



Policy #: 0014
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RISK MANAGEMENT POLICY

Purpose: This policy is intended to provide a framework for the identification and management of risk throughout LLNB and its affiliates.

Scope: LLNB Board, and employees of LLNB, including its Affiliated Councils*
**as may be enforced pursuant to our service agreements*

Responsible Party: Executive Director, LLNB

POLICY

We recognize that there are risks involved in everything LLNB does and that LLNB has a duty to manage these risks. This duty is to staff, volunteers, service users, partners and funding agencies.

Risk is part of everyday life. It can be defined as the chance that something will happen that has an impact upon aims and objectives. Risk management is as much about exploiting opportunities as it is about managing threats, a certain amount of risk taking is inevitable and essential if LLNB is to achieve its objectives. Risk needs to be managed rather than avoided and consideration of risk should not stifle innovation.

We will use risk management to maintain and improve the quality of our services and to deliver our priorities and objectives.

Our risk management policy objectives are to:

- embed risk management into the culture of the organization
- raise awareness and work with affiliated councils and partners, to develop a common understanding of LLNB's expectations on risk management
- integrate risk management into policy, planning and decision making
- enable LLNB to anticipate and respond to changing social, environmental and legislative conditions

These objectives will be achieved by:

- identifying, assessing and effectively managing strategic and operational risks of LLNB and wherein our service agreement allows, its affiliated councils

- establishing clear roles, responsibilities and reporting lines for risk management
- incorporating the assessment of risk into all key decision making and planning processes of LLNB

GUIDELINES

Risk can be defined as the effect of uncertainty on objectives, whether positive or negative. Risks, therefore, need to be managed in order to successfully deliver our objectives. Risks should be fully understood, and their likelihood and consequences managed.

Risk matrix

A risk matrix is used in the risk assessment process. It creates a risk score from the combination of the likelihood and the impact of the Risk. The risk becomes more severe as the likelihood and impact increase.

Types of Risk

Strategic risk – A strategic risk is something with the potential to cause harm (including ill health/injury, damage to assets, loss of reputation, environmental pollution, financial losses or increased liabilities). It can be an event or series of events that may impact on the high-level vision and the council plan and other plans.

Operational risk – Operational risks are defined as risks that can affect the delivery of individual services but would not, in isolation, threaten LLNB's overall objectives.

Pure risk – This is the risk in its raw state without any mitigating controls in place.

Residual risk – A residual risk is the remaining potential for harm to persons, property or the environment following all possible efforts to reduce predictable hazards. In other words, it is the risk that remains after a risk assessment has been carried out and mitigating controls have been put in place. This risk needs to be monitored to keep the mitigating controls up to date.

How we identify risks

The majority of risks are identified during the operational planning process and in the ongoing management of LLNB's Action and Risk Register. Risks can arise and be identified when the following events occur:

- internal or external processes change
- staff or board volunteers leave and/or restructuring takes place
- affiliated councils change or restructure
- legislation is revised or introduced
- the social and or economic climate alters

- an incident occurs

To help in the risk identification process a range of the most common risk assessment techniques may be used including (but not limited to): questionnaires, surveys and checklists; workshops and brainstorming; internal audit reports; Strengths Weaknesses Opportunities Threats (SWOT) and Political Economic Social Technological Legal Environmental (PESTLE) analyses.

APPENDIX 1 – RISK MATRIX



The Risk Matrix does not assess LLNBs performance in managing the risk. The Risk Matrix shows only the level of risk LLNB faces based on two criteria:

1. The impact or consequences of the organization if this does/doesn't happen.
2. The probability of negative outcome if objective does/does not occur.

		Impact/Consequences		
		LOW	MEDIUM	HIGH
Probability/Likelihood	LOW	1	2	3
	MEDIUM	2	4	6
	HIGH	3	6	9