



**RISK MANAGEMENT MANUAL**

# Table of Contents

<b>1. INTRODUCTION.....</b>	<b>5</b>
<b>2. OVERVIEW OF RISK MANAGEMENT PROCESS .....</b>	<b>6</b>
2.1 ESTABLISHING THE CONTEXT .....	7
2.2 IDENTIFYING RISKS.....	7
2.3 ANALYSING RISKS .....	7
2.4 EVALUATING RISKS .....	8
2.5 MINIMISING RISKS .....	9
2.6 COMMUNICATION & CONSULTATION.....	10
2.7 MONITORING & REVIEW .....	10
<b>3. MAINTAINING AND REPORTING ON RISK ASSESSMENTS .....</b>	<b>12</b>
<b>4. RISK MANAGEMENT WORKSHEET TEMPLATES .....</b>	<b>14</b>
4.1 RISK ASSESSMENT WORKSHEET TEMPLATE .....	15
4.2 RISK MINIMISATION WORKSHEET TEMPLATE.....	16
4.3 RISK RATING MATRIX TEMPLATE.....	17
4.4 RISK REGISTER TEMPLATE .....	18

# List of Figures

<i>Figure 1: Risk Management Key Elements</i> .....	6
<i>Figure 2: DV East Risk Assessment Matrix</i> .....	8
<i>Figure 3: Risk Management Framework</i> .....	11
<i>Figure 4: DV East Risk Management Process Flow Chart</i> .....	13

## DEFINITIONS

- Risk:** The chance of something happening that will have an impact on objectives. Risk is often specified in terms of an event or circumstance and the consequences that may flow from it. Risk is measured in terms of a combination of the consequences of an event and their likelihood. Risk may have a positive or negative impact.
- Residual risk:** Risk remaining after implementation of risk minimisation.
- Risk analysis:** The systematic process to understand the nature of and to deduce the level of risk. Risk analysis provides the basis for risk evaluation and decisions about risk minimisation.
- Risk assessment:** The overall process of risk identification, risk analysis and risk evaluation.
- Risk avoidance:** A decision not to become involved in, or to withdraw from, a risk situation.
- Risk criteria:** Terms of reference by which the significance of risk is assessed. Risk criteria can include associated cost and benefits, legal and statutory requirements, socioeconomic and environmental aspects, the concerns of stakeholders, priorities and other inputs to the assessment.
- Risk evaluation:** Process of comparing the level of risk against risk criteria. Risk evaluation assists in decisions about risk minimisation.
- Risk identification:** The process of determining what, where, when, why and how something could happen
- Risk management:** The culture, processes and structures that are directed towards realizing potential opportunities whilst managing adverse effects
- Risk management process:**  
The systematic application of management policies, procedures and practices to the tasks of: communicating; establishing the context; identifying; analysing; evaluating; minimising; monitoring; and reviewing risk.

**Risk management framework:**

The set of elements of an organization's management system concerned with managing risk. Management system elements can include strategic planning, decision making, and other strategies, processes and practices for dealing with risk. The culture of an organization is reflected in its risk management system.

**Risk reduction:** Actions taken to lessen the likelihood, negative consequences, or both, associated with a risk.

**Risk retention:** Acceptance of the burden of loss, or benefit of gain, from a particular risk. Risk retention includes the acceptance of risks that have not been identified. The level of risk retained may depend on risk criteria.

**Risk sharing:** Sharing with another party the burden of loss, or benefit of gain from a particular risk. Legal or statutory requirements can limit, prohibit or mandate the sharing of some risks. Risk sharing can be carried out through insurance or other agreements. Risk sharing can create new risks or modify an existing risk.

**Risk minimisation:** Process of selection and implementation of measures to modify risk. The term 'risk treatment' is sometimes used for the measures themselves. Risk minimisation measures can include avoiding, modifying, sharing or retaining risk.

