IWDA INTERNATIONAL WOMEN'S DEVELOPMENT AGENCY

Policy title:	Risk Management	Version-6	-Sept 2019

1. PURPOSE

The IWDA Risk Management Policy is intended to mitigate risk, minimise harm and reduce liability.

The policy seeks to embed good practice for risk management as part of:
- Strong corporate governance
- Sustained stakeholder confidence and trust
- A clear understanding by all staff of their roles, responsibilities and authorities for managing risk
- Compliance with relevant legislation
- A risk-aware organisational culture through enhanced communication and reporting of risk
- Confident and rigorous decision-making and planning
- Proactive identification and management of opportunities and threats
- Effective allocation and use of resources
- Improved incident management and reduction in loss and the cost of risk

The nature of IWDA's work may mean it is inherently exposed to higher levels of risk in some areas. The Risk Management Policy and procedural application of the associated Risk Assessment Criteria and Risk Assessment Matrix seek to assess the risks IWDA is exposed to, and determine the effectiveness of current controls to mitigate those risks and plan treatment for risks where appropriate.

Risk management will be incorporated into the strategic and operational planning processes at all levels within IWDA.

2. SCOPE

The policy applies to all aspects of IWDA's governance and operations in both Australia and overseas, including management of the IWDA Foundation. It applies to staff, Board members, and other key stakeholders.

3. POLICY

IWDA considers risk management to be a crucial element in ensuring the long term viability of the organisation and protection of the organisation's ,staff, assets, liabilities and earnings against known and unknown losses in a cost effective manner. It is an ongoing and proactive function of IWDA.

Risk management is deemed central to an environment of continuous improvement and organisational learning.

IWDA will mitigate risk, minimize harm, reduce liability and improve the functioning of the organisation by adopting a planned and systematic approach to the management of risk and by providing the resources for its successful implementation and continuous improvement.

IWDA categorizes and manages risk under the categories of:
- Strategic Risk
- Financial and Compliance Risk
- Operating Risk
- Occupational Health, Safety and Well-being Risk

Risk management will be incorporated into the strategic and operational planning processes at all levels within IWDA.

IWDA will engage, consult and involve partner organisations in risk management so they are aware of IWDA's Risk Management Policy (and supporting policies) and can assist in identifying and mitigating risks. Involving partner organisations will also assist them to gain information that strengthens their own risk management processes.

All Board members, staff, interns, volunteers and partners of IWDA will receive the information, instruction, supervision and training necessary for the implementation of the risk management framework and process. This will be provided in plain English or translated as required to meet the needs of all stakeholders.

IWDA Board members, staff and volunteers have a responsibility to make themselves aware of situations where someone or something might be at risk. They must then take reasonable action to manage those risks and escalate this information to the IWDA CEO or delegated manager.

Risks will be identified, reviewed and monitored on a scheduled basis, at delegated levels within IWDA. Through consultative processes, the Leadership Team of IWDA will be responsible for maintaining and reporting the risk profile to the Board on a regular basis in relation to the activities of IWDA under the identified categories.

