

---

# RISK MANAGEMENT POLICY

## Contents

- Introduction..... 2
- Scope..... 2
- Policy Statement ..... 2
- Exclusions ..... 2
- Definitions ..... 3
- Policy Principles..... 4
  - Risk Management Principles..... 5
- Policy in Action ..... 5
  - Roles and Responsibilities..... 6
- Related Policies and Procedures..... 7
- Document Control ..... 7
- Revision History..... 7

## Introduction

ChildFund Australia's stakeholders are seeking greater transparency and accountability for managing the impact of risk. The purpose of risk management is the creation and protection of value. It improves organisational performance, encourages innovation and supports the achievement of the objectives of ChildFund Australia (ChildFund).

This policy sets out ChildFund's organisational culture with respect to risk and the organisation's approach to risk management. The policy is guided by the parameters set in the organisational Risk Appetite Statement<sup>1</sup>. All staff, management and Board Members are responsible for ensuring that appropriate measures are taken to manage risk in the course of their work.

ChildFund's Risk Management Policy is implemented by a range of measures and is supported by the accompanying Risk Management Procedures.

## Scope

Risk Management is the responsibility of all those who participate in the work of ChildFund. This includes:

- Board members
- ChildFund Staff (Australia and country offices and including volunteers and interns)

In working in partnership with organisations, ChildFund will support partners in the development of their own risk management procedures and processes when requested or when necessary.

## Policy Statement

In working to deliver on the strategic objectives of ChildFund, the organisation will necessarily encounter and engage with risk. The board has an approved a Risk Appetite Statement (RAS) <sup>1</sup>which outlines the organisation's willingness to accept risk in different activities. The RAS will drive behaviour by setting parameters within which the organisation will operate and allow it to capitalise on opportunities as they arise.

The Risk Management Policy and related procedures support the organisation in dealing with and managing risk within the parameters that are set by the organisational RAS.

ChildFund is committed to continually developing and maintaining organisational culture and practices that enable staff, management, partner organisations and Board Members to pursue the Mission/Vision and achieve organisational objectives, while ensuring the appropriate identification, assessment, monitoring and management of risk.

## Exclusions

Nil

## Objectives

The Risk Management Policy aims to ensure risk is at the forefront of people's minds in planning and

---

<sup>1</sup> Risk Appetite Statement (RAS) – internal document located on Bamboo.

making decisions and an appropriate level of risk assessment is applied to all decisions. It also establishes a consistent approach to risk management across the organisation. Its application helps us deliver greater transparency and accountability to our stakeholders and improves the likelihood of success in our objectives and mission.

## Definitions

These definitions apply to both the Risk Management Policy and Procedures.

**Consequence** the outcome or impact of a risk happening. The risk can affect ChildFund's reputation and objectives, its stakeholders or the wider community.

**Inherent Risk Rating** the risk rating before the impact of any control or treatment.

**ISO 31000** is an international standard that provides principles and guidelines for risk management. It outlines a comprehensive approach to identifying, analysing, evaluating, treating, monitoring and communicating risks across an organisation.

**Likelihood** The chance of a risk happening.

**Residual Risk Rating** the risk rating after the impact of any control or treatment.

**Risk** is the effect of uncertainty on objectives. Risks includes events that cause damage or are negative in impact as well as events which prevent realising positive opportunities or benefits.

**Risk Appetite** the amount and type of risk that an organisation is willing to bear to achieve its objectives, either before or after treatment.

**Risk Appetite Statement (RAS)** the board approved statement that sets parameters within which the organisation will operate and the level and type of risk it is willing to bear to achieve the strategic objectives of ChildFund.

**Risk Assessment** the process of identifying, analysing, quantifying and documenting risk.

**Risk Controls** Current processes, procedures, actions or other measures that are taken to reduce the likelihood of a risk occurring or minimise the impact if the risk were to occur. A control is something that is currently in use, as opposed to a treatment, which is a control not yet implemented.

**Risk Management Procedures** the systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, documenting, monitoring and reviewing risk.

**Risk Matrix** the criteria against which the level of risk is evaluated, taking account of likelihood and consequence. ChildFund Australia has a specific risk matrix for rating risks.