# 1. INTRODUCTION

DV East is a connected group of seven family violence services located in the Eastern Metropolitan Region in Victoria, which support the rights of all women and children to live free from violence.

DV East promotes and facilitates responses which encourage the development of high quality services for women and children who have experienced domestic/family violence and undertakes activities aimed at eradicating all forms of domestic/family violence against women and children, through encouraging changes in community attitudes and advocating for structural reform.

Overall, DV East aims to share its collective knowledge, wisdom, skills, expertise and experience, thus creating a body greater than the individual efforts which can be attained by each agency on its own. DV East membership has remained the same since the network's inception in 1988 and includes:

- Maroondah Halfway House Group
- Women's Liberation Halfway House
- Brenda House
- Eastern Domestic Violence Service
- Woorarra
- Kara House
- Robinson House

## Underlying Principles

All DV East member organisations are committed to the following principles:

- A commitment to a client focus.
- A commitment to continuous improvement in service quality, organisational effectiveness, and overall service delivery.
- Recognition that all members have something valuable to contribute, each from a different base of experience and service perspective.
- A valuing of the different experience and perspectives of the member agencies, balancing diversity with agreement.
- A willingness to share information and resources for the overall improvement of all agencies.
- A responsiveness to the history and feminist philosophies of the women's movement.

Delivering an effective approach to risk management is viewed by DV East organisations as an important component of quality improvement which assists in creating and maintaining safe work environments and practices so that all staff are confident and empowered to achieve quality outcomes for women and children experiencing family violence and as well as for their the organisation. The Australia/New Zealand Standard (2004) identifies risk management as:

*"...managing to achieve an appropriate balance between realising opportunities for gains while minimising losses. It is an integral part of good management practice and an essential element of good corporate governance."*

The DV East Risk Management Framework and Manual is for use by member agencies Boards, Management teams and staff. It describes the Risk Management framework including the risk management process and key elements.

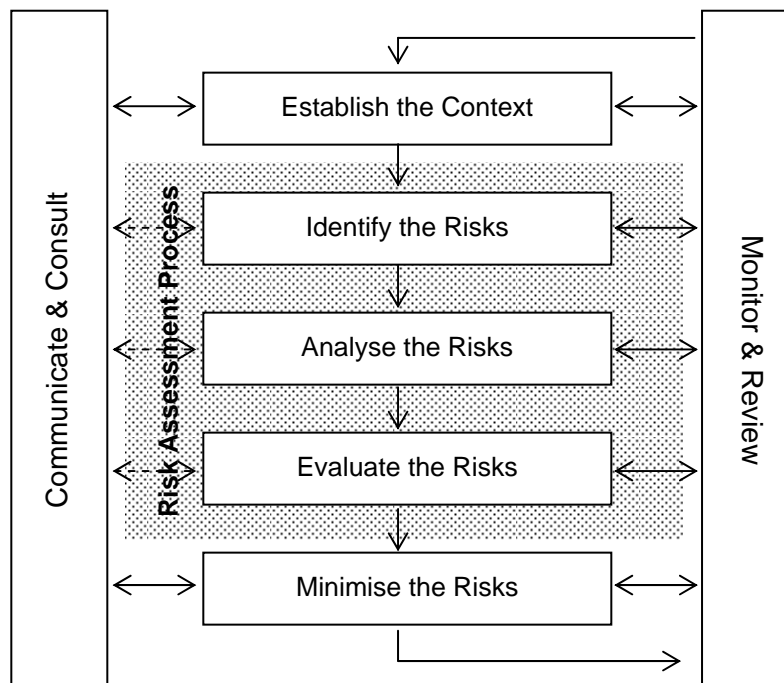
## 2. OVERVIEW OF RISK MANAGEMENT PROCESS

Based on the Australia/New Zealand Risk Management Standard (2004) the risk management process at consists of the following five key elements:

- Establishing the Context.
- Identifying Risk.
- Analysing Risk.
- Evaluating Risk.
- Minimising Risk.

