

By Law 10

Risk Management - Guidelines

Purpose

RSL State Executive recognises its commitment to its members and has accepted that as the governing body of the RSL in Tasmania and acknowledges its' role as custodian of RSL assets.

RSL State Executive will ensure that the Leagues assets are protected, insured, properly maintained and not put at unnecessary risk.

Roles and Responsibilities

State President

- Ensure RSL State Executive is kept updated on the value RSL assets – both tangible and intangible
- In consultation with the CEO, ensure appropriate, effective security systems are in place to safeguard against loss, damage or theft of RSL property both material and organisational.
- In conjunction with the CEO and Staff/volunteers, maintain an up to date assessment of risk factors that could disrupt the company's effectiveness to continue operation and ensure adequate procedures and systems are in place to enable the company to continue efficient operation in the event of any disruptive event.

Honorary State Treasurer

- Regular updated financial advice from Auditor on risk/asset protection and management.

CEO and Risk Management Committee

- Company assets are to be insured to an appropriate level ensuring shareholder and company confidence is maintained.
- Adequate controls are in place to protect itself against conflict of interest when making purchases of goods and services
- In conjunction with the State Executive, meet all necessary obligations for the protection of the RSL corporate image and reputation.
- In conjunction with the Staff and volunteers, protect intellectual property, information and files from loss, improper use or damage.
- Establish and maintain Company Risk Register with a review of assets every six (6) months
- State Branch is maintained to comply with local and/or government standards and any other statutory code requirements.

Treasurer and Admin Staff

- Adherence to State Branch procedures in relation to risk mitigation of premises, cash and information technology.
- Plant and equipment is subject to authorised and proper use and is well maintained.
- Notify Executive for authorisation of ongoing maintenance of assets as required.

Corporate Calendar Schedule

January	Update fixed risk register
April	Disaster recovery plan/procedure review
March	Review of insurance policies
July	Update fixed risk register
October	Disaster recovery plan/procedure review

Risk Management Procedure

Operational risk can be further defined as the risk of losses due to operational errors, mismanagement, fraud or unauthorised use of systems or financial products. A Risk Management Policy provides high level guidance and information on the Leagues approach to managing operational risk.

The elected office bearers have recognised the importance of pro-active risk management and has initiated the implementation of an operational risk management program which applies to the League. Accordingly, State Branch adopts, as its policy guidelines, the procedures as set out in the attached Risk Management Procedure.

Accordingly, the Elected office bearers commits to:

- Regularly review areas of potential risk to the State.
- Utilise specialist advisers as required to ensure potential risks are minimised.
- Implement business continuity and disaster recovery plans and conduct regular reviews of the plans and insure against the risk.
- Maintain a central risk register and loss database for recording potential and actual risk events identified.
- Incorporate Risk Management Review in Corporate Calendar for quarterly review and update.

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Purpose

To ensure that risks to RSL (Tasmania Branch) Inc are evaluated and acted upon in a timely manner.

Roles and Responsibilities

- | | |
|--------------------------------|---|
| President: | Ensure that the Executive Member/s is/are aware of the need to be diligent in the review of potential risks to the incorporated body. |
| President: | Discuss potential risks on a regular basis at Executive Members meetings. |
| President: | Upon identification of a potential risk, call an Executive Members meeting to discuss the action required to mitigate the risk. |
| Secretary: | Update the Risk and Loss Database (refer to Risk Management – Risk and Loss Database procedure). |
| Elected Office Bearers: | Discuss the potential risk/s to the company. Decide on an action plan. Seek professional advice if required. |
| President: | Provide an update to the committee on the potential risk and mitigation strategy. |
| President: | In conjunction with committee, review the requirement for a media announcement (if relevant). |
| Elected Office Bearers: | Upon mitigation of the risk, review the procedures in place and adopt a practice that minimises future risk. |



**RSL (Tasmania Branch) Inc
Risk Management Plan**

Risk Management

1. Aim

1.1 Risk Management Plan is designed to identify, evaluate and mitigate potential risk factors affecting RSL Tasmania Branch.

1.2 By effectively managing the risks, RSL Tasmania will be in a much stronger position to deliver our business objectives and provide enhanced, safe and cost effective services to our members and client base. Risk Management is to be applied across all RSL Tasmania activities and programs, including those offered on behalf of RSL Tasmania. This will ensure:

- Quality and reliability of services is of the highest quality;
- Protects employees, volunteers, property, information and assets, and
- Complies with all legal requirements relative to the area of risk.

1.3 This risk management plan describes the processes that are to be put in place and link together to identify, assess, address and review and report on all risk.

1.4 A risk is something that may have an impact on achievement of or objectives, operation or delivery of services and may come from internal or external environments.

1.5 Risks should be assessed in terms of how likely they are and the magnitude of the resulting consequences should they occur. This should not be incorrectly interpreted as most risks are opportunities that can be managed, not as threats to be avoided.

