

## BRANCH POLICY STATEMENT 1.04

### RISK MANAGEMENT POLICY

#### 1. INTRODUCTION

The ADAVB will employ sound governance principles designed to minimise the risk any particular activity may pose to our organisation, staff, volunteers, members and other clients, or the general public.

#### 2. PURPOSES

This document describes the risk framework used by the ADAVB to identify applicable risks and enable risk management procedures to be satisfactorily identified, organised, and maintained.

#### 3. DEFINITIONS

“**Governance**” is a broad-ranging term which, amongst other things, encompasses the rules, relationships, policies, systems and processes whereby authority within the ADAVB is exercised and maintained.

“Risk” - ISO 31000:2018 s.(3.1) defines risk as the effect of uncertainty on objectives. Positive risk (opportunity) is to be pursued. Adverse risk is to be mitigated wherever possible.

When considering risk, the ADAVB considers the probability that an occasion will arise that presents a danger to the ADAVB, our staff, our volunteers, our clients, or the public. It includes, but is not limited to:

- Physical hazards
- Financial hazards
- Reputational hazards
- Legal hazards

“Risk capacity” is the maximum amount of risk that the ADAVB is able to accept in line with its mission/values/strategic goals.

“Risk appetite” is the amount and type of risk that the ADAVB is willing to accept over a defined period to achieve the ADAVB’s objectives. It sets the boundaries within which strategy is executed.

“Risk target” is the optimal level of risk desired.

“Risk tolerance” is the amount or range of risk, from minimum to maximum, for each class or subclass of risk.

“Risk limits” are the thresholds that are not to be exceeded or the minimum required to be accepted.

“Strategy” is the overall scope and direction of the Branch and the way in which its various business operations work together to achieve particular goals.

#### **4. POLICY**

##### **Director and Management Roles**

The Branch recognises the following advice from the Australian Institute of Company Directors regarding the roles of directors and management in developing and implementing our governance framework:

“Directors set the strategic direction and vision, while management devises and implements the strategic plan.”

“Directors are generally held responsible for setting the appetite for risk while management ensures risks are managed.”

“Directors set the ‘tone at the top’ by acting ethically, modelling the correct values and requiring management to demonstrate appropriate values, while management develops and adheres to codes of conduct” (and policies).

##### **Risk**

ADAVB has a duty to provide a safe workplace for its staff and volunteers, a safe environment for its clients, and a reliable development path for the organisation. ADAVB will put procedures in place that will, as far as possible, ensure that risks are minimised and their consequences averted.

In adopting this policy and risk management framework, the ADAVB has adapted the model proposed in AS/NZS ISO 31000:2018.09.

##### **Principles for developing and implementing risk management**

We recognise that it is essential for the ADAVB to keep a sense of perspective in developing and implementing risk management, and so we undertake to:

- a. Develop an awareness of risk and a risk management culture among Councillors and staff, based on our strategic priorities, common sense and doing the right thing.
- b. Avoid overcomplicating matters and spending too much time and scarce resources on risk management systems and related documentation in setting up and ongoing monitoring.
- c. Start with a solid but relatively limited base and, over time, enhance that base. This is particularly important in terms of the number of risks to cover, which could rapidly become confusing, unmanageable and discouraging, while not providing the reduced-risk outcome required.

##### **Strategic and Operational Risk**

ADAVB routinely considers risk in relation to our mission (improving the oral health of Victorians and the professional lives of our members) as well as risks to our operations.

The council focuses on key strategic risks, limited to a maximum of 10 risk exposures in relation to our mission. At the same time, management addresses operational risk by undertaking annual reviews using a risk checklist in each functional area of branch activity. Unit managers and the CEO review the risk checklists, and the Organisation-Wide Risk Management Register is and updated with key risks to operations within the ADAVB.

See also the Risk Management Procedures Appendix 1.

Council adoption of new strategic priorities each year informs the development of updated risk inventories in the Organisation-Wide Risk Management register, communications strategies, IT and data strategies are required to support our Corporate Strategy and operational requirements. The estimates are prepared in light of the new strategy:

- Enhancing member value
- Collaborate to strengthen oral health
- Building capacity for exceptional member experience

Our risk management is therefore arranged into two main levels:

- Risks to our mission overall (completed via an environmental scan)
- Risks to our operations (completed by managers and the CEO)

### **What laws, regulations, rules or standards apply to our organisation?**

Many laws generally apply to organisations and their personnel, including those prohibiting fraud, discrimination, harassment, occupational health and safety breaches, data breaches, etc.

The ADAVB also recognises that there are laws that apply particularly to not-for-profit organisations such as our professional association, including:

- The Associations Incorporation Reform Act 2012
- Financial Services Reform Act
- Insurance Act

### **External trends**

In defining our strategic context, we also consider external trends. Some of these are outlined below.

- **Litigiousness:** There is a greater public awareness of legal rights and an increasing tendency for people to take legal action if they feel they have been unfairly treated. We cannot assume that the community or the courts will treat us leniently because we are doing "good work." We must, therefore, review our legal obligations.
- **Higher standards:** Volunteers require greater expertise than in the past and are, as a result, becoming harder to find and harder to retain.
- **Duty of care:** To establish a context in which to consider risks, we must identify and accept our duty of care. Where we don't feel we can accept a particular level of responsibility, we will review our activities.
- **Economic changes:** Some of these reduce the participation of independent clinicians in the profession and increase the proportion of dentists who are employees and contractors working in larger healthcare organisations.

- **Social changes:** Research reports suggest there is an increasing preference for health professionals to seek services and information from a range of providers, and to look upon traditional associations as less relevant to their needs.

The ADAVB Organisational Risk Profile Report is reviewed at least annually to monitor trends affecting our strategic and operational risk exposure. The attached template provides an example of the approach used to monitor the risk environment.

### **ADAVB Risk Appetite Statement**

The Council and Management are custodians of the interests held by our key stakeholders, including the contributions made by our members, the livelihood of our staff and the success of our clients and suppliers. Therefore, we seek to balance our risk position between:

- Investing in activities that may drive growth in the demand for our products and services, and
- The need to remain a stable organisation with the capacity to continue to grow as opportunities present themselves.

Therefore, our risk appetite is towards the middle of the risk-taking spectrum. We may increase or decrease our appetite for higher-risk activities depending on our results from year to year.

Refer to the Risk Appetite Statement that is set in relation to the current strategic plan as part of the strategic planning cycle.

The **Branch** Organisation-Wide Risk Management Register illustrates the approach to managing the key risks in ADAVB's operations.

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<b>Relevant Rules</b>	
<b>Relevant By-Laws</b>	
<b>See also</b>	<b>BPS 1.02 Strategic Framework</b>