Risk Management Procedure			
Policy Area:	Operations		
Doc ID:	OP_PR_001	Document Owner:	CEO
Date of Last Review:	September 2024	Date Created:	March 2016
Date of Next Review:	September 2025	Version:	7.1

Purpose

This procedure provides a systematic method for the identification and management of risks at Distinctive Options.

Scope

This procedure relates to any potential or actual risks which may impact on Distinctive Options as an organisation, the Board of Directors, employees, participants, and volunteers.

Procedure

Risk is the chance of something happening that will have a negative effect.

The level of risk reflects:

- The likelihood of the unwanted event, and
- The potential consequences of the unwanted event

The risk management process at Distinctive Options involves:

- Risk identification
- Risk assessment
- Risk treatment
- Monitoring effectiveness of risk treatments
- Risk appetites and tolerances

All this information is recorded on the organisation's Risk Register.

The risk management process also includes an assessment of risk appetite and tolerances for the organisation.

Distinctive Options groups risks into four categories. These are described in the table on the following page.

At the end of this procedure, the organisation's approach to participant-specific risks are described. The process of risk identification is similar, however risks are recorded differently and risk ratings have alternative descriptions.

Risk category	Level	Managed and monitored by:
Strategic	High-level, longer-term goals and objectives of the organisation.	Managed and monitored by the Executive Team and the Board.
Governance	Broader Director accountability functions for the organisation as a whole.	Managed and monitored by the Executive Team and the Board.
Operational[1]	Associated with daily functions at each operational section.	Managed and monitored by the relevant Manager or Coordinator. Monitored by the Executive Team.
Project	Short term operational risks that are associated with a specific project, event, or activity.	Managed and monitored by the relevant Manager or Coordinator.

[1] May apply to the whole organisation but are managed at an operational level.

The risk management process applies to all risks – irrespective of the category they fall under.

Risk Identification

Risks may be identified through various sources including:

- Risk assessments

- Near misses, incidents, and allegations

- Feedback and complaints

- Internal and external audit results

- Gap analysis to legal and regulatory obligations

- External information and advice provided, such as updates from the NDIS Quality and Safeguards Commission

When identifying risks, it is important to consider:

- What could go wrong?

- Who could be impacted?
    - E.g. participants, their families or carers, business partners and the community.

- What could influence the risk?
    - E.g. organisational culture, future plans and objectives, stakeholder relationships etc.

- Any relevant legal and regulatory obligations.

The Occupational Health and Safety Procedure provides further information on hazard, near miss and incident management.

Risk Register

1. Identify the risk. Determine if it can be eliminated. If not, determine whether it needs to be added to the risk register or captured elsewhere.

2. Determine which category the risk falls under.

3 Allocate the risk owner.

Risk Assessment

Once a risk is identified, an assessment of how significant the risk is must be completed.

To rate risk, use the Risk Matrix. The user is to plot the potential consequences (if something goes wrong), and then the likelihood of this occurring. Where the two intersect is the risk rating.

The following reference table is to aid the user to select the most appropriate risk rating.

Descriptor	Definition
Likelihood	
Almost certain	The event is expected to occur in most circumstances i.e., at least once per week.
Likely	Will probably occur in most circumstances i.e., at least once per quarter.
Possible	The event might occur i.e., at least once per annum.
Unlikely	The event is not expected to occur i.e., at least once every 3 years.
Rare	This event may only occur in exceptional circumstances i.e., less than once every 3 years.
Consequences	
Catastrophic	Extremely significant impact on the organisation and/or people.
Major	Significant event with the possibility of ongoing impact.
Moderate	Significant impact but for a short term or minor long-term impact on the organisation and/or people.
Minor	Limited impact on the organisation and/or people.
Insignificant	No or extremely limited impact on the organisation and/or people.

Risk Matrix	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost certain	Medium	High	High	Extreme	Extreme
Likely	Low	Medium	High	High	Extreme
Possible	Low	Medium	High	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

The resulting risk rating supports decision making such as:

- If to proceed with the activity;

- Who to report the risk to; and

- How to prioritise resources to address the risk.

Risk rating	Response	Report to
Extreme	Immediate action required.	CEO CEO to report to the Board
High	Immediate action required.	CEO
Medium	Address as soon as possible.	CEO/Management Coordinator
Low	Routine procedures managed by all staff.	N/A

<u>Risk Register</u>

4. Rate the risk using the risk matrix.

Risk Treatment

No matter what the risk rating, every effort will be made to eliminate it. If this is not achievable, then it is to be reduced to as low a risk as possible. This is achieved by implementing risk reduction measures (or "controls").

The risk rating will be used to assist in prioritising the urgency to eliminate or treat.

