



Neighbourhood Houses Tasmania Inc.

Risk Management Information Handbook

**For Use or Adaptation
By
Neighbourhood Houses in Tasmania**

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1. What Risks?

Risk is an inevitable part of everything we do in life. All Neighbourhood Houses are exposed to risks because of what they do, the people and organisations they work with, and the resources and assets they manage.

Risk can be defined as the degree of likelihood of some level of unwanted consequence occurring. Standards Australia describes risk management as actions that prevent "the chance of something happening that will have an impact on our objectives." In other words, risk is anything that threatens or limits the ability of your House to achieve its mission.

Risk management means thinking about what may happen as the House goes about its business and taking steps to limit the chances of something going wrong. It also means accepting that sometimes things will go wrong and being prepared to deal with those things.

The House has a responsibility to ensure that people and property are properly protected.

Houses already recognise this, whether it is a sticky-taped sign warning people to watch the step, a requirement that there are always at least two signatories to a cheque, inspection of a play area before games to ensure it's free of hazards or backing up the computers once a week to protect records.

The sign draws people's attention to the risk of danger, two signatories on a cheque guards against the risk that one person using funds without authority, the inspection ensures hazards that could injure players are removed, and the computer back-up protects your records should a virus or surge strike.

However, not every risk can be prevented. Football clubs, no matter how good their medical and support team, cannot stop all injuries. Houses cannot always predict how people will react and the core activities of the House inevitably involve some risk.

Finally, risk is present at all levels of activity. There are risks that may affect the House as a whole. There are risks that may affect only financial activities, or only service delivery activities, as well as risks that may affect both. There are risks specific to each and every project. What this means is that everyone in a House bears some responsibility for managing risk.

1.1 The Main Areas of Risk for Houses

Every House faces a certain amount of risk, whether it's ensuring the health and wellbeing of its volunteers and users or protecting its reputation, property or premises.

Risks come in all shapes and sizes but it's useful to group them under topic headings so that they can be assessed and prioritised. You need to take a broad view in identifying and compiling a list of them.

To identify risks, you can:

- Undertake a brainstorming session with all key stakeholders
- Ask for reports, ideas and suggestions from staff, volunteers and members.
- Conduct your own inspections
- Ask your insurer or broker for assistance
- Examine injury or first aid paperwork
- Check with your equipment suppliers

You can also keep on top of identifying workplace hazards - which are, remember, only part of the risk picture - by regularly checking with:

- NHT
- relevant unions
- your workers' compensation insurance agent
- WorkSafe Tasmania which can offer information and guidance
- other Houses.

You will need to check regularly to see that you comply with ALL relevant legislation, guidelines and regulations - whether they are federal, state or local government.

Below is a list of risks that may affect many Houses. This list isn't intended to be exhaustive but these are the areas where the largest number of community groups, including Houses, has had trouble in the past.

If you go over the list carefully it should prompt you to think of at least some potential risks involving your own House that need to be addressed.

1.1.1 Physical Risks

It's your responsibility to make your House into a safe environment for anybody (staff, volunteers, members, users, contractors, visitors) who's likely to come into contact with it (and that doesn't mean just people who have permission to enter). A key point is to make sure that you inspect your facilities, equipment and premises regularly.

Festivals/Events

- Are any of the participants going to be doing remotely dangerous activities that might expose them (or other people) to risk (e.g. acrobatics, crowd surfing, fireworks, horse riding, javelin tossing, line dancing, football, cricket, swimming, trampolining, wrestling, etc.)?
- Is crowd/traffic controls necessary? If so, have local authorities and permits been obtained?
- Do you have emergency procedures in place - fire, violence, accidents etc.?
- Do you need to involve emergency service or other authorities?
- Is any special equipment/material required? Has this been inspected? Does it meet the relevant standards/regulations?

Fire

- Can anything catch fire? Are your alarms in place? Do you have sprinklers and extinguishers in place? How regularly are they checked?

- Do you have an emergency plan? Who is aware of it? Have you practised it? Who is in charge of overseeing and reviewing it?
- If the fire spreads, are your evacuation systems in place?
- If the venue burns down, do you have arrangements for continuity of services?

Food and drink

- Is your food production, storage, and service safe from contamination or deterioration?
- Are your food areas clean?
- Do you meet the regulatory requirements for food handlers set out by local and state governments? Are all food handlers aware of the regulations?
- Do you label your food sufficiently for people with severe allergies to be able to avoid injury?
- Do you serve alcohol? Do you have policies to deal with instances of intoxication?
- If you handle medicines - do you have appropriate records and authorities? Are you trained for their administration?

Machines

- Is your machinery safe? Are all your machines regularly tested?
- Are your work safety procedures adequate?
- Is everyone aware of your work safety procedures?
- Is everyone who uses them properly trained or licensed?
- Is the public able to gain access to your machines?
- Are they registered with the appropriate authorities?
- Do you keep maintenance records?

Vehicles

- Are your cars properly maintained and serviced?
- Are your drivers adequately trained and licensed?
- Are your vehicles properly registered for the tasks that are undertaken?
- Is access restricted?
- Do you have limits on how long or how far someone can drive in the one shift/day/week etc.?

1.1.2 Professional Risks

It is your responsibility to see that nobody suffers through relying on your work.

- Do you screen your staff (including your volunteers) to ensure that they're professionally competent, law-abiding, and safe?
- Do you screen staff working with vulnerable groups such as children or those with special care?
- Do you have an orientation process for your staff outlining acceptable and unacceptable behaviour?
- Does your staff (including your volunteers) provide people with goods, or services, or advice?
- Are you sure that your systems can ensure that the goods, or the services, or the advice are reliable and/or accurate?
- Are your volunteers adequately supervised?
- Are your staff likely to defame anybody?
- Is your complaints procedure adequate to detect and deal with problems?

