



# South Eastern Aboriginal Regional Management Services (SEARMS) Aboriginal Corporation

## Planning Document

Location	Board
Plan	Risk Management Plan
<input type="radio"/> Version	Version 0.2
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PARS Performance Outcome	

### 1. Plan Statement

The effective management of risk is central to SEARMS Aboriginal Corporation (SEARMS) achieving its mission. This means that SEARMS AC must have a current, correct and comprehensive understanding of its risks and that those risks are of a type and at a level that are desirable to SEARMS AC.

By understanding its risks and treating its undesirable risks SEARMS can provide greater certainty and security for Aboriginal families and individuals, its member organisations, its mission, its employees and all its stakeholders.

- SEARMS will be better informed, more decisive and function with increased confidence to achieve its vision, mission, goals and objectives.

SEARMS will adopt a structured and consistent approach to assess and treat all types of risk, at all levels and for all activities in the organization. SEARMS' approach to risk management will be broadly consistent with the risk management Standard AS/NZS ISO 31000:2009 Risk management—Principles and guidelines and the organization's guidelines and procedures based on the Standard, and be consistent with the scale and scope of SEARMS AC's operations.

SEARMS' aim is for quality risk management activities to be integrated with all its critical processes so that before events occur or there is a change in circumstances that might enhance or prevent SEARMS achieving its mission, goals, and objectives the organization is able to recognize and respond to the risks in a consistent, proactive way. Equally, if unintended events occur, SEARMS will use systematic processes to learn the lessons from its successes, failures and near misses. In this way SEARMS will drive operational excellence and organizational learning and growth.

Overall responsibility for managing SEARMS' risks rests with the GM SEARMS. This includes accountability for ensuring that the necessary controls modifying (enhancing or reducing) the risks are in place and are effective at all times, and for ensuring that control assurance activities also are effective. Assurance of good governance will be achieved through the regular measurement, reporting and communication of risk management performance to the SEARMS AC Board of Directors.

The Board of Directors, together with Management will make certain that the necessary resources are available to ensure that the organization's risks are managed effectively. GM SEARMS will monitor and review the organization's risk management activities and performance (including being consistent with AS/NZS ISO 31000 and with SEARMS policy and procedures) and report this to the SEARMS AC Board which is responsible for the oversight and review of the organization's risk management framework and process. This policy is to be reviewed annually.

## 2. Introduction

### 2.1 Risk Plan Purpose

The purpose of this risk management plan is to allow SEARMS to identify, analyse, evaluate, record and monitor potential risks and mitigation strategies.

This document should be updated whenever is necessary, e.g. following an incident of significant impact on the organisation's day to day operation or at least annually.

### 2.2 Embedding the risk management plan

The risks identified are risks that could possibly arise and impact on SEARMS' capacity to meet its mission and articulated strategic and operational goals. Therefore the risk management plan will refer to, and be reviewed against, SEARMS' strategic and operational plan 2010-2015. These plans will be reviewed in accordance with SEARMS' articulated strategic planning cycle or as emerging circumstances, liabilities or statutory requirements dictate, for example community housing sector reform.

### 2.3 The Risk Plan Audience

Group	Reason
Directors	Governance responsibility: to fulfil due diligence requirements and assure stakeholder confidence and trust
CEO and Staff	Operational responsibility: assure implementation
AHO	To assure funding body compliance requirements
Accreditors/regulators	To assure quality national industry standards and meet regulatory compliance requirements
Aboriginal Housing Providers - Partners	To assure accountability and better outcomes for tenants and community

Group	Reason
Aboriginal Housing Providers – non Partners	To assure accountability and better outcomes for tenants and community
Contractors	To assure WHS compliance and quality repairs and maintenance
Tenants	To ensure a consistent high quality, culturally safe service and property condition
"local Community"	To enhance reputation and maximise employment for our people

#### 2.4 Who is considered?

Stakeholder
Tenants
Board of Directors
SEARMS staff
Partners
Non-Partners
Community
Contractors
AHO
Local government
Regulators – ORIC, PARS, ACNC
Legal
Accreditors, Global Mark
Industry peak Bodies
Unions
Media

Accountants/auditors
Competitors
Insurance companies
Donors

### 3. Organisational Context

Good governance requires SEARMS AC to find the right balance between taking risks on an informed basis, treating undesirable risks and having the confidence to set risk tolerance levels.