Key questions when determining response:

- What resources are required to treat the risk? This may be financial, time, collaboration with other stakeholders etc.

- What resources are available to treat the risk?

- Is it worth outlying the resources for the potential benefit?

Once controls have been identified, a residual risk rating can be assessed that describes the remaining risk level once all controls are in place.

The residual risk rating must be within the tolerance level for the organisation.

Risk Register

5. Identify and implement controls to treat the risk.

6. Rate the residual risk (once controls are implemented).

Monitoring Effectiveness of the Treatment

Risk reduction measures (or "controls") are monitored to ensure they are working as planned and are adjusted as required.

When monitoring control effectiveness, consider:

- Are staff aware of and skilled in how to implement them?
- Are they being implemented consistently?
- Are there any unexpected negative flow on effects?

The effectiveness of the control is rated to highlight where areas of improvement are required. Effectiveness depends on adequacy, implementation method, level of effectiveness, monitoring process and enforcement by Management.

Evaluation	Effectiveness description
Good	Controls are well designed, reliable at all times and address the root causes. Continue to review and monitor existing controls.
Satisfactory	Most controls are effective but there is a need for active monitoring. May include external issues outside of the organisation's control.
Strengthen	Most controls are effective but more work is required to improve operating effectiveness. May include external issues outside of the organisation's control.
Poor	Not effective. Action is required to improve application or to identify and implement new controls.

The Risk Register, including control effectiveness, is reviewed and updated annually by the CEO and Management team.

Risk Register

7. Evaluate the effectiveness of the controls using the table above.

8. Map the trend/trajectory of each risk over time.

Risk Appetite and Tolerances

A risk appetite is the amount of risk Distinctive Options is prepared to accept. Distinctive Options acknowledges and recognises that its appetite for risks varies according to the activity or opportunity undertaken. The organisation's acceptance of risk is subject to always ensuring that the potential benefits and costs are fully understood.

The risk appetite and related tolerances are set by the Board of Directors and are used throughout the organisation when making decisions on accepting risk, the potential of opportunity if a risk is taken, and when prioritising the use of resources to treat multiple risks.

The Risk Appetite Register is located within the Risk Register and details the key drivers for each risk category, a risk appetite position statement, plus risk tolerance measures.

Risk Register

8. Review whether the residual risk rating and controls fall within the organisation's risk appetite and tolerances.

9. Identify additional control measures and a plan to action (as required).

Responsibilities

The Board of Directors are responsible for:

- Considering the risks described in the Risk Register in the preparation and implementation of the organisation's strategic plan

The Governance and Risk Committee is responsible for:

- Carrying out risk management analyses of the organisation at a governance level
- Regularly reviewing the Risk Management Policy and Procedure
- Regularly reviewing the Risk Register

Senior Management is responsible for:

- Participating in risk assessment, management, monitoring and reporting of risks affecting their area of responsibility
- Assigning responsibility for management, monitoring and reporting of risk

The Human Resources Business Partner is responsible for:

- Identifying and recording details of workers with capabilities that are relevant to assisting in the response to an emergency or disaster as required by the NDIS Commission

Coordinators are responsible for:

- Overseeing the identification and management of participant-specific risks
- Managing risks in their area of responsibility

Support staff are responsible for:

- Maintaining an awareness of potential risks and notifying Coordinators to any potential or actual risks they identify
- Implementing risk management strategies as directed by Coordinators

Participant-Specific Risks

All participants receiving support are assessed for risks to their lifestyle, health, safety and wellbeing. All Participants will have a risk assessment completed in their Support Plan as per the Support Plans work instruction. Risks are identified, assessed, controlled and monitored to minimise risks to participants and staff as part of a risk management approach.

Risk management takes into account the specific cultural, linguistic and religious needs of Aboriginal and Torres Strait Islander participants and those from culturally and linguistically diverse backgrounds. Risks relating to vulnerable participant groups, particularly children, young people and aged participants, are identified and managed.

Distinctive Options acknowledges that participants living alone are at increased risk and vulnerability where they are dependent on one person/support worker for all of their supports (Sections 73L and 73G of the National Disability Insurance Scheme Act 2013). Additional Risk Management requirements apply to these participants.

Information and documentation about risk management in relation to individual participants is made available to those persons who need to know because they are involved in supporting the participant and provided in a language or format that suits their communication needs.

Personal participant information is protected in compliance with the Privacy Act 1988 (Cth), Privacy and Data Protection Act 2014 (Vic) and Health Records Act 2001 (Vic).

The relevant Coordinator is ultimately responsible for ensuring that the required risk assessments are completed and that controls are reviewed annually.

Relevant Documents

The following documents are related to this procedure:

- Occupational Health and Safety Procedure
- Risk Management Policy
- Risk Register