



FAAW

Foundation for Australian Agricultural Women

RISK MANAGEMENT PLAN

Dated: 2nd May 2009

FAAW Risk Management Policy

Introduction

In its governance role, the Board of FAAW assumes ultimate responsibility to ensure that adequate risk management procedures are adopted to protect the assets and undertaking of the organisation.

The Board adopts an active approach to risk management on the basis that FAAW is a risk-aware organisation, rather than a risk-averse one. This approach recognises that prudent risk management does not require that all risks are identified and eliminated. Rather it aims to ensure that procedures are in place to identify **material risks** and, where an evaluation of the likelihood and potential consequences of such risks occurring demand, that steps be taken, and controls are in place, to appropriately manage risks. Only where the materiality of the potential risk demands, is it required that the risk be eliminated.

Policy

1.1 EO as Board's delegate

If an Executive Officer (EO) is appointed, the EO, or the EO's delegate as agreed by the Board, is responsible to the Board to ensure that Risk Management Plan is developed for FAAW consistent with this Policy. If an EO is not appointed, it is assumed for the purpose of this document, the responsibility lies with the Board.

1.2 Board's Role

The *framework* for developing FAAW's Risk Management Plan shall be approved by the Board, including:

- (i) The use of a recognised risk management framework, such as the Volunteering Australia publication *Running the Risk*, based on the Australian Standard on Risk Management (AS4360), but with modification as appropriate to FAAW;
- (ii) The risk areas within FAAW which are to be considered for material risks and the responsible persons who are required to develop the risk management plans in those areas;
- (iii) The measures which are to be used to determine the likelihood and the consequences of risks when evaluating risks for materiality;
- (iv) Any requirements of the Board as to the types of controls required to be applied to manage material risks;
- (v) At what level of materiality of a risk staff are required to advise and/or obtain the direction of the Director and/or the Board before assuming the risk, with or without controls; and
- (vi) The requirements for reporting to the Board and for ongoing monitoring and review of the Plan/s.

1.3 Implementing Risk Management

The EO, or his/her delegate as agreed with the Board, is to ensure that implementation of the Risk Management Plan for FAAW include the following elements:

- (i) Staff and relevant contractors of FAAW are trained as appropriate in the purpose and application of Risk Management Plan;
- (ii) Risk Management Plan are implemented in such a way that awareness and management of risk becomes part of the day-to day-operations of FAAW;

- (iii) The EO, or agreed delegate, monitors and regularly reports to the Board through the Audit, Finance & Risk Committee on the implementation of, or departure from, Risk Management Plan; and
- (iv) The EO, or his/her agreed delegate, conducts a full review of the FAAW's Risk Management Plan, including a review of the effectiveness of implementation, at least every 3 years and reports the results to the Board.

1.4 Inclusions in Plan

The Board requires the Risk Management Plan to include:

- (i) adequate insurances be taken out, and advice taken from FAAW's brokers or insurers where necessary, to cover the usual risks for organisations such as FAAW and to cover any particular extraordinary risks which arise in the circumstances of FAAW; and
- (ii) a contingency plan for handling emergencies which would interfere substantially with the ongoing operation of FAAW (or a substantial part of it).

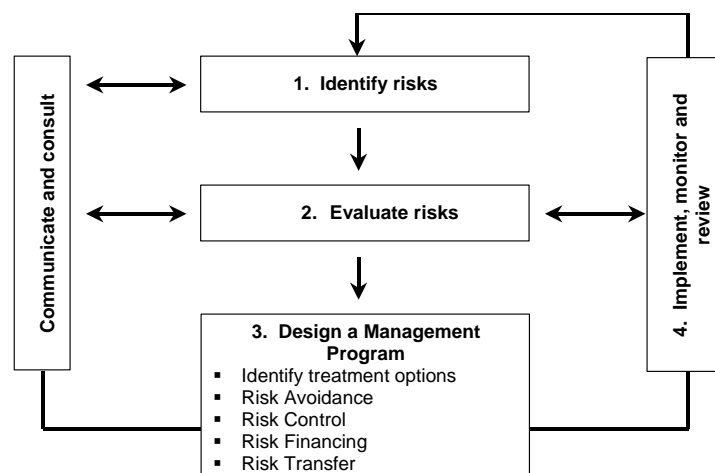
1.5 Role of Audit, Finance & Risk Committee

Despite the delegation under this Policy to the CEO:

- (i) the Risk Management Plan shall include responsibility for the Board's Audit Finance & Risk Committee ("Committee") to enquire into the risk assessment, if any, undertaken in preparing the business case for all proposals presented to the Board involving material use of FAAW's resources;
- (ii) In putting forward all recommendations to the Board via the Committee, the proposal should include confirmation that the Committee has made such enquiry, and is satisfied with the responses, unless it advises the Board otherwise; and
- (iii) If the Committee is not satisfied with the results of any of its enquiries in this respect, and therefore is concerned with any risk factors arising in relation to a proposal, it must alert the Board to the relevant concerns for full discussion and consideration.