**Risk Owner** A named person/entity with accountability or authority to manage a risk.

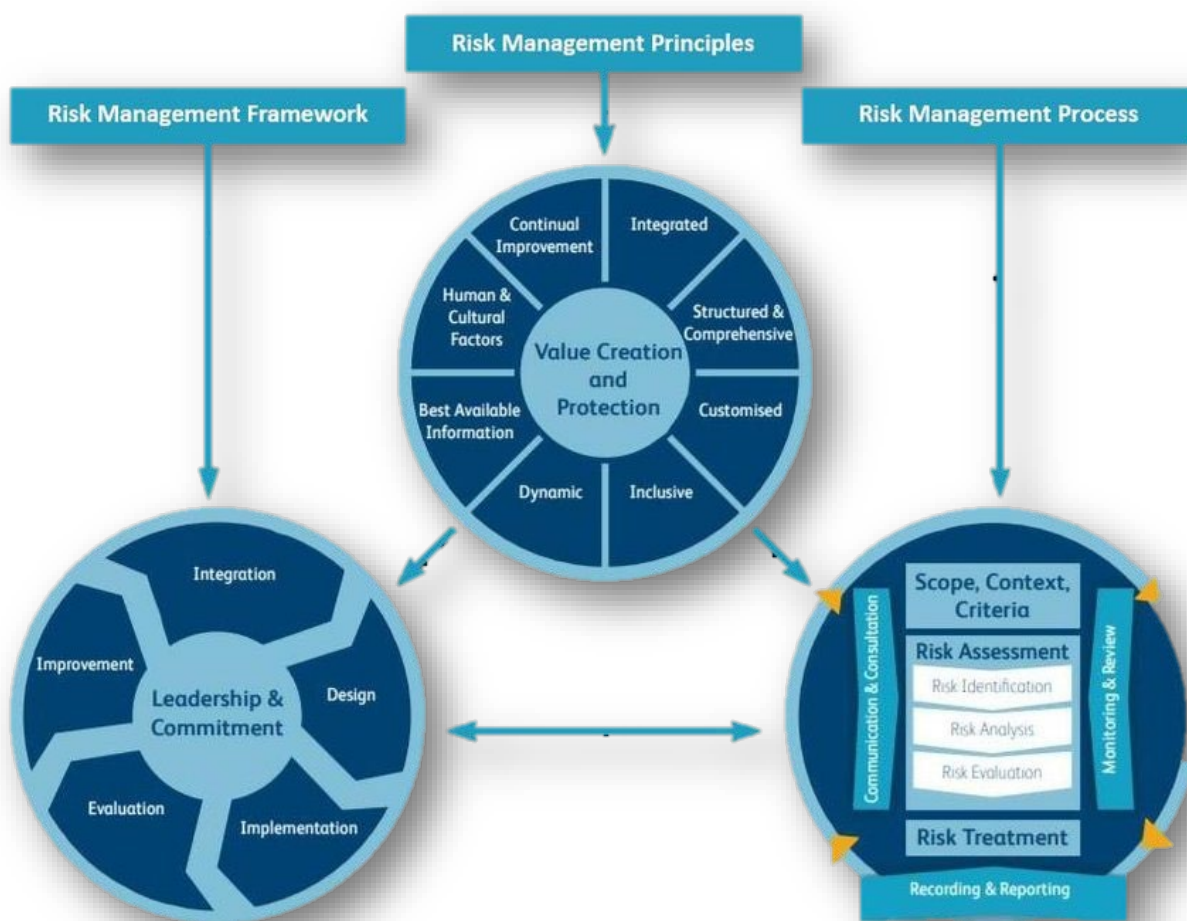
**Risk Rating** the rating (or level) of a risk derived from the combination of consequences and their likelihood.

**Risk Register** the document that records risks and assigns responsibility for their controls and treatments.

**Risk Treatment** A strategy, process or procedure that aims to reduce the likelihood, share or mitigate the impact of risk. A risk treatment is something being proposed or planned.

## Policy Principles

ChildFund is guided by the Risk Management standard ISO31000:2018<sup>2</sup>. It provides a set of principles and guidelines for the design and implementation of a risk management framework.



The following eight Principles inform the Risk Management Framework, measures and process developed and applied by ChildFund.

<sup>2</sup> International Standard for Risk Management Standard ISO 31000:2018  
<https://www.iso.org/iso-31000-risk-management.html>

## Risk Management Principles

- **Integrated** – risk management is an integral part of all organisational activities at all levels within the organisation, both operational and strategic.
- **Structured and comprehensive** – the process of risk management is consistent across the organisation to ensure efficiency, consistency and reliability of results.
- **Customised** – Risk management activities are able to be customised and proportionate to the level of risk faced by the organisation.
- **Inclusive** – Engaging partners and other stakeholders in risk management procedures recognises that communication and consultation are key to managing risk.
- **Dynamic** – Risk management activities need to be iterative and responsive to new, emerging and changing risks.
- **Best available information** – to effectively manage risk it is important to understand and consider all available information relevant to an activity and to be aware that there may be limitations on the information.
- **Human and cultural factors** – risk management needs to recognise the contribution that people and culture have on achieving the organisations objectives.
- **Continual improvement** – Risk management is continually improved through learning and experience.