1.1.3 Environmental Risks

It is your responsibility to see that your operations and the internal and external areas of the House are safe under all foreseeable circumstances. For example, *what you would warn a child about if they visited you?*

- Can any of your buildings catch fire, fall down, or suffer any other disaster?
- Are your paths, stairs, steps, and public areas non-slippery, free of obstacles, well signposted? How about for people with vision impairment?
- Are there any personal hazards on the premises, either yours (loose goalposts, unstable vending machines, etc.) or brought in by others (syringes, broken glass, etc.)?
- Is anybody smoking on or too close to the premises? Is your air-conditioning tested for diseases such as Legionnaires Disease?
- Is there any standing water on the premises? Could anybody fall in and drown?
- Are there any unshielded drops or falls?
- Are there any potentially hazardous objects or substances, from golf balls to pesticides, left on the premises?
- Do you have any trees? Could they fall down on houses/shed branches on people/undermine neighbouring buildings? Are they regularly pruned or inspected?
- Do your surfaces meet required standards? Is there a danger of slipping or tripping due to surfaces not being properly maintained (sports grounds, dance floors, stages etc.)?
- Are any dangerous substances (acid, cleaning products, boiling water, etc.) kept on the premises? Are they locked away? Are there sufficient warning signs? Barriers?
- Is there a designated first aid area? Is there emergency vehicle access? Are there warning signs? Are there safety barriers? Is there paid security? Are there security cameras?

1.1.4 Employee Risks

You are responsible for protecting your staff and volunteers.

- Are your House users (or anybody else) liable to attack, infect, or insult your staff or volunteers?
- Do you have procedures in place to ensure sudden staff/volunteer absences or departures don't adversely affect your House?
- Have you taken precautions against prejudice and harassment at work? Have you set procedures so that everyone is treated equally and fairly?
- Do you have a system in place where you could identify potential problems? Is there a system to deal with complaints/disputes with staff/volunteers?
- If anybody leaves, are you liable to an action for unfair dismissal?

Some laws regulate how you deal with workplace safety - check with WorkSafe Tasmania.

1.1.5 Financial Risks

You are responsible for protecting the assets of your House and for paying your liabilities.

- Are your financial procedures sufficient to prevent or expose fraud or unauthorised trading?
- Have you set up limits on spending? Are these known and acknowledged?

- If you were forced to close, have you adequately budgeted for paying all employee entitlements/all outstanding taxes?
- Would your budget reporting systems be good enough to tell you if you were trading while insolvent?
- Does your Management Committee have adequate information to make informed decisions (properly prepared balance sheets, profit and loss statements, cash flow reports, etc.)?
- Have you set up a process of audit?

1.1.6 Criminal Risks

You are responsible for protecting the House and people against crimes as well as accidents.

- Are you protected against theft (from your House or from others on your property or under your control)?
- Do you have adequate fences, alarms, surveillance, and security?
- Have you procedures in place to ensure the safety of staff/volunteers/public etc.?
- Is there proper lighting and is there a program for regular replacement?
- Do you have fraud prevention policies and procedures in place?

1.1.7 Regulatory Risks

You are responsible for working within the law.

- Is anybody on your staff driving an unregistered vehicle? Have you paid any compulsory insurance?
- Are any of your Management Committee decisions liable to be overturned because of conflict of interest?
- Are all your House's activities within your objectives under your constitution, or are you acting outside your authority?
- Have you filed all returns and reports required by legislation or funding agreements?

In all of these areas you should review your procedures to see whether you have done everything reasonable to avert any foreseeable problem.

1.2 Volunteer Related Risks

Volunteers are an integral part of your community. The duties that they undertake are worth millions of dollars. No House wants its staff or volunteers to be at any risk, and neither does it want anybody to be at risk from them.

It is best to consider volunteers as (unpaid) staff because that's the way the law thinks of them. Your House has recruited them, you've given them the authority of your House, and you've put them into contact with users or the public or the members of your House.

Although they are giving of their time for free, there are a number of responsibilities you have to your volunteers. In turn they also must observe the rules, regulations and certain levels of behaviour expected of your House.

There are some obvious difficulties involved in working with volunteers:

- They are not paid, and thus have no financial incentive to do what you say;

- They may not stay for long, and so it's not financially sensible to give them intensive training; and
- They usually have not had to undergo a competitive selection procedure, and so are often of unknown competence.

It is your job to overcome these difficulties and to find tasks that sit with the level of involvement and competence of your volunteers.

If your volunteers are unreliable, you may be able to find them jobs to do that have very little possibility of going wrong. If you are staffing essential positions with volunteers, then you have to hold them to the standards that the positions require. Their commitment, morale, and dedication will depend to a considerable extent on the quality of the management and leadership provided.

There are many jobs involved in a House that have little possible downside and where even if mistakes are made, they are of a minor nature. At the other end of the scale are the extraordinarily destructive effects that might arise from a failure to adequately supervise people working with vulnerable people or children. When a volunteer is independently in a position of responsibility over vulnerable groups in our society there can be no argument that they must measure up to the highest standards.

For most Houses, the chance of volunteers causing serious problems is extremely rare, so there's no need to panic, or to lose perspective, or to inflate the problem. When things do go wrong, however, they can go spectacularly wrong, and if you're dealing with a very small chance of a very large damage it's sensible to take reasonable precautions.

You want to have procedures in place that as far as possible cover your users and your House from avoidable risks without discouraging recruitment of volunteers. A standard screening process for volunteer recruits is a good way of checking up on possible volunteers without embarrassment or risk of losing support.

1.3 Legal Risks

Everybody in this country exists in a web of mutual legal responsibilities. There are laws, regulations, and customs we are bound to follow; there are contracts we have entered into that we must observe; there are duties to our fellows that we cannot avoid.

Any person or group operating in this web takes on its own legal obligations.

Note, too, that Houses can in some circumstances also be held liable for the acts of employees, even in circumstances where the employee (which also covers volunteers) has not deliberately contributed to the act. This is known as 'vicarious liability'. If, for instance, a volunteer from your House harasses a member of the public, you too (as a House) may be held liable.

