



AUSTRALIAN DENTAL ASSOCIATION VICTORIAN BRANCH INC.

BRANCH POLICY STATEMENT 1.04

RISK MANAGEMENT POLICY

1. INTRODUCTION

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

2. PURPOSES

The purpose of this document is to describe the risk framework used to by the ADAVB to identify applicable risks and to 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 defines risk as the effect of uncertainty on objectives. Positive risk (opportunity) is to be pursued. Negative 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 time 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

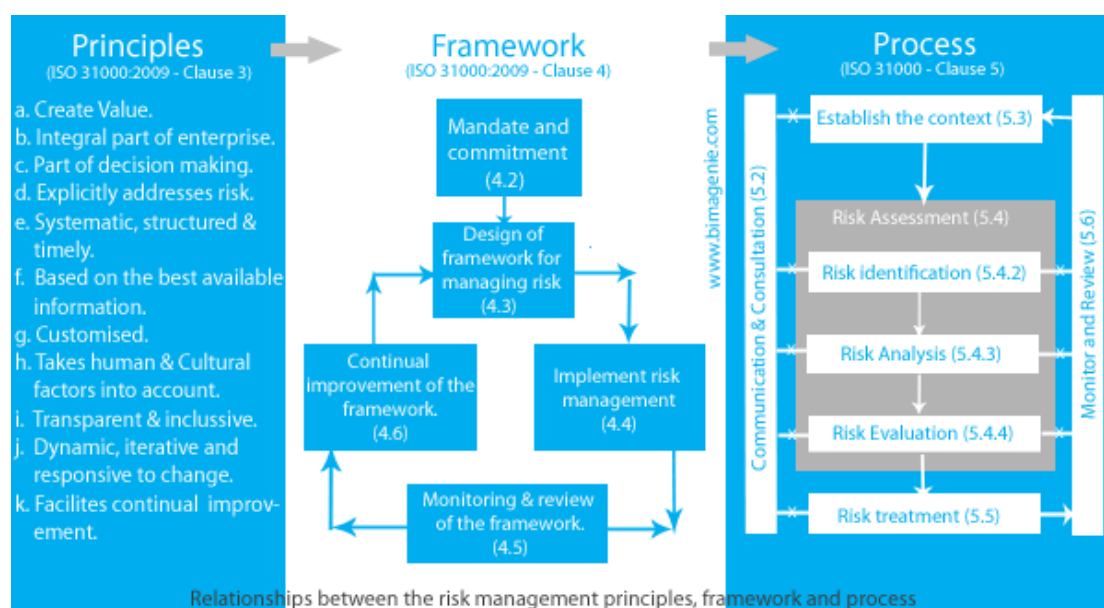
The Branch recognises the following advice from the Australian Institute of Company Directors regarding the roles of directors and management in developing and implementing our governance framework:

- “Directors set the strategic direction and vision, while management devises the strategic plan and implements it”
- “Directors are generally held to be responsible for setting the appetite for risk while management ensure 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 31000:2009.



Principles for developing and implementing risk management

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

- 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

Council focuses on key strategic risks, limited to a maximum of 20 risk exposures arising from the current strategic plan, while management addresses operational risk via separate risk inventories in each functional area of Branch activity. Unit managers and the CEO review and update operational risk registers annually as part of the performance management process, with managers conducting checks of risk controls in their areas of responsibility at least annually. See also Risk Management Procedures **attached**.

Council adoption of new strategic priorities in Nov.- Dec. each year informs the development of updated risk inventories and registers, staff performance management and professional development plans, communications strategies and IT / Data strategies required to support our Corporate Strategy and operational requirements. The Budget Estimates are also prepared in the light of the new Strategy.