1.6 Table 1 outlines main risk types that are likely to be encountered, though the list is not exhaustive. This is but a starting point to identify potential risks. Table 2 provides examples of risk and their mitigation. A more comprehensive list is relevant to RSL Tasmania is attached at Annex

Table 1 The Main Types of Risk

Legal Risk	e.g the risk of failing to comply with laws and regulations
Human Resource Risk	e.g. risks associated with recruitment and employment (including sub-contractors)
Financial Risk	e.g. risks arising from spending on capital, fraud or impropriety and risks from insufficient resources.
General Risk	e.g. risks associated with delivering services

1.7 Once risks have been identified, essential information about them is captured in the form of a *risk register*.

2. Assessing Risk

2.1 To adequately assess risk, identification of the consequences of the risk materialising and giving it a score or risk rating is essential.

2.2 Whoever identifies the risk should carry their involvement through to the assessment stage. This initial assessment will be refined with the help of the Executive Management Group and a risk owner will be appointed to be responsible for reviewing and assessing the risk with appropriate information fed into the risk register.

2.3 There need to be a means of comparing risk so that efforts are concentrated on efforts to address those that are most important. Use of the standard approach of giving each risk a relative score, depending on a combination of its likelihood and impact should be used.

Table 2: Examples of Identified Risks and their Mitigation

Risk	Probability	Impact	Rating	Mitigation	New Rating
Legal Risk					
Vicarious liability for acts or omissions of employees	Low	Med	Med	Professional Indemnity Insurance, Staff Training	Very Low
Human Resource Risks					
Industrial disputes	Low	Med	Med	Compliance with awards and agreements	Low
WH&S risks, including badly designed workplaces or poor work practices	Low	Med	Med	Conduct WH&S audits, elect WH&S representatives, Establish reporting procedures, compliance with WH&S Act, Insurance cover	Low
Risk	Probability	Impact	Rating	Mitigation	New Rating
Financial Risks					
Loss of business	Low	Med	Med	Address in strategic plan, maintain network of contacts clients & other business sources	Low
Inaccurate accounting and/or reporting	Low	Med	Med	Internal and external audits, regular reviews of finances, Finance Committee monitoring	Low
General Risks					
Utilities interruption	Med/Low	Med/High	Med	Develop contingency plans; insurance;	Low/Med
Fire	Low	High	Med	Emergency procedures plan, fire equipment audits	Low

3. Risk Listing

3.1 Legal Risk

- Vicarious liability for acts or omissions of employees or volunteers.
- Public liability for use of our facilities including motor vehicles.
- Breach of contract, including suppliers, service providers and clients.

Director and officer liability.
Statutory employment breaches (Worker compensation, WH&S, discrimination, etc)
Other Statutory breaches.

3.2 Human Resource Risks

Loss of key staff.
Vicarious liability for acts or omissions of employees or volunteers.
Enterprise bargaining disputes.
Inability to obtain appropriately trained/qualified staff.
Disputes with service providers.
Use of volunteers and associated liability risks.
WH&S risks, poor work practices etc.
Claims of harassment or discrimination.
Criminal activity, including theft.
Inadequate training and/or skill mix.
Unfair dismissal.
Succession planning.

3.3 Financial Risks

Bad Debts.
Industrial Action.
Cash management shortfall.
Inaccurate accounting and reporting.
Poor cash flow.
Negligence.
Inadequate insurance.

3.4 General Risks

Utilities interruption.
Fire.
Sabotage or vandalism.
Changes in government.
Political.
Community perception and expectations.
Legislative changes.
Technological changes
Staff exposure to long term hazards and pollution
Defective and dangerous products.
Competitors innovative success.

4 The Process for Assessing Risk

4.1 The process for reviewing and assessing the risks is shown in Figure 1 and Figure 2 below.

Figure 1: Risk Management Continuous Improvement Cycle



4.2 Risk Rating – RSL will use the standard approach of giving each risk a relative score, depending on a combination of its likelihood and its impact, as shown in Figure 2 below. This defines the H-star (H*) risks (those with both a High likelihood of occurring and a High impact) as the ones which demand our immediate attention.

Figure 2: Risk Rating Matrix

H	M	H	H	H*
M	L	M	M	H
L	VL	L	M	M
VL	VL	VL	L	M
	VL	L	M	H
Impact				

4.3 **Likelihood** – The probability of the threat being realised will be expressed in terms of High (H), Medium (M), Low (L) or Very Low (VL) using the definitions below, and are in the context of existing controls being in place:

VL: Rare (the risk may occur in exceptional circumstances);

L: Possible (the risk may occur in the next three years);

M: Likely (the risk is likely to occur more than once in the next three years); and

H: Almost certain (the risk is likely to occur this year or at frequent intervals).

4.4 **Impact** – The effect of the hazard or threat being realised will be expressed in terms of High (H), Medium (M), Low (L) or Very Low (VL) using the definitions below:

VL: No WH&S effects, low financial losses, service delivery unaffected, no legal implications, unlikely to affect the environment, unlikely to damage reputation.