1.3.1 Incorporation

All Houses funded by the Department of Health and Human Services must be incorporated bodies. The laws governing incorporation also regulate to some extent how you run the

House, covering issues like annual general meetings, financial reporting and accountability, and conflicts of interest.

1.3.2 General Laws

There are a lot of laws - a lot of laws - in Australia, and you're supposed to observe all of them. The Management Committee will need to be satisfied that the House is in compliance with all relevant legislation.

It goes without saying that you're not supposed to defraud people, or discriminate against or harass them, or hit them, or rob them, or breach the general prohibitions applying to everybody. As well as these, there are some laws that apply particularly to not-for-profit organisations. Some laws regulate how you raise funds. Some laws regulate how you deal with workplace safety.

You also must comply with Tax Office and Australian Charities and Not-for-Profits Commission (ACNC) rules, as well as the rules relating to incorporation in Tasmania.

1.3.3 Discrimination

There are a number of pieces of Commonwealth and Tasmanian legislation that govern discrimination. Refer to the House Anti-discrimination, Harassment and Bullying Policy for more information.

1.3.4 Privacy

Privacy is a hot topic in Australia, particularly in the light of technological advancements that have made it easier than ever before to breach people's privacy.

This is an area of law that's in flux so you need to be regularly checking back to ensure your House's processes and procedures are up to date.

1.3.5 Contracts

If you have any financial dealings with your suppliers, your staff, and the public (for example, a property lease, a computer rental agreement, or an agreement to supply services) then this places specific responsibilities on your shoulders.

Don't take them lightly. Contracts of all sorts should always be in writing and you should ensure that all details are included in any contract that is developed.

Seek legal advice wherever there is ever a slightest bit of doubt about a contract you are considering entering into.

1.3.6 Liability and Negligence

One of the major risks faced by your House is your exposure if someone gets hurt. In this context, it's important to understand the concepts of 'liability' and 'negligence'. A House is **liable** when it is financially responsible for its actions or failure to act. One of the most

common reasons why not-for-profit organisations are found to be liable is that they have demonstrated **negligence**, or the failure to act as a reasonable person would under similar circumstances.

It's important to note that Houses get no special indulgence from the courts because of the good they do. They are expected to find a way to do good that does not involve damaging third parties, and if they don't then the law treats them just as it would any other corporation.

Every House, regardless of the type of work you do, must exercise the level of care necessary to protect people from harm. Injuries may arise from things like vehicle accidents, workplace hazards, a person's participation in one of your regular programs, or something going wrong at a special event.

A successful claim alleging negligence has to prove that:

1. **A duty exists** – a House cannot be found negligent unless it first had a duty to exercise care.
2. **The duty is breached** – a House that does not meet its duty of care may be found negligent.
3. **An injury occurs** - negligence will not be found unless someone is hurt or something is damaged (physically, mentally or financially).
4. **The breach of duty caused the injury** - in order for a House to be found negligent, the injury must be tied directly to the House's breach of its duty of care.

If those four elements exist in a particular case, a court may hold your House liable for damages. Your failure to provide the requisite level of care required under the circumstances will have exposed your House to very serious consequences.

What, then, is your duty, and what constitutes negligence? Unfortunately, the answer is that it all depends on the circumstances of the matter or activity at hand. The required standard of care varies with the situation, the people involved, the nature of your work, and the community in which the incident takes place.

Houses working with children or other vulnerable groups must exercise a higher level of care than if the House only works with adults. A circus school teaching teenage students to trapeze walk will have to meet higher standards than an adult meditation class.

As a general rule, take a pessimistic view of this. Assume that the standard is very tough indeed, and then some. Ask yourself:

- "What's the worst that can happen?"
- "Have we got a risk management strategy in place?"
- "If I could foresee the future, would I be able to sleep tonight?"

2. Risk Management

Risk management is the process of thinking systematically about all the possible risks, problems or disasters before they happen and setting up procedures that will avoid the risk, or minimise its impact, or cope with its impact.

It is also about making a realistic evaluation of the true level of risk. The chance of a tidal wave wiping out your annual Christmas party is fairly slim. The chance of your House's bus being involved in a road accident or a volunteer tripping on a loose electrical cable during a working bee is a bit more likely.

Risk management begins with three basic questions that you should ask about everything you currently do and about anything new that you are planning:

- What can go wrong?
- What will we do to prevent it?
- What will we do if it happens?

Apart from the obvious answer of wanting to protect your members, staff, volunteers, contractors or users from injury or death, there are many reasons why a House should consider risk management.

- **Legal liability**
Although the House must be incorporated to receive Government funding, it does not mean that the House cannot be sued. The effect of incorporation is to limit liability. However, members and officers of incorporated associations do have a risk of incurring liability if a personal breach of duty by them causes personal injury or damage to property. They can be liable if they directly caused the loss or damage or if they authorised and directed the actions which caused the event giving rise to liability.
- **Insurance**
If you can provide evidence that you are effectively implementing safe practices and have moved to deal with major risks, insurers will be more likely to provide cover and to do so at a more reasonable cost.
- **Reputation**
By moving to limit risks you can promote and market the House as one that has strong standards of behaviour, reassure users of the House that they are looked after in a professional manner, and assist your House to structure itself to run effectively and efficiently.
- **Informed decision making**
The process that you undergo in identifying, assessing and evaluating risks will highlight requirements that your House should review and prioritise. You will enhance the capacity of the Management Committee to make decisions based on facts rather than speculation.
- **Better asset management and maintenance**
Setting up a risk management register will help you list all the physical assets owned by the House. It also encourages staff to act when the asset poses a danger.

3. The Role of the Management Committee

Everyone connected to your House has a part to play in risk management. However, the Management Committee of a House is ultimately responsible for its risk management strategy. This is among the Management Committee's most important responsibilities.

This doesn't mean that it is the Management Committee's job to go around and nail down the loose steps itself. But the Committee needs to be satisfied that there is a safety policy, a procedure for identifying that it is a problem, responsible staff who are conscious of the need to fix it (and within a certain timeframe), and that there are resources available for maintenance.

