

Risk Management Policy and Plan

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Contents

BACKGROUND **3**

1. PURPOSE OF THIS POLICY **3**

2. RISK MANAGEMENT OBJECTIVES **3**

3. RISK TOLERANCE **4**

4. MANAGEMENT OF RISK **4**

5. RISK MANAGEMENT PLAN **5**

6. ACCOUNTABILITIES **5**

7. RISK MANAGEMENT REPORTING REQUIREMENTS **5**

8. RELATED DOCUMENTS **6**

9. POLICY REVIEW **6**

APPENDIX ONE: SCORING THE LIKELIHOOD AND IMPACT OF A RISK

Background

The social sector expressed a desire to be more valued, connected and to have a voice which resulted in the establishment of the Social Sector Innovation WBOP Charitable Trust in 2012 to provide a structure for research, innovation, collaboration, information, networking and advocacy in the social sector in the Western Bay of Plenty sub-region.

The Trust became a registered Charity in 2014 and in September 2015, rebranded to become known as SocialLink Tauranga Moana. The vision for SocialLink is “A resourced, skilled and cohesive for-purpose sector enabling communities to flourish.”

To achieve SocialLink’s purpose three strategic themes have been identified:

- Build the social sector
- Empower the social sector
- Serve the sector.

SocialLink holds the principal lease for and is responsible for the day-to-day management of The Kollektive, a co-working facility for not-for-profits, which opened in October 2018. SocialLink has also established two other divisions: Community Insights in 2020 and Volunteering Services in 2022. This policy and plan also applies to The Kollektive, Community Insights and Volunteering Services.

SocialLink recognises that effective risk management is an integral component of good governance and success and is crucial if it is to meet its objectives, realise potential opportunities and manage threats or adverse impacts.

1. Purpose of this Policy

The purpose of this policy is to provide direction on the management and governance of risk. The Board and management of SocialLink recognise that putting in place effective arrangements for the management of risk is good practice and brings with it a number of significant benefits.

This policy:

- outlines SocialLink’s risk management methodology;
- allocates risk management accountabilities;
- establishes a reporting framework; and
- describes how SocialLink will evaluate the effectiveness of its risk management arrangements.

2. Risk Management Objectives

SocialLink’s risk management objectives are to:

- Be 'risk prepared' through high levels of risk awareness, risk management/mitigation competence, and supporting tools and resources;
- Ensure compliance with SocialLink policy and applicable laws, regulations and codes or standards;
- Develop a "risk aware" culture in which our people identify risks in a planned and co-ordinated manner, and respond to them quickly and efficiently; and
- Mitigate and manage risk so as to enable achievement of strategic and business plan objectives.

The Board of SocialLink recognises that risk management is central to good governance and management.

3. Risk Tolerance

SocialLink would not be where it is today if it had not taken risks. The very act of starting a nonprofit is a risk. However, as organisations grow and succeed, they tend to grow more fearful of risks. There is simply more to lose. It makes sense to be cautious. And yet, to paraphrase poet Robert Frost, doing your best means taking risks. To this end SocialLink wishes to balance the need to be cautious with enabling the organisation to take risks, in other words, take calculated risks.

Risk tolerance is the amount of loss SocialLink is willing to bear should a risk materialise. Risk appetite is the amount of risk that SocialLink is prepared to take in pursuit of its objectives.

SocialLink will consider risk tolerance and risk appetite in respect of each key risk (assessed by impact and likelihood). The SocialLink Board is opposed to the organisation having any residual risk (after implementation of risk treatments) at Level 3 (High risk), as described in Appendix 1.

The SocialLink Board expects the General Manager to promptly escalate and report High risks to the Board, with an appropriate risk mitigation plan that lowers the residual risk. See Appendix 1 for the process for assessing the likelihood and impact of a risk.

