have been significant internal changes; changes to the external environment; changes to the Operational Risk Management Policy or Risk Committee – terms of reference.

Document Control Information

Heading	
Document Name	Strategic Risk Management Policy
Current Version	Version 2 - August 2018
Last Updated	June 2015
Document Author	Louise Shepherd – Risk Coordinator Mel Andrews – Executive Manager Safety & Prevention Metropolitan NSW
Approved By	Board of Barnardos Australia
Approved Date	21 st August 2018
Revision Chart	Replacing Barnardos Australia Risk Management Policy – endorsed by the Board in June 2015
Links to other policies in this form: <ul style="list-style-type: none">• Operational Risk Management Policy	

Table 1. Risk Categories and Risk Elements defined within Barnardos Risk Management Framework

Risk Category	Category Definition	Risk Elements	Risk Elements Definitions These are defined as “Events, activities or structural attributes that ...”	Rationale for Managing Risk
Child Safe Organisation Risks	Relate to the activities of Barnardos to internally structure its organisation to enable it to be child-safe and to do so in a timely, effective and efficient manner, having regard to the compliance environment within which its services and programs are delivered	<ol style="list-style-type: none"> 1) Children safety 2) Carer recruitment 3) Carer & household management 4) Children and young people grow safely and fulfil their potential 5) Organisational structure 6) Regulatory, legal and compliance 7) Internal controls 8) Privacy 	<ol style="list-style-type: none"> 1) ... directly or indirectly threaten child safety 2) ... inhibit our ability to attract and retain enough high quality people with the right motivation and attributes to be carers to support our children 3) ... impair our ability to effectively manage our carers as well as the household environment within which our children are placed 4) ... adversely affect our ability to satisfactorily respond to all necessary matters so as to ensure positive outcomes for our children 5) ... challenge our ability to achieve our strategic objectives due to our organisational structure 6) ... jeopardise our service delivery accreditations 7) ... challenge the quality and impact of our internal control mechanisms that safeguard the provision of our services 8) ... challenge our ability to create and maintain adequate security and privacy of our client data 	<ul style="list-style-type: none"> • Our structure and practice reflects the needs of our clients and supports the clarity of our vision to support, care and protect young people in need. • We recognise that our regulatory, legal and compliance frameworks are critical to us achieving successful client outcomes • Our internal control processes support service provision and are therefore fundamental to our success • We remain extremely diligent with regards the complexities around children and carer safety • We focus heavily on maintaining the security of our client data, recognising the organisational and personal damage that breaches could cause

Strategic Risks	Relate to the positioning of Barnardos in the market place where alignment between service and capabilities becomes an ongoing consideration	<ol style="list-style-type: none"> 1) Brand & reputation 2) Growth 3) Performance & outcomes 4) External engagement 	<ol style="list-style-type: none"> 1) ... make our clients choose one service provider over another 2) ... impede our growth priorities or strategies 3) ... negatively impact our ability to achieve our outcome measures 4) ... prevent or limit an organisation-wide response to partnering and/or government agency developments or initiatives 	<ul style="list-style-type: none"> • We have a strong reputation and our brand is trusted and crucial to our future • We have a holistic approach to service provision and this is the foundation for our points of difference • Partnerships provide opportunities but are resource intensive and can be difficult to manage • Our future success is based on reaching new clients • Understanding government priorities and initiatives underpins our advocacy activities
Operating Risks	Relate to the internal processes, procedures and systems (IT based and otherwise) that Barnardos has in place to support service and program delivery across all relevant market segments, as well as those that are not directly service or program specific	<ol style="list-style-type: none"> 1) Information technology 2) Software data base design, usability, functionality, maintenance. 3) Cybersecurity 4) Service integration 5) Staff recruitment & retention 6) Staff skills, capability & development 7) Innovation processes 	<ol style="list-style-type: none"> 1) ... negatively impact provision of our services 2) ... restrict our ability to obtain client information that is timely, accurate and consolidated as required 3) negatively impacts our ability to secure/protect our IT systems and the software we use 4) ... negatively impacts our ability to holistically service our clients 5) ... negatively impact our ability to recruit appropriate staff and retaining their services as deemed appropriate 6) ... impact on service provision directly attributed to staff skills, staff 	<ul style="list-style-type: none"> • We recognise the importance of appropriate IT infrastructure for staff and clients • We understand the need for integrated information sources that can support us providing holistic services to our clients • Our success is linked directly to the skills and welfare considerations of our staff • We place a high degree of value on our ability to be innovative in service design and delivery

			capabilities and staff welfare-related issues 7) ... inhibit the introduction or development of innovative program design or service delivery responses to achieve better client outcomes	
Financial Risks	Relate to the management of Barnardos financial and other physical assets that both support current and future service and program delivery, and from which current services and programs are delivered	<ol style="list-style-type: none"> 1) Organisational reserves management 2) Accounting & reporting 3) Government contracts – OOHC 4) Government contracts - other 5) Cost centre budget management 6) Fraud & corruption 7) Independent funding sources (Revenue & giving) 8) Treasury 9) Asset management 	<ol style="list-style-type: none"> 1) ... threaten either the levels of our reserves or their intended use 2) ... negatively impact the accuracy or the timeliness of our internal or external financial reporting 3) ... result in reduced levels of government contracts covering our OOHC activities 4) ... result in reduced levels of government contracts covering our non-OOHC activities 5) ... result in the mismanagement of our cost centre budgets 6) ... result in loss of money or other assets as a direct result of internal fraud or corruption 7) ... reduces our ability to attract funding from non-government sources 8) ... threaten or negatively impact the effective management of our liquidity 9) ... impact our ability to manage our assets effectively and efficiently 	<ul style="list-style-type: none"> • We recognise that our long-term sustainability is reliant on our skills and expertise in managing the full range of financial management issues, and accordingly, our ability to mitigate the challenges in this Risk Category requires an ongoing focus
People Safety Risks	Relate to the management of Barnardos physical attributes which focus attention on harm to our staff	<ol style="list-style-type: none"> 1) Incidents – WHS arrangements 2) Human behaviour 3) Property and/or equipment not fit-for-purpose 	<ol style="list-style-type: none"> 1) ... fail to consider a range of occupation-related activities that may negatively impact staff performance and safety 2) ... fail to support our staff in the face of inappropriate interpersonal dealings 	<ul style="list-style-type: none"> • Our staff are vital to our future and we must ensure that they work in a safe environment that recognises the operational challenges they face in dealing with the myriad of circumstances that

			<p>3) ... fail to consider the quality, proper functioning and safety considerations associated with the equipment and premises used by our staff</p>	<p>confront them as they undertake their duties</p> <ul style="list-style-type: none">• The physical resources that our staff use in the course of servicing our clients, must be fully functional and fit-for-purpose, recognising that safety and comfort are important elements to both staff satisfaction as well as effective service delivery
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Table 2. Risk Ratings and their Interpretation

Rating	Interpretation
Low	will not cause the Board any undue concern and will still enable the organisation to pursue its strategic long-term objectives
Medium	whilst not causing any immediate concerns, questions remain as to how the risk level will impact the organisation achieving its long-term strategic objectives and therefore dictates the extent to which the Board wants to continue close monitoring of risk mitigation strategies
High	causes the Board serious concern where the Board seeks a “risk benefit analysis” which includes detailed mitigation strategies that can bring the risk under control whilst enabling the organisation to meet its long-term strategic objectives
Extreme	causes the Board immediate, significant and serious concern requiring immediate reporting to the Board Chair and Chair of the Risk Committee and the need for urgent, detailed risk mitigation strategies to be put in place