



Risk Management Policy

Purpose

The purpose of the WFAV risk management policy is to drive a culture of risk awareness and management within WFAV, provide guidance regarding the management of risk to support the achievement of our objectives and continuing viability and protect the organisation, our people, other resources and reputation.

Scope

This policy applies to all WFAV activities within Australia and Ethiopia. It forms part of the WFAV governance framework and applies to all employees, contractors and volunteers.

This Policy and associated Risk Register shall be reviewed by the Board if circumstances change but at least annually.

Policy

In line with the Risk Management intent, WFAV is committed to:

- Risk management is integral to all facets of the governance and operations of WFAV. It shall be considered in developing and implementing all policies, plans, programs and procedures.
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- The Board shall establish a Risk Register of all significant known and reasonably foreseeable risks which includes a Risk Plan to address all risks identified. The Board may develop Procedural Guidelines to assist in implementing risk abatement measures.
- All WFAV Team members are responsible for complying with the risk management policy, plan and any procedural guidelines that may be developed.

Governance

The Board established under Rule 22 (hereinafter referred to as the Board) is responsible for:

- developing and overseeing the Risk Management Policy
- driving a risk management culture
- establishing and reviewing the Risk Register and Risk Plan (Attachment 2)
- implementing measures to address Governance risks.

The CEO is responsible for:

- identifying risks pertaining to the operations of WFAV
- implementing measures pertaining to the operations of WFAV.



Risk Management Process

Risk

WFAV risk management is based on Australian standard for risk management (AS/NZS ISO 3100:2009 Risk Management). This defines risk as: “the effect of uncertainty on objectives”.

- Risk is any threat or opportunity that can potentially impact on the organisation meeting its objectives.
- A risk is often specified in terms of an event or circumstance and the consequences that may flow from it.
- Risk is measured as a combination of the consequences and the likelihood of an occurrence.
- Risk may have a positive or negative impact – although for practical purposes, risk in WFAV is assessed in terms of potential negative impacts that may need to be moderated.

Risk Management

Risk management involves the identification and treatment of vulnerabilities. It enables capacity to detect, correct, prevent and escalate critical risk issues.

Risk management occurs within the context of WFAV’s appetite for risk.

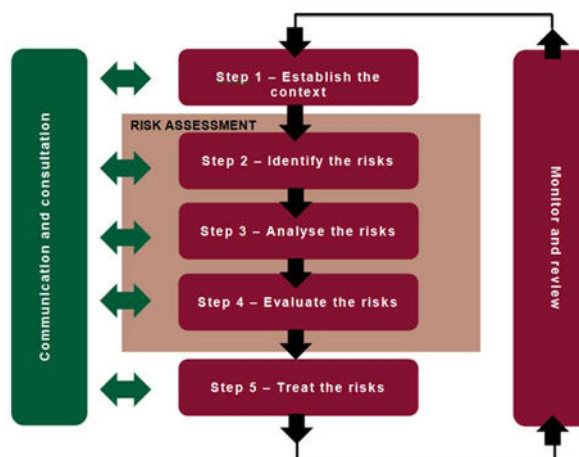
Risk Appetite

Risk appetite is the level of risk that an organisation is prepared to accept in pursuit of its objectives before action is deemed necessary to reduce the risk. It represents a balance between the potential benefits of innovation and the threats that change inevitably brings.

The Board shall establish WFAV’s risk appetite at a given time.

Risk Management Methodology

WFAV risk management methodology is based on the national risk management standard’s *Principles and Guidelines* and is set out in the following diagram.





Step 1 – Context

Water for a Village is a small Australian-based charity that provides clean fresh water to villages in the Simien Mountains of Ethiopia.

The nature of the work of WFAV is such that on-the-ground risks are often difficult to predict. This requires on-the-ground personnel to be risk-aware and exercise high levels of personal judgement in undertaking their work.

Step 2 - Risk identification

Risk categories include but are not limited to:

- people
- financial
- physical assets
- reputation
- information technology
- regulatory/standards compliance
- governance
- strategic
- external.

Risks requiring treatment may not necessarily be identified in each of these categories. See Risk Register

Step 3 - Risk Analysis

Each risk identified at Step 2 should be described and existing risk mitigation measures identified. Identification of existing mitigation measures enables residual risk to be identified and rated, and treatments for this residual risk to be developed and implemented (steps 4 and 5).

Step 4 - Risk evaluation

Risk severity is measured as a combination of the consequences and the likelihood of an occurrence – all risks can be assigned a rating from Low to Very High. The risk severity rating assigned to each risk guides decisions on the extent to which actions are necessary to abate/moderate the risk. Actions could include monitoring the risk, modifying activities, adding safeguards and abandoning an activity. The following diagram provides a framework for evaluating risks.

Likelihood	Consequence				
	Minor	Moderate	Significant	Major	Severe
Almost Certain Is expected to occur	Low	Medium	High	Very High	Very High
Likely Will probably occur in most circumstances	Low	Medium	High	Very High	Very High
Possible Could occur at sometime	Low	Medium	Medium	High	Very High
Unlikely Event hasn't occurred but it could in some circumstances	Low	Low	Medium	Medium	High
Rare Exceptional circumstances only	Low	Low	Low	Medium	Medium



Step 5 - Risk treatment

For each risk rating level, the following treatments should be considered. Note that we treat residual risk taking in to account abatement measures already in place.

Low:	<i>monitor risk and review if circumstances change</i>
Medium:	<i>consider modifying activity to reduce risk or develop/implement additional safeguards</i>
High:	<i>modify activity and/or develop/implement additional safeguards</i>
Very High:	<i>abandon activity or develop/implement safeguards that the Board is satisfied will reduce risk to an acceptable level.</i>