## Policy in Action

With respect to the principles and to encourage the pro-active management of risk and embed risk management in the organisational culture, the leadership team has developed the following Risk Management framework:

- Risk management practices are incorporated into all strategic, operational and project planning processes.
- Staff are provided with policies and procedures necessary to manage risks: organisational, partner-specific and project-specific risks.
- Staff are provided ongoing training on risk management.
- Senior management (in both Sydney and country offices) are accountable for managing risk.
- The ChildFund Australia Board is accountable for overseeing Risk Management and establishes the amount and type of risk that may or may not be taken. This is reflected in the agreed RAS.
- The RAS of ChildFund integrates the strategic objectives of the organisation, stakeholder interests and the resources (both financial and non-financial) that are available to it.
- ChildFund has different appetites for different contexts as outlined in the RAS. It reviews these annually to address internal and external changes and remain flexible and reactive to changing market conditions.
- Risk and the management of risk will be identified and monitored according to the risk categories identified in the RAS.
- Risks will be assessed against the ChildFund risk assessment matrix (contained in the Risk Management Procedures) according to agreed definitions of likelihood and consequence.
- All identified risks will be recorded in the agreed Risk Register format (provided in Annex 1 of the Risk Management Procedures) and monitored continuously for changes and improvements.

- All risks will be assigned an owner who is responsible for managing, monitoring and ensuring that adequate controls and treatments are being applied so that risks are brought within tolerable levels.
- Risk assessments will be conducted on all new activities, partners and projects (as appropriate) prior to commencement to ensure alignment with risk appetite, and strategic and organisational objectives.
- Project risks, including a review of mandatory areas (included in Annex 1 Risk Management Procedures), will be identified, reviewed and monitored at least every 6 months.
- Organisational risks and mitigating factors will be identified by respective departments and Country Offices, reviewed and monitored by Sydney and presented to the Executive Team, the Audit and Risk Committee and the Board, every six months.
- Partner organisations will be provided risk management training where requested or deemed necessary and involved in ChildFund risk management procedures, to ensure risks and opportunities are identified and mitigations developed, implemented and continuously monitored.
- Partner organisations will be supported in the development of their own risk management practices where necessary.

### **Roles and Responsibilities**

All ChildFund staff will:

- Be mindful of risk and ensure appropriate steps and measures are taken to identify, analyse and monitor risk in the course of their work;
- Comply with the Risk Management Policy and Procedures document; and
- Raise new and emerging risks with their Manager.

The ChildFund Australia Board through the engagement of its Audit and Risk Committee:

- Set the overall risk appetite of the organisation ensuring it aligns with the strategic objectives and aims and will review this annually as part of the strategic plan review or risk review process;
- Oversees the Risk Management Policy and Procedures ensuring that management is taking appropriate measures to manage risk in the organisation;
- Sets the organisational culture and values toward risk management; and
- Regularly reviews and provides feedback on the organisational risk assessments and risk register.

Senior management (in both Sydney and country offices) will:

- Monitor and ensure compliance with this policy and related procedures;
- Arrange regular risk management training and development;
- Ensure risk management is integrated into all organisational activities that they are responsible for;

- Continually monitor and assess risk in their areas of responsibility and introduce improvements where necessary;
- Ensure adequate risk management assessments are undertaken as part of the partner due diligence and capacity assessments;
- Ensure adequate risk management assessments are undertaken for each project and an adequate risk management plan is put in place to mitigate such risks; and
- Ensure partner organisations have adequate risk management procedures in place and provide training, support and guidance where necessary.

Partner organisations will:

- Comply with all obligations as defined in their agreements with ChildFund, including those pertaining to risk management;
- Provide or develop risk management policies and procedures with assistance from ChildFund where required; and
- Ensure regular training on risk management is undertaken with staff with assistance from ChildFund where required.

The Deputy CEO Operations (with the assistance of the Head of Finance, Risk and Compliance):

- Is responsible for the interpretation, administration, application and revision of this Policy and procedures; and
- Is responsible for the consolidated reporting of organisational risk assessments and mitigation strategies to the Audit and Risk Committee and Board.

## Related Policies and Procedures

- Risk Management Procedures
- Risk Appetite Statement (RAS)

## Document Control

Version number	4.0
Date	19 February 2024
Next Revision Date	19 February 2027 (every 3 years)
File Path	Bamboo HR

## Revision History

Version Number	Status	Date	Author	Authorised By	Remarks
1.0	Final	25.10.07	Bandula Gonsalkorale	Board	

2.0		08.10.13	Bandula Gonsalkorale	CEO	Minor refresh to original policy
3.0	Final	12.06.19	Adrian Graham	Board	Update of policy
4.0	Final	19.02.24	Adrian Graham	CEO	Incorporation of Risk Appetite Statement following periodic review