Bendigo Foodshare Risk Appetite & Management framework

Intent

Effective risk management ensures continuity of operations, the maintenance of services and the protection of the interests of Bendigo Foodshare (BFS). The Board recognises that risks are present throughout normal operations and as such successful delivery of programs are contingent upon effective and cohesive management of these risks as an integral part of all service provision.

It is the intention of this policy and framework to ensure that risk management is seen by Board, staff and volunteers as a core component of BFS service delivery.

Policy

Bendigo Foodshare defines risk as 'the chance that an adverse event will occur during a stated period of time'. In essence a risk can be understood as an event that, if it occurs, has the potential to interfere with the successful achievement of organisational objectives.

Healthy and responsive organisations need to develop a risk-positive culture, in which the taking of considered risks are seen as beneficial together with the recognition that other risks require removal or mitigation. To achieve this, effective risk management strategies are necessary as ineffective risk management produces losses that result in a negative and undesired impact or result in lost opportunities.

The purpose of formal risk management is to articulate systematically:

- What can go wrong?
- What will happen if it does go wrong?
- What can we do about it?
- What are we prepared to accept?

The Board outlines its appetite for risk across all aspects of the organisation through the BFS Risk Appetite Statement.

1. It is the responsibility of the Board to approve the BFS Risk Management framework (including the Risk Register) and to monitor its implementation by way of periodic reports and assurances from the Finance, Risk and Audit Committee and the CEO.
2. It is the responsibility of the Board to monitor the management of all Serious risks as defined in the risk profile outlined in this framework and identified through the risk register.
3. It is the responsibility of the CEO to ensure that systems, including education and policy, are in place to enable all staff members and volunteers of BFS to systematically identify, analyse, evaluate and address, monitor and communicate risks associated with any activities of BFS to maximise safety, minimise loss and maximise the provision of efficient quality services.
4. Risk management processes are based on the Australian Risk Management Standards and the framework outlined in this document
5. It is the responsibility of the CEO to keep the Board informed of the effectiveness of risk management systems, and of the occurrence and progress of the management of all serious risks.

BFS Risk Appetite Statement

Risk	Appetite
Strategic Risks	Bendigo Foodshare has a **high-risk appetite** for strategic risks that will realise its strategic goals and objectives. We recognise that the actual or perceived inability to deliver strategic initiatives could have a significant impact on our ability to achieve our objectives and our reputation. A framework is in place to ensure that these initiatives are prioritised and resourced appropriately and are managed and reported on a consistent basis. Bendigo Foodshare monitors strategic risks (such as changes in economic conditions, government policy and regulation and cyber-security risk) that impact on demand for food relief and our ability to respond to that demand. Bendigo Foodshare has processes in place to mitigate strategic risks which are prioritised through a defined framework that involves regular Board and Management communication and reporting. This level of risk is accepted on this basis that defined mitigants are in place and effective.
Financial Risks	Bendigo Foodshare has a **low-risk appetite** for financial risks. Bendigo Foodshare assesses its financial risks both from a strategic and operational perspective. We always require a balance between adequate reserves and liquidity and understands that it is not always possible to eliminate all risks. Bendigo Foodshare will manage associated balance sheet, financing risk, cash flow, liquidity & capital availability risk, Credit Risks, counterparty risk, partner contractual risk, revenue risk (Government, donor and sponsor), fraud risk and procurement risk through a framework of policies and financial controls.
Workplace Safeguarding Risks	Bendigo Foodshare has **a zero tolerance** for workplace safeguarding risks including non-compliance with accepted OH&S practices and required OH&S law. We are committed to providing a safe, flexible, and respectful workplace for employees and volunteers free from all forms of discrimination, harassment, exploitation and bullying, and where people are protected from physical and psychological harm. This risk is managed through a framework of policies and work practices that supports a safe and respectful workplace.
Workforce Management Risks	Bendigo Foodshare has a **low-risk appetite** for workforce management risks including non-compliance with Bendigo Foodshare HR policies and procedures. Our workforce is made up of staff and volunteers. We recognise that the ongoing continuity of operations is contingent upon the recruitment, training, and performance planning and development cycle, as well as development of a healthy workplace culture.
Regulatory Compliance Risks	Bendigo Foodshare has a **zero tolerance** for regulatory compliance risk including non-conformance with legal requirements. We are committed to a high level of compliance with relevant legislation, regulation, accreditation, industry codes as well as internal policies and sound corporate governance principles. This also includes performance against funding and donor agreements, standards (including food safety) and contractual compliance. Minor breaches are expected from time to time but will be reported and responded to. Bendigo Foodshare will seek to mitigate regulatory compliance risks through adherence to internal policies and good corporate governance.
Reputational Risks	Bendigo Foodshare has a **low-risk appetite** for reputational risks including activities that compromise our values, brand or credibility. Community trust in Bendigo Foodshare is critical to our ongoing success. Reputational risk will generally occur because of events arising from risks described elsewhere in this Risk Appetite Statement. Reputational damage is likely to have an impact on the ability to raise funds, recruit volunteers, food partners and access food sources. Bendigo Foodshare aims to be transparent in both its operations and communications with key stakeholders to mitigate these risks.
Program and Business Model Risks	Bendigo Foodshare has a **low-risk appetite** for program and business model risks including failure to deliver project objectives as a result of factors within our control. We recognise the importance of aligning our programs, projects and business & service models (including supply chains) to our strategic priorities as well as ensuring our services are delivered within budget. Effective management of operations will reduce the likelihood of other risks including financial, reputational and workforce management
Innovation Risks	Bendigo Foodshare has a **high-risk appetite** for innovation risks and the value that better service delivery will bring to the people we serve. We embrace innovation and continuous