It is not possible to avoid risk entirely. To attempt to do so would mean that SEARMS AC would effectively be unable to function and achieve its articulated mission to provide for the relief of poverty, misfortune, distress and helplessness of Aboriginal families and individuals through the provision of secure, affordable and culturally appropriate Aboriginal housing and other community services. Without accepting some level of level of risk, SEARMS AC would also not be able to take advantage of opportunities as they arise.

SEARMS AC is a not for profit community housing organisation with limited financial resources and an historical dependence on government subsidies. SEARMS aims to be the best community housing and project management organisation in NSW.

### 4. Key Priorities

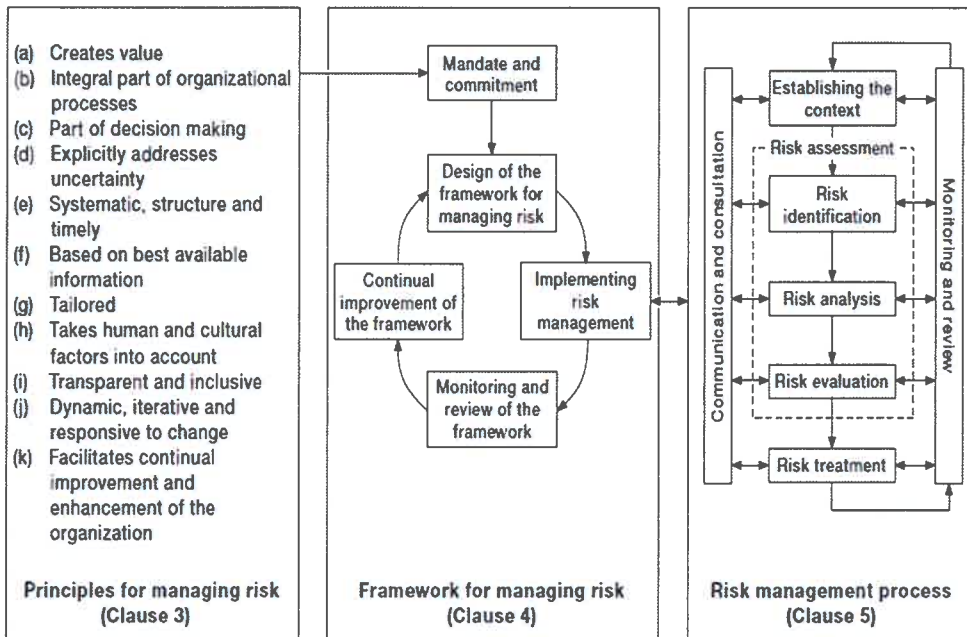
- High quality housing and property management services and outcomes for our tenants
- Community capacity building through employment, training and trading opportunities
- The welfare and well-being of our staff, tenants and community
- Cultural safety and the management of our cultural reputation
- Self-reliance that will enable self-determination and long term sustainability

We understand our responsibility to minimise risks to staff, tenants, volunteers and contractors; to use our resources wisely; and, to demonstrate that we have given serious consideration to the management of our strategic and operational risks. We understand our responsibility to instil a 'risk aware' culture underpinned by the three what's: what could happen, what could cause it to happen, and what can be done to affect it happening. Importantly, we understand how robust risk management can drive and facilitate continuous improvement within SEARMS AC.

We are determined to reduce our reliance on government funding and increase our organisational sustainability through controlled and measured growth of our housing stock. In balancing these factors the SEARMS AC operates within a risk range of moderately cautious - moderate.

We understand that from time to time circumstances may dictate that the SEARMS AC Board change its appetite for risk; this will be considered and determined by Board majority vote based on the merit of the particular business case put forward at the time.