Underpinning these elements are two further processes: communication and consultation; and monitoring and review. These ensure that all stakeholders are involved in the process of identifying, describing, analysing and evaluating risks and that the risk management system is consistently monitored and reviewed in line with quality improvement practices. Figure 1 (below) illustrates the risk management process:

**Figure 1: Risk Management Key Elements**



## 2.1 ESTABLISHING THE CONTEXT

Establishing the context defines the basic parameters within which risks must be managed and sets the scope for the rest of the risk management process. The context includes the interface between an organisation's external and internal environment and the purpose of the risk management activity. This is important to ensure that the objectives defined for the risk management process take into account the organisational and external environment.

## 2.2 IDENTIFYING RISKS

Risks are identified using a range of methods including (but not necessarily limited to) the following:

- Annual program planning and review
- Risk identification process
- Research
- Client and staff surveys
- Hazard checking and incident reporting
- Staff training
- Annual review of risks
- Complaints/feedback
- Document & site audits (internal and external)

The key questions that are asked in the process of identifying risks include:

- What, when, where, why and how are the risks likely to occur and who might be involved?
- What is the source and potential consequence of each risk?
- What are the external and internal obligations of the organisation?
- Is there a need for further research into the risk and/or is there scope for benchmarking with peer organisations?
- What is the reliability of the information?

## 2.3 ANALYSING RISKS

Risk analysis helps all key stakeholders to develop an appropriate and informed understanding of the risks that they face in their daily work practice and how these risks should be managed. The analysis of risk provides input to decisions on whether risks need to be minimised and the most appropriate and cost-effective risk minimisation strategies. Risk analysis involves consideration of the sources of risk, their positive and negative consequences and the likelihood that those consequences may occur. Factors that affect consequences and likelihood are also identified. Risk is analysed by combining consequences and their likelihood. In some cases similar risks are combined however low-impact risks are also included in the final risk register. The risk assessment matrix illustrated in figure 2 (below) outlines how identified risks are analysed and rated.

**Figure 2: DV East Risk Assessment Matrix**

LIKELIHOOD	CONSEQUENCE				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Rare (1)	Low	Low	Low	Medium	Medium
Unlikely (2)	Low	Low	Medium	Medium	High
Possible (3)	Low	Medium	Medium	High	High
Likely (4)	Low	Medium	High	High	Extreme
Almost certain (5)	Medium	High	High	Extreme	Extreme

## 2.4 EVALUATING RISKS

Conducting the risk analysis involves the use of the DV East Risk Assessment Worksheet which identifies the key questions to be answered within each step of the process for evaluating all identified risks:

ISSUE / IDENTIFIED RISK	RISK ANALYSIS – DESCRIBE LIKELIHOOD	ASSESS ADEQUACY OF EXISTING CONTROLS	RISK ANALYSIS – DESCRIBE CONSEQUENCES	RISK RATING (L/M/H/E)	RISK EVALUATION (ACCEPT / MINIMISE / ELIMINATE)
Name of the actual risk: - What can happen? - How can it happen?	Assess Likelihood: - Rare=1 - Unlikely=2 - Possible=3 - Likely=4 - Almost Certain=5	Identify Existing Controls & Assess Adequacy: - Totally Inadequate=1 - Mostly Inadequate=2 - Marginally adequate=3 - Adequate to deal with risk=4	Describe likely consequences: - Insignificant=1 - Minor=2 - Moderate=3 - Major=4 - Catastrophic=5	Assess overall risk rating: - Low=1 - Medium=2 - High=3 - Extreme=4	Identify options: - Accept the risk & manage the consequences=1 - Minimise the risk & document outcomes=2 - Eliminate the risk/ stop the activity=3

After completing the Risk Assessment Worksheet and allocating an appropriate rating to each identified risk (using the risk assessment matrix), a choice is then made to either:

- Accept the risk and manage the consequences;
- Minimise the risk; or
- Eliminate the risk and stop the activity.