3.1 Develop a Risk Management Strategy

It is the Management Committee's role to ensure there is a current risk management strategy that includes a written version of:

- The procedures the House has gone through to review its risk profile;
- The policies it has put in place to avert the risks that have been identified; and
- The measures it has taken to cope with the consequences if the projected disasters come to pass.

If these things haven't yet been formalised, then the Management Committee needs to proceed at once to do so. The Committee can either ask the staff to prepare a draft or assign its own members to work on the matter. This process needs to be inclusive but should be led by a committed Management Committee.

The development of a risk management strategy involves the exercise of good judgement and reasonable foresight to identify those risks that are both serious and likely, and developing strategies to deal with them.

The Management Committee will need to be satisfied that:

- The procedure for identifying risks is adequate;
- The policies are a reasonable balance between cost and risk; and
- The House will be adequately protected if the worst happens.

The Management Committee is not a rubber stamp, and may certainly make changes and cast out suggestions, but neither is it the part of the House that is going to have to carry the final policy into operation, and it should be cautious about overriding the strongly expressed views of the staff concerned.

If there are important elements where agreement cannot be reached then this may raise questions about whether there is a need to consider more basic changes to the House's staffing or structure.

3.2 Delegation

The next stage of the Management Committee's responsibility is to ensure that the risk management strategy and policies and procedures are in fact carried out. This is essentially part of the general responsibility of the Management Committee to delegate and monitor the House's management.

The Management Committee needs to be satisfied that:

- the strategy clearly identifies who is responsible for the implementation of each element of it;
- there is a clear timetable for the achievement of each such element of the strategy; and
- the resources necessary for implementation of the strategy have been itemised and authorised.

As with all of the House's policies, the Management Committee will also need to be satisfied that the operations of the risk management strategy are being monitored and modified as required.

3.3 Review

In order to ensure that nothing is missed, that changing circumstances are being taken into account, and that people know that the House is committed to risk management, the risk management strategy should be reviewed, and if necessary rewritten, regularly - every year or even every six months.

If the situation is volatile the Management Committee will need to revisit the area even more frequently, and the reporting will need to be considerably more regular and more detailed, covering a description of any new risks, an account of the effectiveness of the existing risk management strategy, and the prevalence of incidents (thefts, accidents, complaints, etc.) during the reporting period.

Vigilance is necessary in between reviews, as well. Staff and volunteers should be continually identifying, reporting and solving any risks on an ongoing basis.

3.4 Liability of the Management Committee

As the House is an incorporated body, the Management Committee will generally be covered against any attempt to fix personal liability upon its members, providing the Management Committee has taken all necessary steps to ensure that the House meets its responsibilities.

If, however, the Management Committee has clearly neglected its duty to oversee the operations of the House – if it has taken no action whatever about an important issue - then the members of the Management Committee may be taken to have failed in their duty, and they become potentially liable.

Committee members can become liable not only for what they did but also for what they didn't do but should have done. There were questions to be asked, and they should have asked them. There were policies that should have been on the files, and they should have asked to see them. There were people at risk, and they should have protected them.

3.5 Who and What Must Be Protected?

The primary responsibility of the Management Committee is to guide the House in accomplishing its mission. In fulfilling this obligation, the Management Committee has a legal duty to use the House's assets prudently. The assets of a House vary, but generally fall within one of the following categories:

- **People** (Management Committee and other members, staff, volunteers, contractors, users and the public);
- **Property** (buildings, facilities, equipment, materials, copyrights, and trademarks);
- **Income** (sales, grants, and contributions); and
- **Goodwill** (reputation, stature in the community, and the ability to raise funds and appeal to prospective volunteers).

These are all things that the Management Committee must take into account when considering the House's risk management strategy.

3.6 Good Practice

The Management Committee can contribute significantly to managing risk by paying close attention to hot spots - the areas most likely to result in claims. By adopting practices that minimise the likelihood of such claims, the Management Committee places a House on the right footing. For example:

- **Carefully select the Coordinator**
The Management Committee should make the delegation of responsibility for day-to-day management with care. This begins with the thoughtful selection of a Coordinator or Manager. The Management Committee's ability to fulfil its legal duties and risk management responsibilities will largely depend upon the competence, skills, and cooperation of the Coordinator or Manager.
- **Oversee employment practices**
While the Management Committee's responsibility for hiring generally ends in the selection of the Coordinator, its overall responsibility for the employment practices of the House extend a great deal further.

Employment-related actions are the largest source of claims filed against groups such as Management Committees. The Management Committee's role is not to micro-manage every action taken by the Coordinator. Instead, the Management Committee is acting appropriately and responsibly when it questions whether the House applies its employment practices consistently, uniformly and in accordance with the law.

- **Oversee financial management and fundraising policies.**
Few House Management Committee members are experts in finance, nor must the House require financial management skills in prospective Management Committee members. However, in order to discharge their financial management duties and the duty of care, Management Committee members must be committed and diligent in reviewing information related to the House's financial position.

Along with establishing goals and objectives and approving the strategic plan, the Management Committee must approve an annual budget. The Management Committee must also review financial statements regularly and question whether expenditures are consistent with the program priorities and operating policies established by the Management Committee. Is the House on a sound financial footing? Are the staff's revenue projections realistic? Do the financial statements present a clear picture of the financial condition of the House?

Fundraising is another area in which the Management Committee must take an active interest. The Management Committee's role in managing fundraising risks includes developing a fundraising policy.

- **Review insurance coverage**

Management Committee members should be knowledgeable about the coverage taken out by their House, and request information that will enable them to evaluate whether the coverage purchased by the House is appropriate and responsive to the House's exposures.

- **Adopt and follow good policies and procedures**

"Good policies and procedures, always followed" should be the risk management mantra for any House. Good policies and procedures are invaluable to a Management Committee as it strives to fulfil its legal duties and risk management responsibilities. This also extends to the use of position descriptions for Management Committee and staff members and an annual evaluation process.