Risk Management Process

The Risk Management process to be adopted for all risk areas is:



FAAW Risk Areas

The risks identified in the Plan fall under the following categories:

1. Strategic Risk
2. Financial Risk
3. Project & Product Risk
4. Human Resource Risk (Board & Staff)
5. Contractual Risk
6. Technological Risk
7. Insurance Risk
8. Legislative Risk
9. Political Risk
10. Market Risk
11. Natural & Other Disasters

FAAW Risk Definitions

1.6 Likelihood

The likelihood of an event can be classified as:

A	Rare	The event may occur only in exceptional circumstances.	1-2% occur in any one year
B	Unlikely	The event could occur at some time.	2-5% occur in any one year
C	Possible	The event will probably occur at some time.	5-49% occur in any one year
D	Likely	The event will probably occur in most circumstances.	50-99% occur in any one year
E	Almost Certain	The event is expected to occur in most circumstances	> 99% occur in any one year

1.7 Consequence

Consequence Levels:

1	Trivial	Negligible impact upon our objectives	"≤\$500"
2	Minor	Minor effects that are easily remedied	"up to \$1,000"
3	Moderate	Some of our core objectives and/or operations affected	"up to \$10,000"
4	Substantial	Sustained or significant impact on ongoing ability to achieve core objectives and/or operations	"up to \$15,000"
5	Intolerable	The event may reasonably result in our being totally and permanently unable to continue to achieve core objectives and/or operations	"over \$15,000"

1.8 Strategic Link

The importance of these likelihoods and impacts should be assessed in conjunction with the strategic plan priorities. This ensures there is a link between risk and strategic direction (i.e. allocation of resources)

FAAW Materiality of Risk

The materiality of risk have been defined and placed into the Risk Matrix. This allows for consistent allocation of Risk Priorities and Profiles within the Risk Management Plan.

Likelihood	E	M	M	H	E	E
	D	M	M	H	H	E
	C	L	M	M	H	E
	B	L	L	M	M	H
	A	L	L	M	M	M
		1	2	3	4	5
		Consequence				
Risk Rating:		Low	Medium	High	Extreme	

An organisation will always have people with different perceptions of risk of any given activity. This provides consistency across the organisation, which in turn contributes to our culture around risk.

1.9 Risk Actions Required

Sample of actions required depending on low, medium, high or extreme risk are in the table below.

Risk Rating		Action Required
L	Low Risk	<ul style="list-style-type: none"> No further action is needed at present, but monitoring will be necessary to ensure that controls are maintained. Manage by Routine Procedures
M	Medium Risk	<ul style="list-style-type: none"> Efforts must be made to reduce the risk, but the costs of doing so need to be carefully considered. Approval required from or EO or Chair of responsible Committee
H	High Risk	<ul style="list-style-type: none"> The activity should be halted until the risk has been reduced or sufficient control measures are in place. Approval required from President & Treasurer, notified to Board
E	Extreme Risk	<ul style="list-style-type: none"> The activity that gives rise to the risk should be prohibited. Approval required from Board to proceed with it.

FAAW Risk Tolerance

Defining “tolerance” provides a guide to Management, of the Board’s approach to risk. This is particularly useful in establishing priorities for Risk Control.

1.10 Zero Risk Tolerance

The Board has zero tolerance and is unwilling to accept any risk under any circumstances. *E.g. do not employ anyone with a criminal record* (this is regardless of Risk Profile)

1.11 Low Risk Tolerance

The Board defines this as High/Extreme Likelihood and High/Extreme Consequence, or an issue that could significantly impact upon the reputation of the FAAW. The Board requires in all low tolerance circumstances risk mitigation by EO to appropriate staff, action plans, tracking and reporting to the Board. The expected outcome of the mitigation is to reduce either Likelihood or Consequence (or both).

1.12 Moderate Risk Tolerance

The FAAW is willing to accept risk in certain circumstances that may result in loss of reputation, profitability or performance. Risks assessed as High Likelihood/Medium Consequence, Medium Likelihood/High Consequence, or Low Likelihood/High Consequence is included in this category.

1.13 High Risk Tolerance

The EO or Manager will monitor risks assessed in this category. Organisational Performance is reviewed and re-assessed annually by a Committee (to be determined by the Board).

FAAW Monitoring & Reporting

The Finance, Audit & Risk Committee are responsible for reporting against this Plan to the Board, once a year or as required by the Board.

The Risk review for each risk area will be documented in Risk Registers and Action Plans prepared by the designated person for each risk area, applying the risk identification and evaluation methods set out in Sections 4, 5 and 6 of this Risk Management Policy.

The Company Secretary is responsible to maintain the Risk management documentation on behalf of FAAW. All documentation is to be filed in the centralised Document Manager in line with file version control protocols.