Decisions take account of the wider context of the risk and include consideration of the tolerability of the risks borne by parties other than the organisation itself. In some circumstances, the risk evaluation may lead to a decision to undertake further analysis.

## 2.5 MINIMISING RISKS

Risk minimisation involves identifying the range of options for minimising risks, assessing these options and the preparation and implementation of minimisation plans. The DV East Risk Minimisation Worksheet is used to determine these outcomes including the actions and progress taken to minimise risks, designated personnel who are responsible for the action/s, completion and review dates.

ISSUE / IDENTIFIED RISK	RISK MINIMISATION	ACTION / PROGRESS	PERSON RESPONSIBLE	DATE COMPLETED	REVIEW DATE
Name of the actual risk	Based on the outcomes of the Risk Evaluation, decide to accept, minimise or eliminate the risk	What will be done to minimise or eliminate the risk?	Whose responsibility is it to undertake this action?	When was the agreed action completed?	When will the outcomes be reviewed?

### Minimising risks with positive outcomes

Minimising options for risks having positive outcomes (opportunities) which are not necessarily mutually exclusive or appropriate in all circumstances include:

- Actively seeking an opportunity by deciding to start or continue with an activity likely to create or maintain it (where this is practicable). Inappropriate pursuit of opportunities without consideration of potential negative outcomes may compromise other opportunities as well as resulting in unnecessary loss.
- Changing the likelihood of the opportunity, to enhance the likelihood of beneficial outcomes.
- Changing the consequences, to increase the extent of the gains.
- Sharing the opportunity involves another party or parties bearing or sharing some part of the positive outcomes of the risk, usually by providing additional capabilities or resources that increase the likelihood of the opportunity arising or the extent of the gains if it does. Mechanisms include the use of contracts and organisational structures such as partnerships and joint venture arrangements. Sharing the positive outcomes usually involves sharing some of the costs involved in acquiring them. Sharing arrangements often introduce new risks, in that the other party or parties may not deliver the desired capabilities or resources effectively.
- Retaining the residual opportunity so that after opportunities have been changed or shared, any residual opportunities are retained without any specific immediate action being required.

### Minimising risks with negative outcomes

Minimising options for risks having negative outcomes are similar in concept to those for minimising risks with positive outcomes, although the interpretation and implications are clearly different. Options include:

- Avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk (where this is practicable). Risk avoidance can occur inappropriately if individuals or organisations are unnecessarily risk-averse. Inappropriate risk avoidance may increase the significance of other risks or may lead to the loss of opportunities for gain.

- Changing the likelihood of the risk, to reduce the likelihood of the negative outcomes.
- Changing the consequences, to reduce the extent of the losses. This includes pre-event measures such as reduction in inventory or protective devices and post-event responses such as continuity plans.
- Sharing the risk involves another party or parties bearing or sharing some part of the risk, preferably by mutual consent. Mechanisms include the use of contracts, insurance arrangements and organisational structures such as partnerships and joint ventures to spread responsibility and liability. Generally there is some financial cost or benefit associated with sharing part of the risk with another organisation, such as the premium paid for insurance. Where risks are shared in whole or in part, the organisation transferring the risk has acquired a new risk, in that the organisation to which the risk has been transferred may not manage the risk effectively.
- Retaining the risk so that after risks have been changed or shared the residual risks are retained. Risks can also be retained by default, e.g. when there is a failure to identify or appropriately share or otherwise minimise risks.