Strategy	Budget	Risk Management	IT / Data	Communications	Human Resources
Governance & Administration	Annual budget (per business unit & overall) approved in March in light of Strategy approved in December. Later variations approved as new proposals are filtered through risk analysis and adopted	Risks of action or inaction considered for each proposal, and inventory updated as new proposals and strategic goals are adopted	IT system and process requirements updated as new proposals are adopted and tech. developments occur	Key messages, audiences and vehicles updated as Strategy is amended and new developments arise	HR needs reassessed as strategy amended & new proposals considered (current, temp or new staff required?). Annual performance targets aligned with strategic priorities.
Oral Health					
Dental Workforce & Education					
Professional Development					
Practice Safety & Quality					
Representation, Affiliation & Recognition					
Other operations					

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

There are a lot of laws which are generally applicable to organisations and their personnel, including those prohibiting fraud, discrimination and harassment, occupational health and safety 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 because we will be treated leniently by the community or the courts just because we are doing "good work". We **must** therefore review our legal obligations.
- **Higher standards:** Volunteers require a greater level of expertise than in the past and, as a result, are becoming harder to find and harder to hold on to. People are also more time-poor than they used to be.
- **Duty of care:** To establish a context in which to consider risks, we must identify our duty of care, and accept it. Where we don't feel we can accept a particular level of responsibility, we will review our activities.
- **Economic changes:** Some of which 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. See the **attached** template as 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 necessarily towards the middle of the risk-taking spectrum. Depending on our results from year to year, we may choose to increase or decrease our appetite for higher risk activities.

The **Branch** Strategic Risk Inventory illustrates the approach to management of the key risks in the ADAVB's operations.

Branch Policy Statement Number	1.05
Adopted by Council	24 July 2017
Reviewed by Constitution & Policy Committee	July 2020 19 August 2021
Amended by Council	
Relevant Rules	
Relevant By-Laws	
See also	BPS 1.02 Strategic Framework

ADAVB RISK MANAGEMENT PROCEDURES

Responsibilities

It is the responsibility of the Council, with advice from the Finance Risk and Audit Committee (FRAC), and the assistance of the CEO, to carry out risk management analyses of the organisation, and to take appropriate measures.

The FRAC has responsibility for review of the risk framework and advice to Council, which it addresses by asking:

- How effective is our risk management strategy?
- Are measures working the way they are supposed to?
- How accurate is the risk assessment process? Are all risks being identified?
- Have risk treatment methods made our organisation safer?
- Are safety procedures being followed?
- Are safety records accurate, consistent and up to date?

It is the responsibility of the CEO to ensure that:

- 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
- employees and volunteers are aware of all applicable risks and familiar with the organisation's risk management procedures.
- risk management analyses are carried out for all relevant units or sections of the organisation;
- risk management checklists are prepared for each relevant unit or section;
- risk management checklists are reviewed regularly by relevant staff with the assistance of the CEO to ensure that no risks have been overlooked or have ceased to be relevant;
- each risk management checklist is reviewed by every unit or section to which it is applicable at least once a year to ensure that procedures are in place to avert the risk or, if that is not possible, to mitigate its impact; and
- copies of up-to-date risk management checklists are kept in a central Risk Management Register.

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

- they are familiar with the organisation's risk management procedures applicable to their unit or section;
- they observe those risk management procedures; and

- they inform their supervisor if they become aware of any risk not covered by existing procedures.

Procedures

Managing Risk

The CEO shall nominate appropriate officers in each unit or section of the organisation to carry out risk assessment exercises; this should involve:

- identifying the risks attached to every element of their operation and the likelihood of that risk eventuating;
- identifying practices to avert those risks;
- identifying practices to mitigate the effects of those risks; and
- recording those risks, those precautions and those remedies in the form of deliverable checklists.

The CEO shall participate in each unit or section's risk management exercise to ensure consistency of approach.

Risk Management Checklists

The CEO will ensure that

- each unit or section of the organisation has available to it all relevant risk management checklists;
- each risk management checklist is reviewed by the organisation at least once a year to ensure that no risks have been overlooked;
- each risk management checklist is reviewed by every section to which it is applicable at least once a year to ensure that procedures are in place to avert the risk or, if that is not possible, to mitigate its impact; and
- a current copy of each risk management checklist is held centrally in the organisation's Risk Management Register.