



DOCUMENT NUMBER	SR001
TYPE	Policy
SUBJECT	Diocesan Risk Management Policy
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1. Policy Statement

The Synod of the Diocese of the Northern Territory Incorporated (“the Diocese”) is committed to creating and maintaining a safe environment. Diocesan parishes, ministries and entities should be person-valuing, harm-free and respectful environments for ministry to God’s glory. This policy establishes a risk management framework for the Diocese as a response to the requirement of our insurers to consider risk in the ordinary course of operations and even more so in conducting unusual activities.

The risk appetite of the Diocese is to tolerate a risk to a *low-to-medium level*. The Diocese will ensure that risks are managed in a timely and systematic manner by identifying and assessing those risks, implementing appropriate risk treatment plans and regularly and reporting and reviewing its risk controls and initiatives at strategic and operational levels. Diocesan Council commits to reviewing the strategic risk register on a quarterly basis and continuously improving the risk management framework.

2. Definition of low-to-medium level of risk

The definition of the level of risk which is tolerated is not greater than that set out based on the table below, being a level which is *either* not financially material *or* that which does not cause harm or injury in the course of Diocesan business.

Risk Matrix

Likelihood	Consequence				
	1. Insignificant	2. Minor	3. Moderate	4. Major	5. Catastrophic
A. Almost Certain	Medium	High	High	Extreme	Extreme
B. Likely	Medium	Medium	High	High	Extreme
C. Possible	Low	Medium	High	High	High
D. Unlikely	Low	Low	Medium	Medium	High
E. Rare	Low	Low	Medium	Medium	High



The Risk Matrix is used to determine the rating of the risk presented and to take appropriate action as follows:

Risk Rating	Response
Extreme	Unacceptable , must be given <u>immediate senior management attention</u>
High	Active management required , must have <u>considerable management to treat risk</u> and monitor effect on organisation
Medium	<i>Tolerable</i> , risks should be managed to reduce to as low as reasonably possible
Low	<i>No action required</i> , manage and monitor with normal operational practices

Likelihood of Risk Occurrence

Risk Rating	Description
A. Almost Certain	<ul style="list-style-type: none"> Commonly occurs: 90% chance of risk event occurring; or Almost certain to occur in the next 3–12 months.
B. Likely	<ul style="list-style-type: none"> Known to occur: 60-80% chance of risk event occurring; or Likely to occur in the next 1–2 years.
C. Possible	<ul style="list-style-type: none"> May occur: 30-60% chance of risk event occurring; or May occur within the next 2–5 years.
D. Unlikely	<ul style="list-style-type: none"> Not likely to occur: 5-30% chance of risk event occurring; or May occur within the next 5–20 years.
E. Rare	<ul style="list-style-type: none"> Exceptional/highly unusual: <5% chance of occurring; or A more than once in 20 year event.

Consequences of Risk Occurrence

Consequence	1. Insignificant	2. Minor	3. Moderate	4. Major	5. Catastrophic
<i>Business Disruption</i>	Local non-critical service not resolved	Local critical service not resolved for <4 weeks	Local critical service not resolved for >4 weeks	Diocese-wide critical service not resolved <4 weeks	Diocese-wide critical service not resolved >4 weeks
<i>WHS: Injury</i>	Injury requiring first aid within no lost time	Injury requiring first aid within normal leave entitlements	Injury requiring hospitalisation within normal leave entitlements	Life-threatening injury preventing work <12 mths/NT WorkSafe involvement	Life-threatening injury preventing work >12 mths/NT WorkSafe involvement
<i>WHS: Safety</i>	Threat/event involving local leadership	Threat/event involving Bishop's Office	Threat/event involving of civil/eccl. authorities	Event involving civil/eccl. authorities with redress <\$1m	Event involving civil/eccl. authorities with redress >\$1m
<i>Financial/Data</i>	Event with <\$0.01m impact	Event with \$0.01m–\$0.05m impact	Event with \$0.05m–\$0.5m impact; critical data reconstruction <3 FTE mths; single user data security breach	Event with \$0.5m–\$1m impact; critical data reconstruction >3 FTE mths; Diocesan data security breach	Event with >\$1m impact; critical data irretrievable; sensitive data security breach
<i>Legislative Compliance</i>	Individual complaint resolved by local leadership; lack of awareness of civil regulations/internal controls	Individual complaint resolved by Bishop's Office; minor non-compliance civil regulations/internal controls	Individual action resolved pre-trial; substantial non-compliance civil regulations/internal controls	Class action resolved pre-trial; individual action with court appearance	Class action resulting in court appearance
<i>Reputation/Image</i>	Issue broadcast on selective media resolved by local leadership	Issue broadcast on selective media resolved by Bishop's Office; loss of <5% Diocesan members	Issue broadcast on Territory media resolved; loss of 5–10% Diocesan members	Unresolved issue broadcast on Territory media; loss of 10–50% Diocesan members	Unresolved issue broadcast on national media; loss of >50% Diocesan members
<i>Strategic</i>	Delays in business-as-usual operations affecting objectives	Delays in delivery of operational unit's objective	Permanent failure of operational unit's objective	Permanent failure of element of strategic objective	Permanent failure of strategic objective



Explanation of Likelihood and Consequence rating scales

Within the normal scale of operations, the Diocese is able to tolerate the regular risks with insignificant consequences (e.g. up to \$10,000 in financial losses, injury requiring first aid from qualified first aiders) through its insurance programs (including the proposed aggregate deductible fund) and its business-as-usual operations (i.e. *almost certain* likelihood, *insignificant* consequences -> *medium* risk rating). However, regular losses over these amounts or levels of damage are deemed to be too costly to tolerate.