4. Management of Risk

SocialLink will manage risk in four principal ways:

- Making a conscious decision to **accept** particular risks;
- Accepting the risk but taking some actions to **reduce** and lessen its impact or likelihood (for example, mitigating through good planning and processes);
- **Transferring** the risk to another party or entity, for example by insurance; and/or
- **Eliminating** the risk by removing the cause or driver of the risk.

The cost and benefits of these risk management strategies must be considered as part of the risk management decision making process.

5. Risk Management Plan

- a. The Board and GM will develop a Risk Register and Plan for SocialLink which:
 - Identifies key risks faced by SocialLink and The Kollektive;
 - Considers any mitigations in place; and
 - Assess the risks in terms of their likelihood and impact/consequences using the tables in Appendix One.
- b. The Board and GM will then consider what mitigating/management action(s) need to be taken to reduce risk and create a Risk Workplan.
- c. The GM will implement the Risk Workplan, regularly review and monitor the Risk Register, and regularly report to the Board.
- d. The Board and GM will evaluate SocialLink's Risk Management arrangements annually.
- e. Include the Risk Register to the Board agenda and indicate whether the risks are low, medium and high.

6. Accountabilities

The SocialLink Board has overall accountability and oversight for risk management for SocialLink and The Kollektive with active involvement in managing critical risks.

The General Manager will be accountable for:

- Identifying, assess, monitoring and managing low, medium and high risks
- Reporting regularly to the Board on the status and management of key risks.
- Developing and implementing the Risk Workplan;
- Maintaining high levels of risk awareness within SocialLink staff and encouraging good risk management practices;
- Review the effectiveness of Risk Management arrangements.

7. Risk Management Reporting Requirements

The following minimum standards will apply to reporting to the SocialLink Board:

- Immediate escalation of any risks classed as High or Critical to the Board Chair, with advice provided to the whole Board;
- Immediate escalation of any fraud related events or circumstances;
- Report at Board meetings of any material risks.

8. Related Documents

This policy should be read in conjunction with other relevant Socialink documents, including:

- Risk Register and Management Plan
- Health & Safety Policy
- Human Resource and Financial Management Policy and Procedures

9. Policy Review

This Policy will be reviewed annually or earlier if required by the GM or Board. The policy was last reviewed in July 2023.

APPENDIX ONE: SCORING THE LIKELIHOOD AND IMPACT OF A RISK

You should give each risk a score for likelihood and impact.

Likelihood

Score	Likelihood of risk occurring
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1	Rare: not likely to happen or will only happen in exceptional circumstances
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2	Unlikely: not expected to happen, but there is a remote possibility that it will occur
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3	Possible: may occur on some occasions, but not frequently
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4	Likely: is likely to occur or will happen on more occasions than not
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5	Certain: Likely to occur in the majority of cases
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Impact

Score	Level of impact	Possible consequences if risk occurs*
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1	Insignificant	<ul style="list-style-type: none">• No impact on service• No impact on reputation• Complaint unlikely• Litigation risk remote
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2	Minor	<ul style="list-style-type: none">• Slight impact on service• Slight impact on reputation• Complaint possible• Litigation possible
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3	Moderate	<ul style="list-style-type: none">• Some service disruption
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		<ul style="list-style-type: none"> • Potential for adverse publicity – avoidable with careful handling • Complaint probable • Litigation probable
4	Significant	<ul style="list-style-type: none"> • Service disrupted • Adverse publicity not avoidable (local media) • Complaint probable • Litigation probable
5	Major	<ul style="list-style-type: none"> • Service interrupted for significant time • Major adverse publicity not avoidable (national media) • Major litigation expected • Resignation of senior management and board • Widespread loss of beneficiary confidence

*If one or more of these consequences is possible if the risk occurs, give it the related score.

Calculating the initial risk score

The initial risk score is calculated by multiplying the likelihood score by the impact score.

Initial risk score	Level	Action level
1–8	Low risk (L)	Accept risk. To be managed at the activity level.
9–16	Medium risk (M)	Management action required to reduce risk level to low
17–25	High risk (H)	Significant risk. Board action/awareness required.