3.7 First Steps

Risk management, particularly when dealing with people's lives, is not something to rush into. Developing a formal risk management system does take time but there is no reason why the House cannot begin the process now and build on it as it goes (some is better than none).

There are immediate steps that can be taken:

- **Raise the subject at the next Management Committee meeting**

Don't scare people off by using elaborate models and charts - simply explain the reasons behind why the House needs to begin to look at the process.

- **Display a Risk Register**

The aim of displaying a Risk Register is to invite members, staff and volunteers to add items that they feel could be a problem (e.g. the fraying electrical cord to the jug or urn, the slippery tiles at the entrance, the jagged wire on the fence, etc.).

- **Communicate what you are doing and why**

Let everyone know that the House are taking this step to better ensure everyone's safety and that their help is needed in adding items to the register. Ensure your House understands that this topic is important. Be prepared for the knockers who may see risk management as little more than useless red tape or the nanny state gone mad (they may well be the same people who complain the House didn't act properly or quickly enough if there is a claim). Convince people of the value of this process.

- **Start the more detailed work**

At first glance risk management can appear daunting. As well as all the other issues that come with managing a House, it can be tough to find time to go through the

process of identifying all the risks that could affect the House, and then work out how to deal with them.

Establishing a risk management strategy is not about criticising how things were done in the past. It is about ensuring the safety of your House and the people involved in its operations, as well as those who come into contact with it.

The process for managing risk can be broken down into the following parts:

- Consider the Situation;
- Identify Risks;
- Assess Risks; and
- Manage Risks

All the while make sure that you continue to:

- Communicate and Consult, as well as
- Monitor and Review

These steps are explained in more detail in the next section.

4 The Risk Management Process

4.1 Consider the Situation

To identify risks you need to take into account your House's strategic plan, the activities and programs you offer and the resources and assets at your disposal. You also need to consider the political, legal and social environment in which you operate.

Ask questions such as:

- What relationships does the House have and how important are these?
- What laws, regulations, rules or standards apply to your House?
- What are the aims and objectives of the House?
- Who is involved with the House - internally and externally?
- What are your House's capabilities?
- What are you currently doing to manage risk, either formally or informally?
- What type of insurances does your House have (if any)?
- Have you established some criteria for your House that defines what level of risk is acceptable?

Record your answers to use as a guide because once you have considered all the influences that impact on your House and its operations, you will have identified a number of areas that contain risks that you need to deal with.

4.2 Identify Risks

Identifying risks requires a broad approach and should involve management, staff, members, volunteers and other stakeholders.

Often the best way to get things rolling is by providing an opportunity for everyone to provide ideas. Invite people to email ideas, add them to a list on the wall, or hold a brainstorming workshop.

There is no right or wrong in identifying risks; they should all be identified. What you're trying to do here is to identify what is at risk and what the possible effects might be. Ask:

- What can happen? When, where, why and how might this occur?
- Who and what might be involved?
- What are the potential effects and who will be affected? What are we doing about this now?

A risk is anything that can cause harm, ranging from an overfilled urn burning someone to the outdoor deck collapsing or losing all your records if the computer crashes. Your House should also keep in mind areas of risk beyond public safety issues, such as financial and reputational risks.

All risks, regardless of any immediate potential impact, should be recorded. It is important to define risks in terms that are useful in figuring out how to treat that risk. A risk usually comprises three parts:

1. A source
2. Something/someone that is at risk
3. An effect

Be as specific as you can. Just listing "fire" as a risk doesn't provide enough information to properly evaluate or treat that risk. But if the risk is defined as "there is a risk the heater will catch fire and cause damage to the meeting room" you have somewhere to start.

Look and ask for help from any insurers, risk or insurance experts, local government officers (community development officers are often very helpful), other Houses or NHT.

It's important to document all the risks that you identify. A good way of doing this is to compile a risk register. The aim of the register is to begin proactively raising the profile of what risks exist within your House, but without a major imposition on time and effort.

Pin it up on the notice board, leave spaces blank and ask members, staff and volunteers to add items that they feel could be a problem (e.g. the fraying electrical cord to the jug or urn, the slippery tiles at the entrance, the jagged wire on the fence). This is the first step. Eventually the risk register should also include ways to document and monitor the process of analysing, evaluating and acting on these risks.

4.3 Assess Risks

Assessing risks is essentially a two stage process. First you need to determine how serious the risk is, and then you need to decide whether the risk is acceptable given the circumstances.

Before you can do anything about the risks that face your House - and you may now have a long list of them - the risks must be analysed to determine their potential to cause harm.

This will give you a basis for determining which risks are the most serious, which are treatable and which can be accepted, and that will give you a good framework to assess your risk management priorities.

Setting clear priorities will allow you to tackle risk in a logical order - otherwise you might find yourselves dealing with the extremely rare risk posed by a falling meteor before replacing the heater that is throwing sparks into the meeting room and burning holes in the carpet.

Both identifying and analysing risks involves quite a lot of estimation. Don't be afraid of guessing; it is better than waiting till you know for sure, because by then it could be too late.

Analysis of risk can be based on two simple criteria:

1. **Likelihood** - how likely is it the risk will occur?
2. **Severity (or Consequence)** - How bad is it if the risk does occur?

How seriously you take each risk is based on a combination of these factors. For instance, an outbreak of the plague in your House would be disastrous if it happened, but isn't all that likely. On the other hand, the consequences of banging your head on a low doorframe aren't so bad (well, relatively anyway) but may be much more likely to occur.

A more detailed approach can be followed by rating on a scale. There are a number of possible scales of varying degrees of detail. An example is provided below:

Likelihood rating

- A – Almost certain** likely to occur frequently
- B - Likely** will occur but not frequently
- C – Possible** could happen occasionally
- D – Rare** extremely unlikely

Consequence/Severity rating

- A – Catastrophic** may result in death, huge financial loss
- B – Major** may cause permanent serious injury, major financial loss
- C – Moderate** medical treatment required, some effect on operations
- D – Minor** minor injury treated on site, minimal effect on operations

A rating table can then be developed that will assist in evaluating your risks in the next step.