## 2.6 COMMUNICATION & CONSULTATION

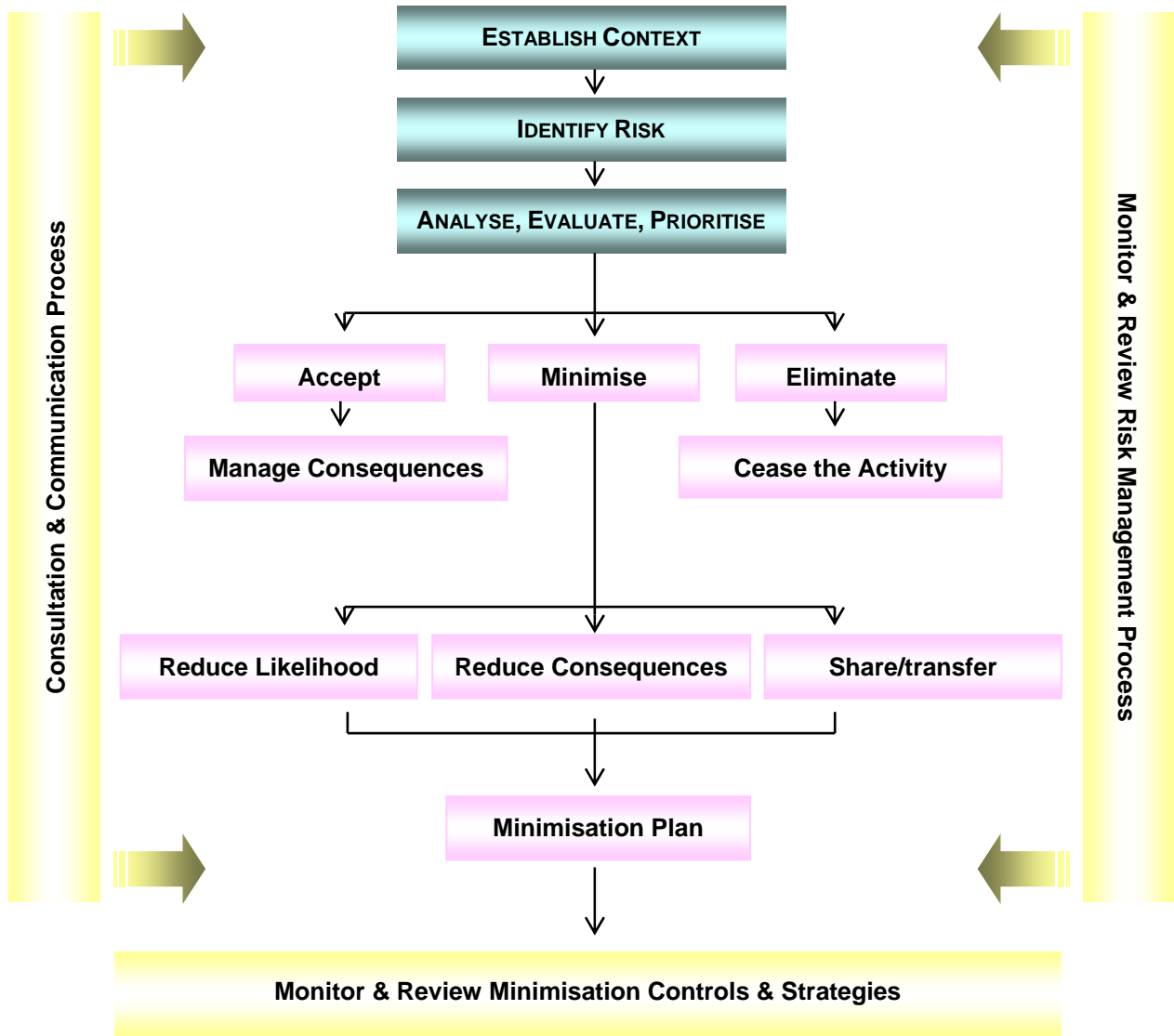
Communication and consultation are important components throughout each step of the risk management process. This involves an ongoing consultation process with all staff who in turn implement the risk management process in their program/service area. This approach aims to ensure that those responsible for implementing risk management, as well as those with a vested interest, understand the basis on which decisions are made, why particular actions are required and participate in the decision making process.