## 5. Risk Framework and Implementation



**FIGURE 1 AS/NZS ISO 31000—RELATIONSHIPS BETWEEN THE RISK MANAGEMENT PRINCIPLES, FRAMEWORK AND PROCESS**

A comprehensive list of risks and events that might impact on SEARMS AC’s objectives will be generated by understanding our organisational context, including consultation with the full range of stakeholders - both internal and external.

Analysis of stakeholder requirements will be conducted within the context of all identified external and internal influences and factors, including literature reviews of like organisations to ensure critical risks have not been overlooked.

The SEARMS General Manager will guide the critical risk management related activities In order to ensure that risks are identified in a consistent manner and these will be recorded in the “Risk Register” - Attachment “A” in an excel spreadsheet format.

SEARMS will manage the range of risks facing our organisation, specifically, in the following areas:

### Internal

- Strategic/business planning & budgeting processes
- Governance
- Service delivery processes
- Property management
- Housing tenancy management
- Operational processes
- ICT management
- Human resources
- Financial management

- Legal & regulatory compliance
- Contract & partnership processes
- Procurement processes
- Ethics, fraud, security & probity processes
- Policy development processes
- Change management

#### **External**

- Funding
- Regulatory environment
- Reputation
- Competition
- Partnerships
- Natural disasters/other perils
- Unions

Mitigation strategies will be developed, recorded and monitored on a monthly basis by the General Manager and reported back to the Board via monthly Board meetings.

As new risks are identified these shall be similarly assessed and recorded. From time to time, risks will be re-assessed, for example, the risks associated with a particularly large project would be re-assessed when the project moves from a requirements/evaluation stage into an implementation stage e.g. Community Land Trust.

#### **6. Integration into organisational processes**

The SEARMS AC Board will oversight the RMP, monitor the critical risks and effectiveness of controls. The Board will also evaluate and review its oversight of the RMP as part of the Board's annual self-evaluation and review process.

The prioritised "Risk Register" will be reported to the Board on a monthly rolling audit basis as part of the GM's report to the Board

GM SEARMS AC has overall responsibility for performance of the risk management framework (including risk assessment, managing the identified risks and establishing internal and external communication and reporting mechanisms), assurance processes and accountability for ensuring that the RMP and framework is understood, adopted and complied with.

SEARMS AC staff will be supervised by GM to ensure that risks are identified, assessed and managed appropriately as they arise in their areas of work.

#### **6.1 Training and awareness will include but not limited to;**

- A component of Board member induction and governance training
- A core skill-set requirement for senior SEARMS staff – GM, Senior Housing Officer
- RM skills development training for other staff as determined

- RM to be a standing agenda item for review/discussion at monthly Board and staff team meetings

6.2 Resources; the SEARMS Board of Directors will ensure the necessary resources are available to ensure effective Risk Management for example; risk treatment, IT support, education and training, management and governance of the RM framework, development of RM guidelines, monitoring and improvement.

## 7. Annual Review

The annual review will consider but not limited to;

- If the core building blocks of the framework remain in place
  - Commitment and mandate
  - Communication, consultation & training
  - Organisation and resource allocation
  - Monitoring & review processes
  - Implementation
  - Recording & reporting
- If the risk assessment of the strategic & operational plan remains valid;
  - Evaluation of risk successes and failures
  - Outcomes of risk treatment
  - If an external review of RMP and activities is required
  - If the RMP needs updating

## 8. Risk Analysis and Evaluation

Risk Register:

To facilitate risk analysis, SEARMS AC will use the risk register excel spreadsheet format. Identified risks will be recorded under an internal or external risk area in the articulated framework and the tools recorded in this Risk Management Plan.

Reference number:

Each risk will be given a reference number so that it can be linked to a more detailed report or risk treatment plan if required.