Equally, the possibility of losses up to \$500,000 or lost time incidents within sick leave entitlements are to be considered in setting internal controls in business-as-usual operations (e.g. sudden 10% drop in value of managed investments of the Diocese), but may occasionally occur (i.e. *possible* likelihood, *moderate* consequences -> *medium* risk rating). However, losses beyond this amount are not tolerated under any circumstances and so risk must be actively managed, recognising that this will require controls, cost and/or possibly a decision not to undertake certain activities.

3. Guiding Principles and Commitment

The Diocese recognises that effective risk management is:

- *integral* to all organisational activities
- *structured & comprehensive*
- *customised* to organisation's external and internal context related to its objectives
- *involves* stakeholders to become an informed process
- *dynamic* in terms of responding to changes to external and internal context
- built on *reporting of relevant information*
- affected by *culture*
- a process of *continuous improvement*

The Diocese therefore commits to:

- integrating a risk management framework into all organisational activities, including the assignment of responsibility and accountability for same and need for consultation;
- allocating resources to risk treatment initiatives and risk management controls;
- aligning risk management with its objectives, strategy and culture;
systematic monitoring of risk treatments and controls *and* continuous improvement.

4. Implications

For clarity, this policy is a requirement of our insurers in the insurance renewal process. It should be noted that our insurance policies do not cover "everything"—they are all limited to what is deemed the typical operations of the Diocese. This includes the requirement for



management to anticipate potential risks of activities they are undertaking. It is possible that cover could be reduced or even denied if, in hindsight, management is deemed not to have fulfilled its duties diligently.

In order to enable the treatment of risks according to the risk appetite of the Diocese, the following mechanisms shall be set in place to monitor the completeness and effectiveness of risk management across the Diocese. The key implication on the operations of the Diocese is as follows:

- *Any activity that might give rise to a risk greater than a low-to-medium rating requires the design, implementation, review/reporting, evaluation and continuous improvement of a risk management plan. Whereas the core business of the Diocese (its parish ministries) have business-as-usual internal controls to manage risk (e.g. Safe Ministry, professional standards protocols, WH&S policies & procedures, incident/hazard reporting, external audit, governance bodies at multiple levels, insurance specifically covering the “usual” activities of the Diocese), the effect of this policy is that each key operational unit (i.e. parishes, Diocesan Office, ministry units with independent operations) shall implement such a risk management process for any new or non-standard operational initiatives (e.g. one-off camps, new ministries, activities atypical of daily/weekly services).*

Subsidiary implications on the operations of the Diocese include:

- Each and every incident and hazard reported to the Registrar or Director of Professional Standards with an inherent risk rating greater than low-to-medium above shall be reported to Diocesan Council (without breaching the confidentiality of those involved) with an appropriate risk treatment plan and status of progress made thereto;
- The Property & Finance Committee shall provide advice and recommendation in relation to the Diocesan risk management framework including internal control, non-financial risks (e.g. operational, reputational, strategic), external auditing and recommendations implementation, business continuity, WHS and insurance;
- Within the context of risks associated with ministry in the Diocese, the Safety Ministry Reference Group shall write, review and provide recommendations to Diocesan Council in relation to Safe Ministry-related Ordinances, Policies, Protocols and training requirements; and
- The Registrar shall develop and maintain a Strategic Risk Register and (where relevant) Operational Risk Registers so as to monitor and report effectively on risks inherent in the operation of the Diocese. This shall be reported to Diocesan Council quarterly for evaluation with a view to continuous improvement of the risk management framework.
- The Diocesan Business Services Team shall provide support to operational units and for operational initiatives in relation to risk management framework and process where requested.



- Each parish shall provide its risk management plans for key operational initiatives as a component of Parish Returns on an annual basis.

5. Dependencies

SM001 Safe Ministry Policy

WHS002 Work Health and Safety Policy v2

6. Precedent to

SR002 Operational Risk Management Methodology

SR003 Operational Risk Committee

For completion when document supersedes any existing policy, procedure or protocol.

VERSION NUMBER OF THIS DOCUMENT	DATE OF PREVIOUS DOCUMENT	SUMMARY OF CHANGE	REASON FOR CHANGE
V.1	7 th August 2020	Articulating the appropriate level of risk appetite for the Diocese, in accordance with Diocesan risk management methodology	Lack of an objective standard for determining levels of risk; lack of guiding principles