



Friends of Kutumb Ltd.

RISK MANAGEMENT POLICY

Australian Business Number (ABN) 38 638 060 885
Office of Fair Trading, Queensland, (QLD) Charity Number CH3337
Australian Charities and Not-for-profits Commission (ACNC) Registered Charity



Approved 15th June 2020

as at 25th March 2021

Risk Management Policy

Table of Contents

PART A - INTRODUCTION

- 1 POLICY**
 - 1.1 Policy Statement
 - 1.2 Commitment
 - 1.3 Purpose
 - 1.4 Objectives
 - 1.5 Risk Management and Planning
 - 1.6 Risk Tolerance
 - 1.7 Breach of Policy
- 2 SCOPE**
- 3 ROLES AND RESPONSIBILITIES**
 - 3.1 Board
 - 3.2 Risk Management Officer
 - 3.3 All Staff and volunteers
- 4 DEFINITIONS**
 - 4.1 Risk
 - 4.2 Residual Risk
 - 4.3 Risk Management
 - 4.4 Risk Tolerance
 - 4.5 Staff
- 5 REFERENCES AND REVIEW**
 - 5.1 Organisational Policies
 - 5.2 Legislation
 - 5.3 Development Resources
 - 5.4 Administration of this Document

PART B - PROCEDURES

- 6 The Risk Management Process**
 - 6.1 Risk Identification
 - 6.2 Risk Rating
 - (a) Likelihood of Occurrence
 - (b) Potential Consequence
 - (c) Risk Level
 - (d) Determining Risk Level
 - 6.3 Risk Controls
 - 6.4 Risk Monitoring and Reporting

PART C - APPENDICES

- 7 APPENDIX 1: Risk Register**

Risk Management Policy

PART A - INTRODUCTION

1 POLICY

1.1 Policy Statement

Friends of Kutumb Ltd. (the charity) has a duty to provide a safe environment for its staff and volunteers and a reliable development path for the organisation. *Friends of Kutumb Ltd.* will put procedures in place that will, as far as possible, ensure that risks are mitigated and their consequences averted.

1.2 Commitment

Friends of Kutumb Ltd. is committed to:

- achieving its business objectives while mitigating the impact of significant risks that the charity can meaningfully and realistically control;
- protecting and enhancing the charity's reputation;
- behaving as a responsible and ethical corporate citizen, protecting staff, partners and the broader community from harm; this includes protection of physical property from loss or damage;
- establishing the right balance between the cost of control and the risks it is willing to accept as part of the environment within which it operates;
- recognition and implementation of opportunities; and,
- establishing resilience and increased efficiency in relation to risk management.

1.3 Purpose

The purpose of this document is to identify applicable risks and to enable risk management procedures to be satisfactorily identified, organised and maintained.

1.4 Objectives

In support of the achievement of strategic and operational goals, the objective of *Friends of Kutumb Ltd.*'s risk management program is to provide a framework for all levels of management that will enable, support and promote:

- awareness and understanding of its real and significant risks and their impact;
- due diligence in decision-making;
- an appropriate duty of care;
- innovation through the taking of calculated risks in pursuing opportunities and excellence; and
- assurance that risks are properly managed, commensurate with their level of threat or exposure.

1.5 Risk Management and Planning

As a general principle, the risk management process is undertaken in conjunction with strategic planning.

The risk management process includes opportunities as well as threats. Opportunities are to be evaluated in terms of:

- risks resulting from not taking up the opportunity
- risks involved in taking up the opportunity, and
- risks involved in managing the opportunity.

1.6 Risk Tolerance

Risk tolerance is the amount of risk, on a broad level, that *Friends of Kutumb Ltd.* is willing to accept in pursuit of value, and should reflect its:

- risk management philosophy;
- capacity to take on risk;
- objectives, business plans and the demands of stakeholders;
- evolving industry and NGO practices and market conditions; and,
- tolerance for failures with quantitative values, where applicable.

The Board ultimately determines Friends of Kutumb Ltd.'s accepted level of risk tolerance and has determined that *Friends of Kutumb Ltd.* will maintain a low risk profile. In so determining, the Board expects that the charity is able to identify and manage the risks associated with its activities and opportunities in an effective manner. It also acknowledges that *Friends of Kutumb Ltd.* must, unavoidably at times, undertake activities that carry significant risks.