**Consequence ratings and criteria:**

SEARMS will use the following table and critical success factors:

Consequence rating	Financial impact	People effects	Reputation	Service outputs	Legal & Compliance	Management impact
<u>1</u>						
Outstanding	≥\$ ?m	Fatality and or severe Injury/disability	National media coverage	Stop to Services	Major litigation Costs\$	Complete suspension of Normal mgt activities
Catastrophic	Loss or gain	To one or more people		Many months	Custodial sentence	Many months
<u>2</u>						
Major	\$?-?m Loss or gain	Extensive injury or Impairment	State media cov	Stop to services Sev months	Significant litig Costs\$?	Significant event/ Disruption; attention over Several weeks or month
<u>3</u>						
Moderate	\$ - \$ Loss or gain	Short term disability To one or more people	Local media coverage Over several days	Cessation of a service	Breach investigation By authority Poss fine costs\$?	Event or disruption Requiring attention over Several weeks
<u>4</u>						
Minor	\$ - \$ Loss or gain	Significant medical Treatment, lost time ≤ 2 weeks	Local media cov Complaint to mgt	Some service disruption	Breach of regs Minor fine or litigation	Can be managed with Careful attention Over days or weeks
<u>5</u>						
Negligible	≤\$/K Loss or gain	First aid or minor Medical treatment	No media Coverage; Employee complaint	Minimal disruption	Minor legal Issues or breach	Will require some Mgt attention over Several days



**Risk likelihood ratings and criteria used will be:**

Likelihood rating	Criteria
A Almost certain	Could happen within 'days or weeks', or is expected to happen in most circumstances (90% + chance of happening in the next year)
B Likely	Could happen within 'weeks to months', or will probably happen in most circumstances (50% + chance of happening in the next year)
C Possible	Could happen within "months to years", or may happen but distinct possibility it won't (less than 20% chance of happening in the next year)
D Unlikely	Could happen within 'years to decades', or may happen but not anticipated (less than 5% chance of happening in the next year)
E Rare	Considered a 100 year event, or only would happen in exceptional circumstances, or exceptionally unlikely to happen even in the very long-term

**Control effectiveness ratings and criteria used will be:**

Control effectiveness rating	Criteria
Fully effective	<ul style="list-style-type: none"> <li>• Risk being managed effectively, controls well designed and address root cause</li> <li>• Only requires monitoring and review of existing controls</li> </ul>
Substantially effective	<ul style="list-style-type: none"> <li>• Most controls are designed correctly and are effective. Some existing controls require more work to improve operating effectiveness</li> <li>• Management has some concerns about the effectiveness and reliability of some controls</li> </ul>
Partially effective	<ul style="list-style-type: none"> <li>• Controls are designed correctly by addressing root cause, but are not currently very effective</li> <li>• Some controls not well designed as they do not treat root cause, there is too greater reliance on reactive controls</li> <li>• Management believe not enough of the controls are effective or reliable</li> </ul>
Largely ineffective	<ul style="list-style-type: none"> <li>• Significant control gaps; controls if they exist are reactive</li> <li>• Either controls do not treat root cause or they do not operate effectively</li> <li>• Management believe the controls require significant improvement or new controls should be used</li> </ul>

None or totally ineffective

- No reliable controls in place
- Management has no confidence that the controls are effective due to poor design and/or limited operating effectiveness

The Risk Matrix (heat map):

	LIKELIHOOD RATING					
	5	4	3	2	1	
A	Medium	High	Very high	Very high	Very high	
B	Medium	High	High	Very high	Very high	
C	Low	Medium	Medium	High	Very high	
D	Low	Low	Medium	High	High	
E	Low	Low	Low	Medium	Medium	
						CONSEQUENCE RATING

9.5 A risk treatment plan will be developed as follows:

- All **VERY HIGH** risks where control effectiveness is rated as substantially effective or below
- All **HIGH** risks where control effectiveness is rated as partially effective or below
- All **MEDIUM** risks where control effectiveness is rated as partially effective or below

## 10. Risk Treatment

The risk treatment plan is essential for successful risk management. It is the part of the risk management plan that allows an organisation to say what approach will be adopted for each of its key risks.

### Risk Description

Provide a brief summary of the risk that you have identified in this section.

### Risk Register Reference

This is a reference code which helps identify a specific risk from the risk register and the priority risk table.

### Ratings and Treatment Priority

Enter the likely impact ratings on the organisation's objectives if the risk occurs and priority for treatment (from risk matrix).

### Controls

Enter the control effectiveness rating and summarise the current controls in place.