A consultative team approach is used to ensure that all possible risks are identified effectively and clearly. This also assists the analysis process by bringing different areas of expertise together so that a range of professional perspectives are considered in decision making. Risks that have been identified as 'common' and which cross over a range of operational areas are considered in the context of the whole organisation as well as in the context of the DV East Network. While many of these also have common minimisation options some need the development of additional actions to address specific risks that relate to a specific organisation or particular program and/or service areas.

## 2.7 MONITORING & REVIEW

Factors that affect the likelihood and consequences of risks as well as minimisation options that affect the suitability or cost of the required actions are reviewed regularly and in the context of broader organisational and program planning activities. Progress against all identified risks and their associated minimisation plans are a required component of each Risk Minimisation Worksheet. Managers oversee the implementation and maintenance of the risk management process, actions and outcomes in each program/service area. This process identifies opportunities for continuous quality improvement (CQI) in risk management through analysis of emerging issues and learnings that have occurred from past experience. The DV East Risk Management Framework and Manual documents this process and the Risk Register provides all necessary details of risk in each operational area and the subsequent outcomes of actions and minimisation plans.

Figure 3: Risk Management Framework

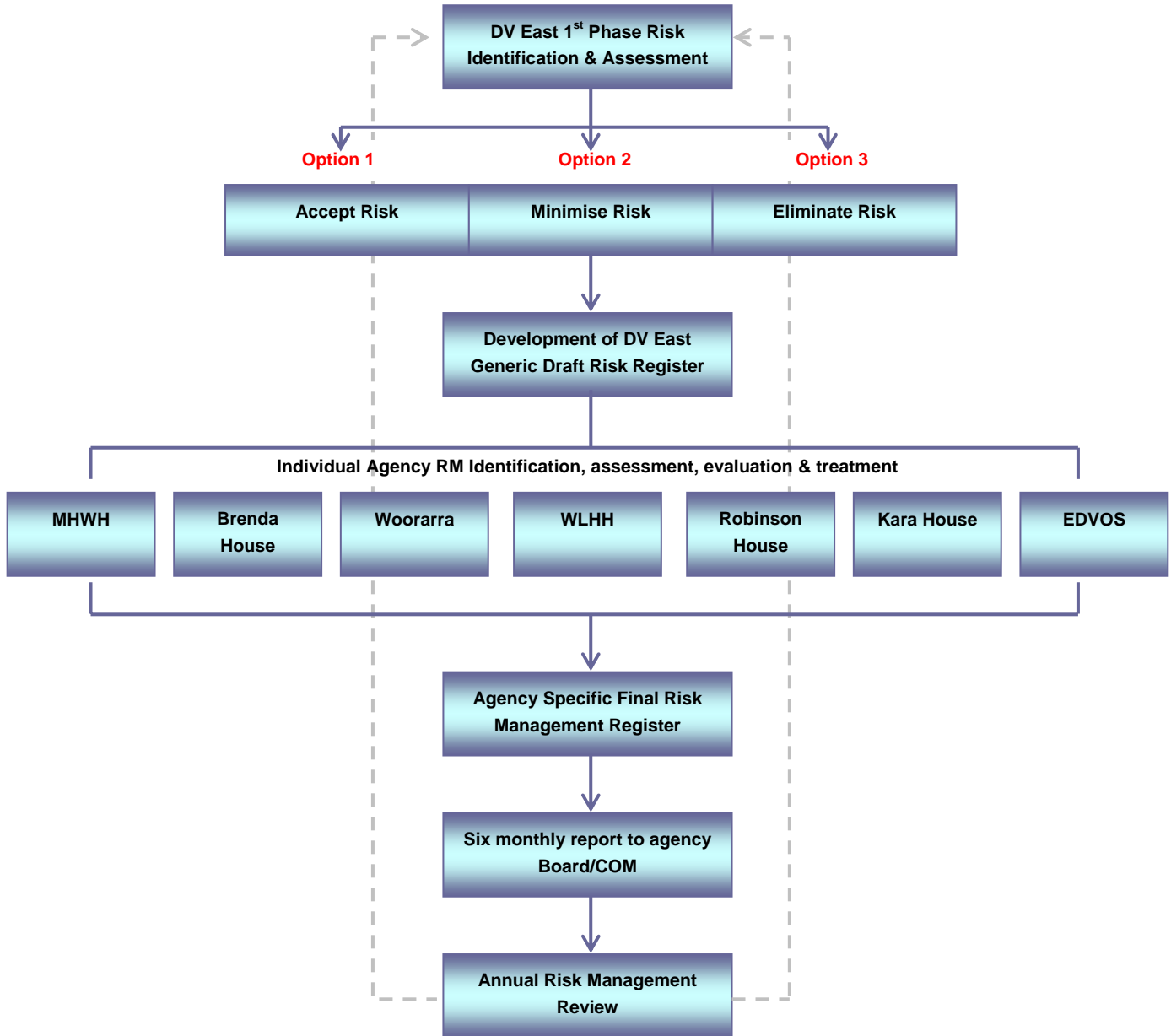


### 3. MAINTAINING AND REPORTING ON RISK ASSESSMENTS

Although each DV East agency undertakes individual risk management within their respective organisations, the risk management process begins with the DV East Network itself:

1. DV East member agencies (within the forum of the Network meeting) conduct the initial identification, assessment and minimisation of risks that are common across all agencies. The DV East risk management process is based on the premise that all DV East member agencies share a common core business and as such they all have a range of similar, if not the same, set of risks. Conducting this first phase of the risk management process as a collaborative group allows for agencies to share their real or potential experiences of risks and to discuss the best possible solutions that will mitigate these risks in a practical and effective manner.