3.1 IWDA Risk Appetite

IWDA will have an overall cautious appetite for taking significant risks to achieve its strategic objectives and goals. The Board has an averse appetite for any situation that threatens or compromises our staff's safety or the organisation's reputation.
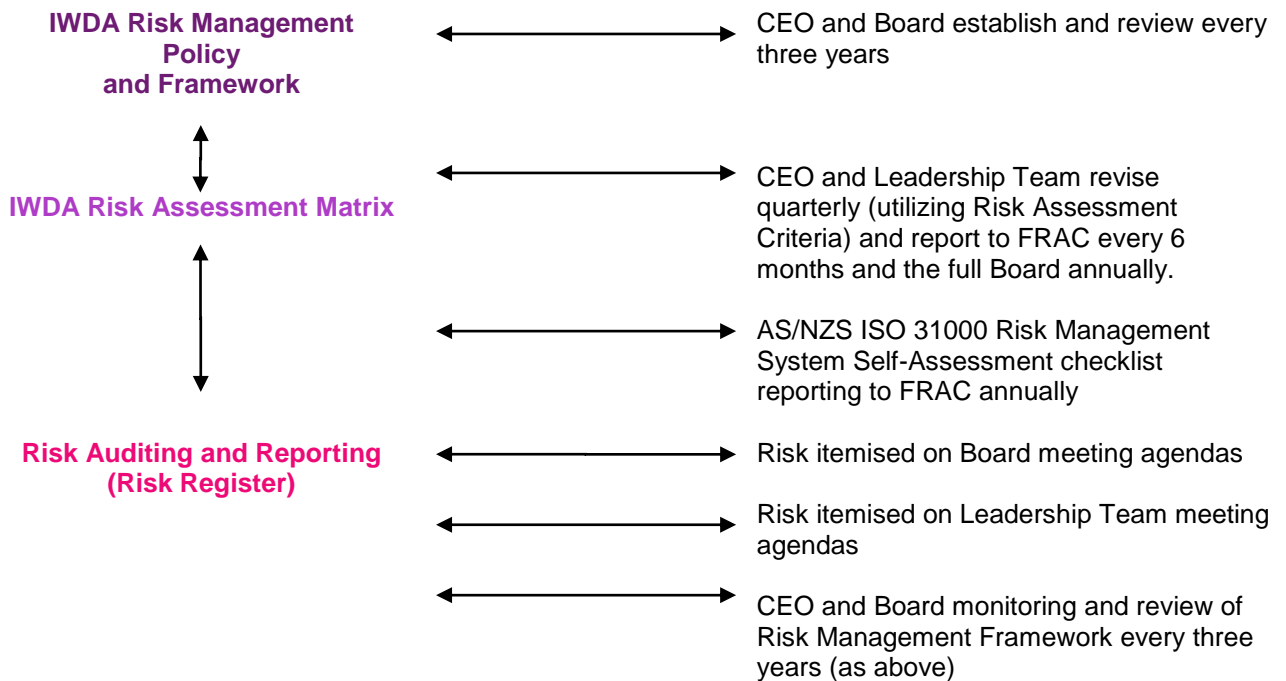
Whilst the current growth strategy will require a more aggressive approach to attracting new donors and sponsors, this should not erode our current donor base or damage our reputation within the industry.

IWDA is in a favourable financial position currently, and the Board will have a risk appetite to maximize viable opportunities and minimise adversity with regard to maintaining the long term financial viability of the organisation.

The Board has a cautious appetite for any activities that would damage our ACFID membership or DFAT accreditation.

3.2 IWDA Risk Management Framework

IWDA applies a Risk Management Framework to address policy, practice and evaluation.

IWDA Risk Management Policy and Framework	CEO and Board establish and review every three years
IWDA Risk Assessment Matrix	CEO and Leadership Team revise quarterly (utilizing Risk Assessment Criteria) and report to FRAC every 6 months and the full Board annually.
	AS/NZS ISO 31000 Risk Management System Self-Assessment checklist reporting to FRAC annually
Risk Auditing and Reporting (Risk Register)	Risk itemised on Board meeting agendas
	Risk itemised on Leadership Team meeting agendas
	CEO and Board monitoring and review of Risk Management Framework every three years (as above)

4. IMPLEMENTATION

The Board is responsible for determining the strategic direction and risk appetite of IWDA and oversight of the establishment and monitoring of appropriate structures and assessments for risk management. Risk management will be monitored as a standing item of every Board meeting.

The Finance, Risk and Audit Committee (FRAC)'s role is to assist the Board to fulfil its legal, ethical and functional responsibilities in financial planning and control, audit and risk management functions. Its responsibility is for the informed oversight but not the direct management of risk. These responsibilities are detailed in the committee Charter. Risk management will be monitored as a standing item of every FRAC meeting. The FRAC will monitor risk management against standards of the AS/NZS ISO 31000Requirements annually.