1.7 Breach of Policy

If a breach of this policy is identified, it can be reported to the Risk Management Officer and/or with reference to the organisation's 'Complaints Handling Policy Including Whistleblower Protections'.

2 SCOPE

This policy applies to the Board of *Friends of Kutumb Ltd.*, its Committees and to all staff and volunteers.

3 ROLES AND RESPONSIBILITIES

3.1 Board

It is the responsibility of the Board, with the assistance of the Risk Management Officer, to carry out risk management analyses of the organisation, and to implement appropriate measures.

In particular to ensure that:

- the chairperson takes on the role of Risk Management Officer unless one is appointed;
- effective risk management procedures are in place, applicable to all relevant areas;
- risk management procedures are reviewed regularly;
- recommendations arising out of the risk management process are evaluated and, if necessary, implemented; and
- staff and volunteers are aware of all applicable risks and are familiar with the organisation's risk management procedures.

3.2 Risk Management Officer

It is the responsibility of the Risk Management Officer to:

- identify the risks attached to the charity's operation and the likelihood of that risk eventuating;
- identify practices to avert those risks;
- identify practices to mitigate the effects of those risks; and
- record those risks, precautions and remedies.

3.3 All Staff and volunteers

It is the responsibility of all staff and volunteers to ensure that:

- they are familiar with the organisation's risk management procedures;
- they observe those risk management procedures; and
- they inform the Risk Management Officer if they become aware of any risk not covered by existing procedures.

4 DEFINITIONS

4.1 Risk

'Risk' is the probability that an occasion will arise that presents a danger to the organisation, staff, volunteers, or others. It is measured in terms of consequence and likelihood. (Ref: AS/NZS 4360:2004)

4.2 Residual Risk

The level of risk that remains after assessing the effectiveness of the controls, management strategies and other mechanisms currently in place to mitigate a particular risk.

4.3 Risk Management

The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. (Ref: AS/NZS 4360:2004)

4.4 Risk Tolerance

The level of risk deemed (usually by the governing body) acceptable to the organisation, where no further treatment is required to reduce either the likelihood of an occurrence or its consequence, or both.

4.5 Staff

In the context of this policy, 'staff' refers to members, directors, volunteers or others who enact or engage in activities on behalf of *Friends of Kutumb Ltd.*

5 REFERENCES AND REVIEW

5.1 Organisational Policies

Other organisational policies, as listed in the Board Charter Policy Framework, are supported by, or expand upon, aspects of this policy.

5.2 Legislation

Relevant legislation includes:

- [Australian Charities and Not-for-profits Commission Act 2012](#) (Cth)

5.3 Development Resources

This policy has been developed with reference to:

- ACNC
<https://www.acnc.gov.au/tools/topic-guides/risk-managing-charity-risk>

The risk management system is based on the *Committee of Sponsoring Organisations of the Treadway Commission (COSO) Model* and *Australian Standard AS/NZS ISO 31000:2009, Risk Management*.

5.4 Administration of this Document

This document will be made available to the public through the charity's website and will be reviewed every year, as per the Board Calendar.

For questions about this policy, contact the Risk Management Officer, board or the secretary by email, phone or in person.

PART B - PROCEDURES

6 The Risk Management Process

Friends of Kutumb Ltd. will utilise a risk management process that consists of the following key stages:

- **Risk Identification:** Identifying all reasonably foreseeable risks associated with its activities.
- **Risk Rating:** Quantifying those risks.
- **Risk Controls:** Assessing the risk, identifying options to treat risks and developing mitigation plans.
- **Risk Monitoring and Reporting:** Reporting risk management activities and risk specific information to the Board.

6.1 Risk Identification

The development and maintenance of the charity's Risk Register is a key mechanism for the identification of risks at *Friends of Kutumb Ltd.* The Risk Register identifies the key strategic risks that may potentially prevent *Friends of Kutumb Ltd.* from achieving its objectives. The register outlines the key risks, residual risk rating, controls currently in place to manage the risk and action plans to address those risks. Risks will also be added to the Risk Register on a periodic basis throughout the year.

All new initiatives undertaken by *Friends of Kutumb Ltd.* such as capital expenditure, will require a risk assessment as part of the project development phase.

6.2 Risk Rating

Risks will be assessed and rated in terms of the likelihood of the risk occurring and the potential consequence of the risk (see tables below). This assessment should include consideration of the controls in place to mitigate those risks.