	Almost certain	Likely	Possible	Rare
Catastrophic	High Risk	High Risk	High Risk	High Risk
Major	High Risk	High Risk	High Risk	Medium Risk
Moderate	High Risk	Medium Risk	Medium Risk	Low Risk
Minor	Medium Risk	Medium Risk	Low Risk	Low Risk

Placing each risk into its category will give you a good starting point from which to approach the management of risks. The idea is not to detail all the potential losses that may result if a risk does occur, but simply to assign a level of estimated risk that will provide a basis for managing those risks.

The frequency and severity you assign to each risk can be entered on your risk register.

Once you have identified the level of risk, a major decision you will have to make before looking at how to deal with risks is whether a risk is acceptable or unacceptable. The evaluation of risk involves setting agreed criteria for deciding what level of risk is acceptable given the circumstances. For example, there may be circumstances where you think the benefits of an activity outweigh the high risk you have identified. But it is not advisable to gamble that everything will be fine. Rather, you must decide what, if any, actions you need to take to limit the risk to acceptable levels, or otherwise decide that the risks cannot be made

acceptable and therefore must be avoided all together. In other words, you will need to consider not going ahead with the activity.

These criteria should be documented so that they can be reviewed and monitored over time and to ensure that there is a record for future committees to follow and understand.

Criteria for acceptable and unacceptable risks can be listed under the 'frequency' that they might occur and 'severity/consequences' if they do occur.

In terms of severity, your House may deem the following consequences unacceptable (these are examples only, you must decide your own):

1. Injuries resulting in hospitalisation
2. Financial losses of more than \$1,000 for one incident
3. Any bad publicity
4. Any legal action against the House
5. A broken window from a fallen tree limb.

In terms of frequency, these may be unacceptable:

1. Frequent minor injuries
2. Events that frequently interrupt your House's activities
3. Frequent small financial losses.

Although criteria such as these will reduce some of the indecision, ultimately the decision on whether a risk is acceptable or unacceptable rests with those responsible for the evaluation. The process is inherently subjective, which is why it is useful to involve more than one person in this step. The answers will depend on the knowledge and experience of the people involved.

If you decide a risk is unacceptable, you will have to decide how to deal with it. If the risk is minor, or the cost of avoiding it is beyond your capacity to pay, you may need to consider accepting the risk if it is core to your House's existence. You must also be willing to abandon a plan or an activity if the risk is great and you cannot realistically deal with it.

A decision to accept a risk must be an informed and reasoned one because if something does go wrong and somebody gets hurt, you may well be asked why the risk was deemed acceptable.

If you choose to accept a risk, don't just forget about it. Be mindful of the consequences and don't ignore them in the hope they will never happen. Monitor the risk and reassess it regularly - you may decide in the future that a risk you once thought was acceptable can no longer be accepted.

This is an ongoing process and the decisions you make should be documented. Keep a record not just of what decisions were made, but why they were made. These reasons should be included in minutes for your meetings or other records such as file notes. This ensures that future committees can understand what happened and what you were thinking at the time the decision was taken. They can also be used in defence of a claim taken out against your House. Keeping records helps prove that decisions you have made have been reached systematically and that the rationale for a decision is sound.

4.5 Manage Risks

Managing risks involves making a decision about what will be done with the identified risks. What you do should be appropriate to the level of the identified risk and generally any cost should be commensurate with the potential benefits. There are a number of options for dealing with risk. Tackle the highest priority areas first.

Options include:

- **Accept the risk**
If the risk is minor or the cost to avoid is beyond your capacity to pay, and the reason for the risk is core to your very existence, you may need to consider accepting the risk. Be mindful of the consequences and do not just ignore them in the hope that they will never happen.
- **Avoid the risk**
Decide whether or not to proceed with any unacceptable risk or choose an alternative with acceptable risks that still meets your aims. The best thing you can do is eliminate the risk completely. Fix what you can fix. This could mean removing trip hazards on the floor in the corridor, disposing of dangerous items or changing the way your House operates so a potential risk is avoided altogether.
- **Reduce the risk**
Look at alternative solutions that reduce risk. Initially focus on "industrial" solutions such as improved lighting, safety barriers and resurfacing rather than those changes that require people to change their behaviour. Other solutions such as rules, policies or training can then be looked at to reduce risk. Other options such as protective equipment could also assist.
- **Transfer the risk**
Risk transfer usually occurs through insurance. Once you've paid your premium, the risk of funding the liability passes to the insurance company. Other alternatives such as contracts, use of sub-contractors, leases, personnel contracts, disclaimers and warning signs may also be used to transfer risk.

Consider someone slipping on a wet floor. The accident is the slip. The outcome is the injury. The severity of the injury will be determined by a host of factors, including the age, size, fitness and clothing of the person involved, where and how they land and what they land on, and how long it takes to get medical attention.

In order to decide on how to deal with each risk, you need to pull them apart. There are a range of factors that contributed to the accident outlined above:

- the area had to be accessible
- the person had to be walking over that area at that time
- the floor had to be wet in the area at that time
- the floor had to be a type that becomes more slippery when wet.

If just one of these factors was removed, the accident may not have happened. You need to think about what actions you can take to avoid the factors contributing to each risk you have identified. For example:

- If the person wasn't there, the accident wouldn't have happened
Put up a warning sign, rope off areas that are wet

- If the floor didn't become slippery when it was wet, the accident wouldn't have happened
Choose floor and cleaning products that prevent the surface becoming slippery

The task of actually dealing with the risks will involve everyone - perhaps you could stage a clean-up day at your premises where dangerous items are moved or replaced and everybody tackles jobs to make the place as safe as possible.

Following this initial blitz, it will probably be necessary to assign specific tasks to individuals - for example, in dealing with vehicle-related risks, you might ask one of your regular drivers if she can get a roadworthy check on the community bus; if the risk is related to serving of food, you might assign a committee member to contact the relevant government agency about food handling regulations.