The CEO is responsible for the overall management and implementation of the IWDA Risk Management Framework and will ensure that IWDA's decisions and practices comply with the requirements of the relevant legislation, regulations and codes of conduct and practice. The CEO's Board Reports will document and speak to risk management through an exceptions report which outlines risk and actions taken to avert or mitigate these by category and sub category. Any risks falling in the Extreme Residual Risk category as captured by the risk assessment criteria tools will be urgently brought to the attention of the Board. Over time, it is expected that some risks will rise to extreme and then, through the application of appropriate mitigation actions, be reduced in significance and thereby be taken off the Board's watch list.

The Leadership Team has primary responsibility for managing risk on a day to day basis. They will ensure that staff within their teams understand their responsibilities with respect to operational risk, and will assist in fostering a risk aware culture and application of risk management tools. Risk management will be monitored as a standing item of every Leadership Team meeting, and captured and tracked on the Risk Register.

Program Managers will ensure that IWDA's Risk Management Policy is applied to IWDA's work with program partners via the following tools:
- Program Partner Capacity Assessment
- Program Partner Selection Risk Assessment
- Child Protection Risk Assessment
- Financial Capacity Monitoring Tool
- Country Security Plans

Risk is monitored with partners throughout the project cycle.

5. REVIEW AND AMENDMENT

The Risk Management Policy will be reviewed every three years to ensure it remains compliant with law, relevant and effective. This policy may be amended at the discretion of the Board.

The Risk Assessment Matrix will be revised and updated quarterly by the Leadership Team, using the Risk Register as guidance. The Matrix will then be presented for review to the FRAC six monthly and to the Board annually. The revision will address and assess risk in order of priority, identify and monitor progress on measures to treat risk, nominate a time frame for action and identify individual or team responsibilities.

6. DEFINITIONS/TOOLS

'Risk' refers to the effect of uncertainty on IWDA's objectives. The following criteria assist IWDA systematically measure the likelihood and impact or consequences of risk. The inherent risk levels are then assessed as a combination of the impact and likelihood and linked with control ratings to spotlight management directives and ensure the highest level of risk mitigation.

6.1 Risk Likelihood
Likelihood Scale: Provides an assessment of the likelihood of the risk occurring

Scale	Criteria to be used to establish rating
Almost Certain	The event is expected to occur in most circumstances. Circumstances or situations which provide the opportunity for crystallisation of risk are likely to arise often throughout the financial year. Expect frequent, regular occurrences.
Likely	The event will probably occur in most circumstances. Likely to occur more than once during the financial year but not an 'everyday' occurrence. Preconditions will arise at times throughout the period
Possible	The event could occur at some time. Could occur at least once but is not expected to occur much more than this in the financial year.
Unlikely	The event is not expected to occur in the financial year. A small, but remote chance of occurrence due to circumstances / situations that could arise.
Rare	The event is likely to occur only in highly exceptional circumstances that are unlikely to exist in a financial year. Extremely remote chance of occurrence in financial year. 'Once in Lifetime' event.

6.2 Impact (Consequence) Rating
Impact Scale: Indicates the impact of the risk on IWDA's operations

Scale	Criteria to be used to establish rating
Intolerable	Prohibit activity – may result in death or total loss in morale (departure of all personnel) or total loss of financial assets or information sources.
Substantial	Activity should be ceased until the risk has been reduced, or control measures are in place – may result in serious injury or widespread staff dissatisfaction or significant loss of financial assets or information sources.
Moderate	Need to make effort to reduce risk; consider also cost, and cost-effective strategies for reducing risk – may result in widespread poor staff morale or temporary diminution of financial assets or information sources.
Minor	No action required but continue monitoring risk – may cause poor staff morale or temporary diminution of small proportion of financial assets or information sources.
Trivial	No action required.

6.3 Inherent Risk Levels
The inherent risk levels are assessed as a combination of the Impact with the Likelihood of the risk occurring. The table shows the inherent risks of activities without taking into account mitigating controls. The table below is to be used for indicative purposes.