### Additional Treatment actions recommended:

Summarise any additional treatment recommended. For example, are you likely to put additional management controls in place to minimise the likelihood that the risk will occur? Would you transfer the risk by going into partnership or by taking out additional insurance (where appropriate).

### Responsibility

State the person responsible to manage this risk.

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### Resource Requirement

Describe the resources needed to succeed in the treatment plan. Resources may include staff time as well as financial input.

### Timing

Note key milestones, end dates.

- All risks determined to be **VERY HIGH** will be flagged for treatment, monthly monitoring by the Board and annual review to determine if the risk level has changed.
- All risks determined to be **HIGH** will be flagged for treatment, monthly monitoring by the GM and annual review to determine if the risk level has changed.
- All risks determined to be **MEDIUM** will be flagged for treatment, subject to cost benefit analysis, monthly monitoring by the GM and annual review to determine if the risk level has changed
- All risks determined to be **LOW** will be reviewed biennially to determine if the risk level has changed.

## 9. Risk Prioritisation

9.1 The risk evaluation process will enable SEARMS AC to prioritise the key risks to be closely monitored by the board. These are the most significant risks that could prevent key organisational objectives from being achieved.

9.2 The exact number of risks may vary from year to year and the Board will determine the number of risks it will oversight and those lower priority risks it will delegate to the GM and that will only be reported to the board if their status changes.

9.3 Risk data will be maintained on the excel spreadsheet – Risk register – and priority risk data extracted to report on risk status

9.4 The risk evaluation process will also yield those risks that SEARMS AC determines are not acceptable or tolerable and therefore require risk treatment. Risk treatment options might include:

- Avoid the risk or retain it by informed decision
- Take or increase the risk to pursue an opportunity
- Remove the risk source
- Change the likelihood
- Change the consequences
- Improve existing controls
- Develop & implement new controls
- Share the risk (insurance or partnership)

*Cost benefit analysis will be used to determine the most appropriate treatment.*

- The annual cycle for risk management will cover:

Annual assessment, risk identification, evaluation and controls	Bi -Annual review
Risk control plan and review of RMP, Policies	Annual review
Strategic risk review	Annual review
Risk monitoring and reporting	Quarterly reporting to Board
Annual risk framework effectiveness review	Annual review

## 12. Related Documents

- Risk Register appendix "A"

## 13. Plan Review

This plan will be reviewed 26/08/2017.

## 14. Plan Adoption

This Policy will be reviewed 26/08/2017.

## 9. Issuing Authority



Jesse White  
General Manager



Tom Slockee  
Co-Chairperson



### **Risks associated with Implementation**

Risk treatment itself can introduce transitory risks that need to be assessed, treated, monitored and reviewed. Describe these here.

### **Reporting and Monitoring Required**

How often will the treatment plan be monitored and who by? When will progress on managing this risk be reported to the Board or General Manager.

### **11. Risk Management Review**

- The Risk Register of all those risks assessed as **VERY HIGH** will be reported to the Board monthly as part of its rolling audit standing agenda item – these in turn will be prioritised where control effectiveness is assessed as **LOW**.
- The General Manager ensures that appropriate delegations of risk incident capture to staff and appropriate levels of authority for risk management have been implemented. Any risks with risk level high and above, changes in risk rating and emerging risks will be flagged for board's attention, treatment, monthly monitoring by the Board. Annual review will be conducted to determine if the risk level has changed.
- All risks determined to be **MEDIUM** will be flagged for treatment, subject to cost benefit analysis, monthly monitoring by the GM and annual review to determine if the risk level has changed.
- All risks determined to be **LOW** will be reviewed biennially to determine if the risk level has changed.
- Risk management will be embedded into the organisation's governance and operational processes. A regular review based on quarterly board risk committee and meeting will be scheduled. Review of organisations risks will be undertaken against organisational plans and strategies e.g. the strategic plan, operational plan, and business plan.
- The risk management will ensure that strategies adopted in risk management plan will commensurate with Key Performance Indicators on risk management and meet the requirements of the Performance Based Registration system. Risk shall be managed as a holistic enterprise wide approach and address key issues of service delivery, corporate governance and financial viability, business continuity as well as strategic