Put a system in place to monitor what everybody is doing, through reporting or perhaps by holding regular meetings where they can report their progress. Good and constant communication is essential because some actions will take longer than others and different tasks will involve different people. For example, the treasurer may have to approve spending to buy a new heater to replace the one throwing out sparks, or to fix the tiles on the roof of the House.

Decide the best way to deal with a particular risk is a balancing act:

- **The balance between risk and benefit**
It is very hard to remove every single risk that applies to your House. In each case, you're going to have to weigh up the risks with the benefits. You may be able to avoid the risk of child abuse by dropping all of your services that involve children, but that might remove a key purpose for your House existing in the first place. The implementation of police checks for all staff or requiring and checking references may diminish the risk substantially.
- **The balance between risk and cost or convenience**
You need to ensure that the costs of mitigating the risk don't exceed your House's ability to pay. You may be able to reduce the risk of someone falling down stairs by moving to a new building, but that could divert all your funds away from more important work. Putting up handrails, warning signs and non-slip strips may lessen the risk.

Your liability if something goes wrong is affected by whether or not people think that you've done all you reasonably could to avoid it. Courts do, however, take into account what is reasonable and practicable for a House to implement. Not putting up a sign to warn people of a slippery floor because it costs \$120 is a lot different from having to resurface the entire floor area of the premises at a cost of \$20,000. The context of the House would be taken into account including your annual budget.

As with all of the steps in risk management, it's important to document your decisions and the reasons you made them. Often a combination of risk reduction solutions will be needed.

Consider one or a combination of:

1. **Substitution**
Replace something that is hazardous with something less hazardous. Change the bald tyres on your bus, replace the old heater, get a new rug with non-slip backing.

2. **Engineering**

Apply an engineering solution to minimise risk. Move a bench so dangerous items are out of risk of children, put up warning signs, improve lighting in the car park, or put carpet on a slippery floor.

3. **Isolation**

Isolate the risk so it applies to fewer people, less often. Put any dangerous substances where only people who need them, and know how to use them safely, will have access.

4. **Administrative**

Apply administrative measures that can reduce risk, such as implementing safe work procedures, policies or rules, rotating staff or training volunteers.

5. **Personal protective equipment**

As a last resort, provide a personal barrier to the risk, such as gloves, helmets, goggles, etc.

Your House can take a number of general safety precautions and contingency measures to reduce the risk of an accident, or minimise the losses if something goes wrong. These include:

- Carry out inspections at the end of each day, or after your activity is finished, to ensure all electrical appliances are turned off, doors and windows are locked and everything is where it should be
- Make a list of key contact numbers in case of emergency - and keep it handy
- Keep a list of contact numbers for staff/volunteers/members/clients in case of emergency
- Keep a copy of vital computer information on back-up disks off the premises
- Keep up to date with general maintenance, such as cleaning out gutters, downpipes and drains each summer
- Familiarise your staff/volunteers with the location of the mains service isolation switches and valves for electricity, gas and water

While your risk management program aims to reduce the chance of accidents happening, there will be times when things do go wrong. It's important you have procedures in place to deal with emergencies if they arise. Ask these questions:

- Is there a first-aid kit? Is it maintained? Do people know where it is and how to use it?
- Are staff or volunteers trained in first-aid and emergency procedures?
- Is there an evacuation plan? Do people know what it is? Do you practice it?
- Are contact numbers for emergency services handy?
- Are all of the necessary policies and procedures in place and are people aware and observant of them?

You may not be able to prepare for every eventuality, but you will be able to deal with unforeseen emergencies much better if procedures are already in place - if you've planned for a flood and you get a fire, at least you will have an evacuation plan in place.

Remember, the risks you face are not just about accidents and emergencies. The standards and practices applied to the governance and management of the House also determine what level of financial and reputational risks you face. For all risks, the extent of your liability is determined by whether you have done all you reasonably could in the circumstances.

4.6 Communicate and Consult

Good communication is essential for any effective risk management strategy. Managing risks involves everyone in your House: Management Committee and other members, staff, volunteers, contractors, users and visitors - anyone who comes into contact with the House.

Make sure that everybody in the House understands risk management and its importance, and that they are involved in developing and implementing a risk management strategy.

Communicate your committee's commitment to risk management to everyone involved with your House. Keep people up to date, through emails, notices on the noticeboard and verbal updates, so they know that risk is being taken seriously and to encourage them to provide further input.

The communication and consultation phase does not have a beginning and end - you need to make sure you are continually reminding people what you're doing to minimise risk and what their obligations are.

Take feedback seriously and always ensure that you keep the circumstances of your House in mind. Often it will be people "on the ground" who are best able to see what works and what doesn't, and who will be the first to notice any changes in the nature of risks faced by the House - new risks arising, existing risks disappearing or changing.

4.7 Monitor and Review

Establish a system of both monitoring (continual assessment of what has been implemented) and review (a periodic re-evaluation of what you are doing and how appropriate it is in the current circumstances). This will better protect your House from risk and uncertainty.

This is vital because risk is not static. New risks will emerge and existing risks will disappear. Risks that you have already identified may become more or less frequent, severe or relevant to the House. Your risk management strategy should be a fluid document that is regularly updated to take account of changes in your House and the world in which you operate.

Ask questions such as:

1. How effective is our risk management strategy?
2. Are measures working the way they are supposed to?
3. How accurate is the risk assessment process? Are all risks being identified?
4. Have our methods of dealing with risk made our House safer?
5. Are safety procedures being followed?
6. Are safety records accurate, consistent and up to date?

Set timelines and deadlines for ensuring risks are managed and dealt with. Make sure the most urgent risks are dealt with first.

Write down when things need to be checked and tick them off your risk register when they've been completed. Also make a note of when that area should be reviewed again.

The regularity of your review will depend on the activity in question. Smoke detectors may only need to be checked once a year but the surface of the play area may need to be inspected before and after each time it is used.