2. The second phase of the risk management process is the development of a generic draft risk register which details the identified common risks across all member agencies as well as the collective decisions of the Network in terms of risk assessment, evaluation and minimisation.
3. The final phase involves each DV East member agency conducting further risk identification, assessment and minimisation with all Board/COM members and staff in their respective organisations, using the generic draft risk register created by the DV East Network as a basis for further development. Each organisation then tailors the risk register to their unique circumstances encompassing the range of risks that maybe unique to their particular service. The final product is a completed risk register, individualised to each agency.
4. The Manager, Coordinator or other delegated authority of member organisations have overall responsibility for the implementation of the risk management process. This includes participation in the first phase of the risk management process within the DV East Network meeting as well as for the implementation of risk management with their respective Board/COM members and staff.
5. All governing bodies of DV East member agencies are responsible for ensuring that their own governance risk management is reviewed on a consistent and regular basis (i.e. annually).
6. The Manager/Coordinator of DV East member agencies are required to submit a summary risk management report to the Board/COM every six months per financial year (one prior to the AGM and one mid-year). Such reports are to include progress of minimisation for identified risks as well as the identification, assessment and evaluation of new risks.
7. Designated staff will be responsible for updating their risk management assessment according to the risk register review dates and to add any new risks which emerge during the year. These assessments will then be forwarded to the Manager/Coordinator for approval.

**Figure 4: DV East Risk Management Process Flow Chart**



# 4. RISK MANAGEMENT WORKSHEET TEMPLATES





### 4.3 RISK RATING MATRIX TEMPLATE

LIKELIHOOD	CONSEQUENCE				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Rare (1)	Low	Low	Low	Medium	Medium
Unlikely (2)	Low	Low	Medium	Medium	High
Possible (3)	Low	Medium	Medium	High	High
Likely (4)	Low	Medium	High	High	Extreme
Almost certain (5)	Medium	High	High	Extreme	Extreme