L: Minor or reversible WH&S effects, medium financial losses, reprioritising of delivery required, minor legal concerns raised, minor impact on the environment, short-term reputation damage.

M: Significant WH&S effects, major financial loss, deadlines renegotiated with customers, potentially serious legal implications (e.g. risk of legal challenge), significant environmental damage; longer-term damage to reputation.

H: Death, huge financial loss, very serious legal concerns, loss of reputation.

4.5 The Assessment & Mitigation section of each category is to be completed by/or in consultation with the stakeholders. The probability and impact assessment columns should be a risk level expressed in the terms provided in the Risk Management Plan.

4.6 The results of the assessment should then be translated into the Risk Rating Matrix to determine the priority for addressing those risks that have a High Probability and High Impact assessment outcomes.

4.7 When the priority listing for the Risk Treatment Plan has been completed, each risk should be allocated to the responsible person to complete the Action Plan.

4.8 The Risk Treatment and Risk Action Plan check list examples provided as Attachments to the Risk Management Plan will need to be completed and amended by the Committee to suit particular needs of the identified category to be managed under the WH&S Plan.

4.9 There needs to be clarity in terms of “who does what” otherwise RSL Tasmania will be exposed to risks being unmanaged, causing damage or loss that could otherwise be influenced, controlled or avoided.

4.10 **Everyone** – We all have a part to play. We may not all be involved in addressing and reviewing and reporting the risks, but we can all be involved in identifying and assessing risks. If it cannot be managed satisfactorily at your level, it needs to be passed up to the next level of management to be owned and addressed.

4.11 **Risk Owners**- Each risk that is identified in the risk register will have a corresponding risk owner. Ownership must sit at the appropriate level, with the person who can take effective action. The owner is responsible for ensuring the quality of the data recorded about the risk in the register. They will oversee the countermeasures that are in place and review the proposed contingencies and develop additional actions as required. Where there is a different individual nominated as the day to day manager of the risk, the risk owner will provide appropriate oversight.

4.12 **Risk Managers** – The risk manager is the individual with day to day responsibility for the implementing of countermeasures and monitoring their impact on the risk and reporting on their effectiveness to the risk owner and others. They are responsible for providing early warning of the current measures becoming ineffective.

4.13 **All Executive Managers/Board** – All Executive Managers and the Board have the general responsibility to ensure that their employees are familiar with the latest risk management guidance. Any of their employees who have particular risk management responsibilities should have these reflected in their work objectives.

4.14 Dependant on the severity of the WH&S risk that are identified the Committee may have to more formally document a particular matter to ensure that risk treatment is appropriately addressed. Annexures (B) and (C) can be used for this purpose.

**Risk Management Plan
Checklist Example by Category & Responsibility**

Administration and shared facilities

No	Brief Description of Risk	
1	Office Risks: Responsibility: WH&S manager	(i) Hazardous Goods and storage e.g. kitchen cleaning (ii) Equipment / trip hazard (iii) Equipment maintenance (iv) Electrical Tag and Test (v) Firefighting equipment regular inspection (vi) Emergency Plan
2	Shared area risks: Responsibility WH&S Managers	(1) Store Rooms / stacking (2) Clear egress (3) Emergency exit plan

**Examples of Assessment and Mitigation
(one for each identified in checklist)**

No	Brief Risk Description	Probability	Impact	Rating	Mitigation	New Rating
1	Office Risk: Hazardous Chemicals storage and use	Low	High	Med	Ensure chemicals correctly stored and used in correct manner.	Low
1	Firefighting equipment maintenance	Med	High	Med	Ensure regular inspection and maintenance – contracted out	Low
2	Shared areas	Med	Med/High	Med	Ensure access points and walkways kept clear of obstructions	Low

Risk Treatment Plan

Project:

Prepared By:

Implemented By:

Date:

Reviewed By:

Date:

Priority order from Risk Register	Possible treatment options	Preferred options	Risk Rating after treatment	Cost/benefit analysis A: Accept B: Reject	Timetable to implement

Risk Management Procedure

- Ethical behaviour consistent with the Leagues corporate values.
- Corporate governance.

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Asset Protection Discussion

As the Committee considers asset protection, there are several issues that need to be discussed by the entire Committee before forming a decision.

The following points are put forward to prompt an interactive discussion between the Committee on this issue.

- Does the State/Sub Branch regularly obtain financial advice on asset protection and management? _____
- Does the State/Sub Branch have an up to date asset register? _____
- Do you know the current value of the State/Sub Branch’s assets? _____
- What period are assets depreciated over? _____
- Are appropriate maintenance contracts in place on equipment? _____
- How often are assets reviewed to assess their performance? _____
- What procedures are in place for capital purchases? _____
- Is there a purchasing procedure in place? _____
- Do you fully understand your insurance cover? _____
- Do you have an appropriate disaster recovery plan in place? _____

Key Phrases / Points For Policy