It's important that you investigate and record any accidents or near-misses. This will provide you with a document trail in case you need to justify your actions, and it will also help you to avoid similar incidents happening again.

Investigate the incident - what went wrong? Why? What could have prevented it? Document the details of the incident and the answers to those questions for future reference. And act on the information.

You should be consistent in the type of information you gather in relation to any incident and any investigation of it. It is a good idea to have a specific form for this kind of record.

The process of monitoring and reviewing your risk management strategy may lead you to consider and document new administrative procedures such as policies, guidelines, codes of practice and rules. "Good policies and procedures, always followed" should be the risk management mantra for any Neighbourhood House.

5. Policy and Procedures



[Name of House]

Risk Management Policy

PURPOSE

The [Name of House] is committed to competent governance, planning and management that ensures safe, efficient and effective operation of the House. We are committed to a proactive and effective risk management approach, integrating risk management into all we do and fostering an environment where everyone involved with the House assumes responsibility for managing risks.

The purpose of this policy is to develop and maintain risk awareness by Management Committee members, other members, staff, volunteers, contractors and users of the House, and avoid exposure to risk or reduce it to acceptable levels through risk management planning and implementation.

This policy applies to the [Name of House] as a whole, to all of its operations, and to all Management Committee and other members, staff, volunteers, contractors and users of the House.

POLICY

The Management Committee will have primary responsibility for promoting and overseeing risk assessment and risk management for the [Name of House].

Risk management will be incorporated into the strategic and operational planning processes of the House.

The [Name of House] will develop a culture of risk awareness among its Management Committee members, other members, staff, volunteers, contractors and users.

The [Name of House] will endeavour to avoid or minimise the risk that any aspect of its operations poses to the House, Management Committee members, other members, staff, volunteers, contractors and users.

The governance, management and operations of the [Name of House] will be conducted to avoid, minimise or deal with risks that could adversely affect the House's:

- reputation;
- decision making processes;
- business and financial processes;
- information systems;
- employment, management and support of staff and volunteers;
- physical resources and assets;
- strategic and operational planning of programs and activities; and
- implementation and delivery of programs and activities.



[Name of House]

Risk Management Policy

The governance, management and operations of the [Name of House] will be conducted to avoid, minimise or deal with risks that could adversely affect the health, safety and well-being of Management Committee members, other members, staff, volunteers, contractors and users of the House.

The [Name of House] will comply with all workplace health and safety requirements and relevant House policies.

The [Name of House] will take out and maintain at an appropriate level all insurance cover commonly expected of an organisation of its type.

The [Name of House] will not compromise its reputation and values by either short term or long term expediency and will comply with all relevant House policies.

The [Name of House] will undertake risk assessments to determine the likelihood and level of any potential unwanted consequences for the operations of the House and its Management Committee members, other members, staff, volunteers, contractors and users of the House.

Risks will be assessed and ranked in a common and consistent manner.

Risk assessments will be used to decide how risks will be dealt with and the [Name of House] will develop risk management systems, plans and procedures appropriate to the levels of identified risks to ensure risks are acceptable or avoided.

All staff and volunteers will comply with this Risk Management Policy and all relevant risk management systems and plans.

PROCEDURES

Develop risk management checklists and procedures for each of the physical assets of the House used by Management Committee members, other members, staff, volunteers, contractors and users of the House.

Develop risk management checklists and procedures for each of the programs, events and activities that the House offers to users of the House.

Develop risk management checklists and procedures for the governance and management processes of the House.

Develop and implement an incident reporting system.

Ensure all House policies and procedures are disseminated, implemented, complied with and monitored.



[Name of House]

Risk Management Policy

Ensure all relevant insurance is taken out, kept current and at sufficient levels for the circumstances.

Ensure all staff, volunteers and contractors are familiar with and observe the House risk management policy and procedures, and the risk management systems, plans and procedures applicable to their work.

Require all Management Committee members, other members, staff, volunteers and contractors to inform the Management Committee and/or their supervisor if they become aware of any risk not covered by the existing risk management systems, plans and procedures.

Identify and document in strategic and program plans the level of acceptable risk in forward planning, budgeting and financial management, and in anticipating the engagement with and success of programs and activities.

DEFINITIONS

- Risk** is the likely chance of something happening and the seriousness of the consequence if it does happen.
- Consequence** is the outcome of an action, inaction, event or plan.
- Acceptable Risk** is the amount of risk, including its type, the chance of it happening and the consequences that the House is prepared to accept or be exposed to at any point in time.



[Name of House]

Risk Management Policy

ADOPTION AND REVISION HISTORY

Include policy versions, approvals, review dates etc. here.

This policy was adopted by the Management Committee of [Name of House] on

Signature

Signature

Print name

Print name

Position

Position

6. Templates

The following templates are examples only. There are many ways to record the details of a risk management strategy, and it is important to do this in a way that suits your circumstances.



[Name of House]

Risk Register Template

Note that the source of risk could be: Human Behaviour, Technology, Health and Safety, Economic, Legal, Political, Property and Equipment, Environmental, Financial, Natural Events or something else that you identify.

Source of Risk	Describe the risk	Who/what could be affected (e.g. people, assets, reputation)



[Name of House]

Risk Register Template

Source of Risk	Describe the risk	Who/what could be affected (e.g. people, assets, reputation)



[Name of House]

Risk Analysis Template

Risk	Likelihood	Consequence	Risk Rating



[Name of House]

Risk Analysis Template

Risk	Likelihood	Consequence	Risk Rating



[Name of House]

Risk Management Action Plan

TITLE (Issue, Event, Activity or Location etc. as appropriate):					
Risk	Actions	Person/s Responsible	Required Resources	Due By (Date)	Completed On (Date)



[Name of House]

Risk Management Action Plan

TITLE (Issue, Event, Activity or Location etc. as appropriate):

Risk	Actions	Person/s Responsible	Required Resources	Due By (Date)	Completed On (Date)