(a) Likelihood of Occurrence

Assessment	Description	Indicators
Very High	Almost certain	Likely to occur in a one-year time period
High	Probable	Likely to occur in a two-year time period
Medium	Possible	Likely to occur in a five-year time period
Low	Remote	Not likely to occur in a ten-year time period

(b) Potential Consequence

Assessment	Mission/ objectives	Financial	Reputation
Very High	Catastrophic impact on achievement of mission/objectives	Financial impact >\$10,000	<ul style="list-style-type: none"> Substantial, long term Widespread publicity
High	High impact on achievement of mission/objectives	Financial impact \$5,000 - \$9,999	<ul style="list-style-type: none"> Substantial, short to medium term Some publicity
Medium	Medium impact on achievement of mission/objectives	Financial impact \$1,000 - \$4,999	<ul style="list-style-type: none"> Some short term Limited publicity
Low	Low impact on achievement of mission/objectives	Financial impact <\$1,000	<ul style="list-style-type: none"> Minor short term No publicity

(c) Risk Level

Assessment	Description	Action
Severe	Severe or very high risk	Immediate action required
High	High risk	Ongoing board monitoring needed
Moderate	Moderate risk	Ongoing management responsibility
Low	Low risk	Manage by routine

(d) Determining Risk Level

Likelihood	Consequence			
	Low (insignificant)	Medium (moderate)	High (major)	Very High (catastrophic)
Very High (almost certain)	High	High	Severe	Severe
High (probable)	Moderate	High	High	Severe
Medium (possible)	Moderate	Moderate	High	Severe
Low (unlikely)	Low	Moderate	Moderate	High

6.3 Risk Controls

Options for treating each risk will be identified. The options will be evaluated and accountability for the risk will be assigned. Risk treatment plans will be prepared and implemented.

The following options may be used for treating risks and will be determined in the light of risk appetite and risk assessment:

- avoid the risk
- mitigate the risk
- transfer the risk, and/or
- accept the risk

Risk mitigation, or risk treatment, involves putting in place controls to reduce the level of residual risk to a level that is considered acceptable by *Friends of Kutumb Ltd*. Risk mitigation plans will be developed for all risks that are rated residually as Very High, High or Medium.

6.4 Risk Monitoring and Reporting

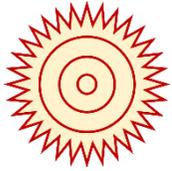
A report of all risks will be presented annually to the Board, via a revised Risk Register.

The Board may also receive quarterly reports, as required, on the management of risk control issues, including any new areas of risk.

Updates will also be provided on current mitigating activities for specific risks as requested from time-to-time. Additionally, the board will receive reports or updates regarding any risk assessments conducted during the development of new initiatives or for major projects (e.g. new programs, services, capital expenditure etc.).

PART C - APPENDICES

7 APPENDIX 1: Risk Register



Risk Register

Appendix 1

Purpose

The Risk Register is a key element of the risk management process as it provides a framework for risk identification, risk rating, assessing risk controls and monitoring and reporting on organisational risks.

Related Policies

The Board Charter and all organisational policies are part of the charity's broader risk management framework. These policies are:

- Complaints Handling Policy including Whistleblower Protections
- Conflict of Interest Policy including Related Party Transactions Policy
- Financial Management and Record Keeping Policy
- Privacy and Confidentiality Policy
- Risk Management Policy
- Safeguarding Individuals Policy

LEGEND

Number	Risk number
Category	Classification of risk
Nature of Risk	Brief statement of the risk
Triggers	Key triggers of the risk
Consequences	Brief list of the consequences
Likelihood	Rating of the likelihood of the event occurring
Consequence	Rating of the consequence or impact of the occurrence
Risk Rating	The risk rating considering the likelihood and consequence
Actions to Mitigate	Strategies to put in place to eliminate or minimise the risk occurring, or to eliminate or minimise the consequential impact of the risk
Further Action Required	Additional activities to provide assurance that the risk is managed to an acceptable level
Responsibility	The person responsible for managing the risk
Residual Risk	The rating after the actions have been applied



Friends of Kutumb Ltd.