		IMPACT (CONSEQUENCE RATING)				
		Trivial	Minor	Moderate	Substantial	Intolerable
LIKELIHOOD	Almost certain	Medium	High	High	Extreme	Extreme
	Likely	Medium	Medium	High	High	Extreme
	Possible	Low	Medium	High	High	High
	Unlikely	Low	Low	Medium	Medium	High
	Rare	Low	Low	Low	Medium	Medium

6.4 Control Rating
Controls are policies, procedures and measures that help ensure management directives are carried out and modify the inherent risk.

| Scale	Criteria to be used to establish rating
Strong	Controls currently exist which address the risk and operate effectively
Moderate	Controls exist which address the risk but do not always operate effectively or, controls exist which partially address the risk and operate effectively
Weak	No controls exist to address the risk or controls exist but do not operate effectively

6.5 Residual Risk Rating (after assessing controls)

Residual is the amount of risk (if any) left over after controls have been implemented. If risk is unacceptable, further assessment needs to be completed to assess what can be done to reduce the risk further. Residual risk is rated by plotting inherent risk rating and mitigating practice / control rating. The table below is for indicative purposes only.

		CONTROL RATING		
		Weak	Moderate	Strong
INHERENT RISK	Extreme	Extreme	High	Medium
	High	High	Medium	Low
	Medium	Medium	Low	Very Low
	Low	Low	Very Low	Very Low

6.6 Risk Management and Treatment Process

The risk management process is an integral part of management decision making and is entrenched in the culture and practices of IWDA. It includes elements illustrated in the following diagram.
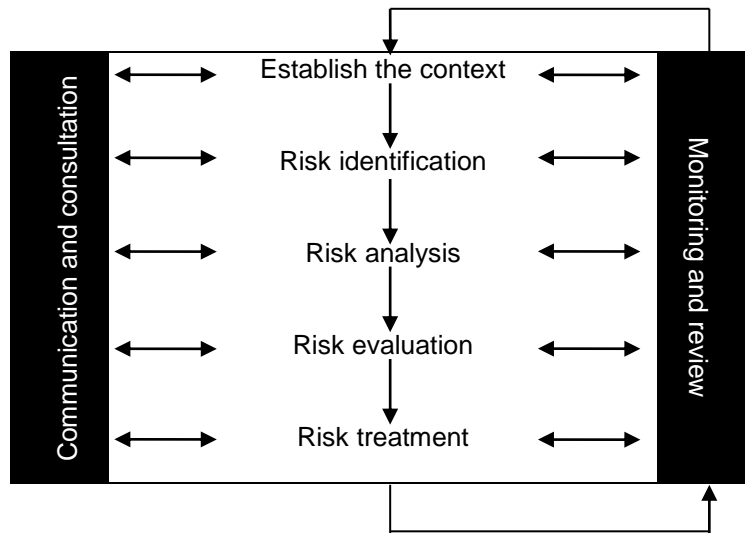
Source: AS/NZS ISO 31000:2009

Risk treatment involves selecting one or more actions for modifying risks and implementing these actions. Once implemented, treatments provide or modify the controls. Selecting the most appropriate risk treatment option or action involves balancing the costs and efforts of implementation against the benefits derived, with regard to legal, regulatory and other requirements such as social responsibility and the protection of the natural environment. Decisions should also take into account risks which can warrant risk treatment that is not justifiable on economic grounds e.g. severe (high negative consequence) but rare (low likelihood) risks.

6.7 Risk Management System Self-Assessment Tool

The self-assessment tool developed in accordance with *AS/NZS ISO 31000: Risk Management – Principles and Guidelines* to assist organisations to self-assess the effectiveness of organisational risk management systems and processes. This tool, as updated from time to time will be utilised by the IWDA Finance, Audit and Risk Sub Committee annually to monitor quality control.

6.8 IWDA Risk Assessment Matrix
See Matrix

7. REFERENCES/RELATED DOCUMENTS
- IWDA Risk Assessment Matrix
- IWDA Risk Register
- IWDA Finance, Risk and Audit Committee Charter
- IWDA Monitoring, Evaluation and Learning Framework
- IWDA Policy suite including Fraud, OHS&W, Travel and International Security
- Country Security Plans
- Program Partner Capacity Assessment
- Program Partner Selection Risk Assessment
- Child Protection Risk Assessment
- Financial Capacity Monitoring Tool
- AS/NZS ISO Checklist