	improvement. Bendigo Foodshare will need to be innovative in the ongoing development of its business and service models, with its internal operating systems, through its fundraising activities and in the way it engages with the communities within which it operates. Bendigo Foodshare will manage its innovation risks through balanced risk assessments of new ideas to development of viable and sustainable solutions to food insecurity. This level of risk is accepted on this basis that defined mitigants are in place and effective.
Capacity Risks	Bendigo Foodshare has a **low-risk appetite** for capacity risks. We recognise the importance of adequately investing in the systems and infrastructure that support our operations and service delivery and that failure in this area has a direct impact on service delivery. This includes information management systems vulnerable to cyber security risk. Bendigo Foodshare assesses the adequacy of its systems and infrastructure to ensure they are fit for purpose, robust and aligned with what is required to deliver upon our strategic objectives.
Fraud and Corruption Risks	Bendigo Foodshare has a **zero tolerance** for fraud and corruption risks. We believe that the misappropriation of resources is in direct contravention of our values and diminishes our ability to deliver on our Purpose of providing food relief. Bendigo Food share will foster an organisational culture, supported by good internal controls and a strong policy and governance framework, where fraud and corruption are not accepted.

Risk Management Procedure

The identification and management of risk is considered in all BFS activities and this framework provides the overall methodology and approach through which risk management processes are implemented across the organisation as evidenced by the following:

- The CEO is responsible for ensuring that incident reporting, compliance monitoring, risk assessment and management action planning is undertaken systematically
- Staff are required to consider and minimize risk throughout their daily work
- Incidents and hazards are reported to the CEO together with actions taken and recommendations for further risk mitigation.
- The CEO and management team review risks on a regular basis Reports to the Board provide information and request for action on strategic and Extreme and High risks
- Formal review of documentation of policy and procedures relating to risk management is regularly undertaken
- Extreme and High risks are reported immediately as required and otherwise quarterly to the Board through the CEO
- Documentation of risk management is required within project briefs submitted to the Board and changes to operations or personnel are assessed using a risk management approach

Bendigo Foodshare Risk Management Process

The generic BFS Risk Management process is sequenced:

1. Establish the BFS strategic and organisational context for the risk assessment process
2. Identify the potential risks to BFS
3. Assess identified risks in terms of likelihood and consequence
4. Evaluate risks to determine the level of response or treatment required
5. Select and implement appropriate steps to respond to or treat these risks
6. Monitor and review the strategy

Risk Profile

Risk Rating Matrix

		Consequence				
Likelihood		Insignificant (1)	Minor (2)	Significant (3)	Critical (4)	Extreme (5)
	Rare (1)	Low	Low	Low	Low	Low
	Unlikely (2)	Low	Low	Low	Medium	Medium
	Possible (3)	Low	Low	Medium	High	High
	Likely (4)	Low	Medium	High	High	Serious
	Almost Certain (5)	Low	Medium	High	Serious	Serious

Likelihood Rating

Likelihood	Definition
Rare (1)	The event may occur only in exceptional circumstances.
Unlikely (2)	The event is not expected to occur or reoccur.
Possible (3)	The event might occur or reoccur at some time.
Likely (4)	The event will probably occur or reoccur at least once.
Almost Certain (5)	The event will occur or reoccur in most circumstances.

Consequence Rating

	Client	Staff	Program	Financial	Reputation
Extreme (5)	There are major problems for a large group of clients A client dies, apparently due to BF actions	A staff member or volunteer dies at work under any circumstances.	A program will not continue, directly impacting service provision.	The financial viability of BF is under threat	A major funder ceases their funding resulting from BF actions. A major client agency ceases their engagement with BF as a result of BF actions. The reputation of

					BF with ASIC puts our company registration at risk
Critical (4)	There are major problems for a small group of clients; One or more clients are seriously injured on BFS premises or apparently due to BFS actions and require medical assistance	A staff member or volunteer is seriously injured on BF premises or apparently due to BF actions	A program is at risk of ceasing	The financial loss will be major and will prompt a review of BF strategy to address.	A major funder or client agency initiates a formal review resulting from BF actions
Significant (3)	There are problems for a group of clients One or more clients are injured on BFS premises or apparently due to BFS actions and require medical assistance	A staff member or volunteer is injured at work requiring minor medical treatment	A program review is required which may result in significant changes	There will be a significant financial loss requiring corrective action to be taken.	A review of our relationship with a funder, partner or community group review indicates issues that need to be formally addressed
Minor (2)	There are problems for some clients A client is injured on BFS premises or as a result of BFS actions and requires no more than local first aid	Any impact on a staff member is treated routinely with first aid in the workplace	A program is not operating as required and some changes are needed	There may be financial loss but this can be sustained	Any relationship issues are addressed by discussion with the relevant persons by the CEO
Insignificant (1)	There are no impacts on clients	Any impact on a staff member is treated routinely	Any impact on a program is treated by routine operations	Any financial loss is minor	Any relationship issues are addressed by discussion between the relevant persons

Outcome Ratings

Serious Risk	Requires immediate action in an immediate timeframe, the Board is informed, a Management Action Plan (MAP) is developed and implemented and the CEO is accountable.

High Risk	Requires recommended action in a timely time frame, a MAP is developed and implemented, and the relevant staff member according to the risk domain is accountable.
Medium Risk	Requires identified management strategies in a considered time frame, a MAP may be developed and implemented, and the relevant staff member according to the risk domain is accountable.
Low Risk	Is managed by routine procedures and delegation and is unlikely to need additional resources.

References:

AS/NZS 4360:2006 Standards Australia Risk Management Standards

Related documents:

BFS Risk Register

Reviewed:
Finance Risk & Audit Committee
October 2023

Approved by Board Nov 23 meeting