Brisbane, Australia

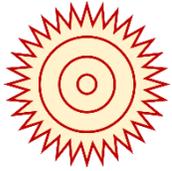
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Risk Register

Appendix 1

Number	Category	Nature of Risk	Triggers	Consequences	Likelihood	Consequence	Risk Rating	Actions to Mitigate Risk or Consequence	Further Action Required	Responsibility	Residual Risk
1	Financial	SKATTLE/QUT international program ceases or is curtailed	<ul style="list-style-type: none"> - Change of priorities - Closure - Pandemic 	<ul style="list-style-type: none"> - Loss of donor pool - Loss of pool of potential associates - Difficulty in undertaking site visits to Kutumb 	Moderate	Moderate	Moderate	<ul style="list-style-type: none"> - Monitor if situation is permanent or temporary - Establish alternative donor pool - Establish and foster current donor network 	<ul style="list-style-type: none"> - Investigate establishing alternative international program 	Board	
2	Operational	Loss of associates	<ul style="list-style-type: none"> - International program ceases - Disinterest - Reputational harm 	<ul style="list-style-type: none"> - Loss of support and potential volunteers - Loss of reputation 	High	High	High	<ul style="list-style-type: none"> - Foster current associate network - Regular communication with associates through electronic means 	<ul style="list-style-type: none"> - Develop alternative networks of associates 	Board	
3	Operational	Loss of founding directors	<ul style="list-style-type: none"> - Loss of interest - Workload - Life changes - Mortality 	<ul style="list-style-type: none"> - Loss of institutional knowledge - Loss of business momentum - Loss of key network/ connection with Kutumb 	Medium	High	High	<ul style="list-style-type: none"> - Institute succession plan - Document policies and procedures - Cross training where possible 	<ul style="list-style-type: none"> - Analyse director workloads to determine areas that could benefit from assistance or committees - Grow the organisation to ensure depth of personnel 	Board	
4	Compliance	Kutumb program focus and/or delivery changes significantly	<ul style="list-style-type: none"> - Government regulation - Management decision - Change to Kutumb leadership team 	<ul style="list-style-type: none"> - Closure of Kutumb shelter - Change to Kutumb organisational philosophy or approach - <i>Friends of Kutumb Ltd.</i> purpose is affected 	Low	Very High	High	<ul style="list-style-type: none"> - Ensure one director is based in India and has strong links with Kutumb 	<ul style="list-style-type: none"> - Maintain site visits 	Board	



Friends of Kutumb Ltd.

Brisbane, Australia

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Risk Register

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Number	Category	Nature of Risk	Triggers	Consequences	Likelihood	Consequence	Risk Rating	Actions to Mitigate Risk or Consequence	Further Action Required	Responsibility	Residual Risk
5	Compliance	Failure to meet MoU responsibilities by Kutumb or <i>Friends of Kutumb Ltd.</i>	<ul style="list-style-type: none"> - Competing priorities - Disorganisation 	<ul style="list-style-type: none"> - Inability to meet reporting requirements - Loss of charity registration 	Medium	Very High	Severe	<ul style="list-style-type: none"> - Ensure one director is based in India and has strong links with Kutumb - Timely and ongoing follow up with Kutumb well before items are required 	<ul style="list-style-type: none"> - Develop and document specific timelines as they become clear 	Board	
6	Financial	Fraud occurs at Kutumb or at <i>Friends of Kutumb Ltd.</i>	<ul style="list-style-type: none"> - Theft - Poor financial controls - Failure of policy 	<ul style="list-style-type: none"> - Loss of finances - Loss of charity registration - Loss of reputation - Funding of terrorism 	Medium	Very High	Severe	<ul style="list-style-type: none"> - Apply Financial Management and Record Keeping Policy - Review and consolidate policy - Monitor adherence to Memorandum of Understanding 	<ul style="list-style-type: none"> - Ongoing monitoring and training for both organisations 	Board	
7	Compliance	A vulnerable person suffers harm at Kutumb or <i>Friends of Kutumb Ltd.</i>	<ul style="list-style-type: none"> - Information provided - Allegation made - Self-disclosure made 	<ul style="list-style-type: none"> - Harm to individual - Loss of reputation - Risk to ongoing relationship between organisations 	Medium	High	High	<ul style="list-style-type: none"> - Apply Safeguarding Individuals Policy - Review and consolidate policy - Monitor adherence to Memorandum of Understanding 	<ul style="list-style-type: none"> - Ongoing monitoring and training for both organisations 	Board	