



RISK ASSESSMENT AND MANAGEMENT PRACTICE

**Multicultural Council of the
Northern Territory (MCNT)**

Updated October 2008

OUR ORGANISATION

The Multicultural Council of the Northern Territory (MCNT) is the peak body dedicated to advocacy and representing the interests, concerns and aspirations of people of Culturally and Linguistically Diverse (CALD) backgrounds in the Northern Territory.

The MCNT was established in 1977 as the Ethnic Communities Council of the Northern Territory. In 2000 the MCNT changed its name to Multicultural Council of the Northern Territory (MCNT) in order to better reflect the inclusive nature of the MCNT (inclusive of all cultures) and to forge greater linkages with the wider community.

The MCNT receives operational funding from the NT Office of Multicultural Affairs (OMA) and project funding through the Department of Immigration and Citizenship (DIAC) and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).

OUR VISION

'Working to Connect Communities'

OUR MISSION

- To promote multiculturalism as a policy for all Australians.
- To enhance the quality of life of Australians from CALD backgrounds through providing culturally appropriate programs.
- To advocate for services that empower people of immigrant and refugee backgrounds to fully participate in the social, cultural, economic, political and civic life of our nation.
- To oppose racism and discrimination.

OUR GOVERNANCE STRUCTURE

The MCNT is a community-based non-profit organisation managed by a board of volunteers known as the executive committee. The executive committee is elected by the individual and corporate membership of the MCNT at the AGM in late September each year.

The composition of the 11 member management (executive) committee is broad and diverse, comprising members with a range of experience and expertise in community development and advocacy. In terms of structure, there are 5 office bearers - president, senior vice president, vice president, secretary and treasurer - and 6 ordinary committee members. The public officer is elected from within the executive committee.

There are two appointed permanent staff positions at the MCNT - policy and project director and administrative manager, with other project officers in the work team appointed according to the need and circumstance of the organisation.

WE VALUE:

- Engagement and Cultural Competence
- Integrity and Credibility
- Creativity and Innovation
- Building Partnerships with Communities
- Informed Decision Making
- Organisational Responsiveness to Community Diversity and Cultural Heritage
- A Value-based Civic Culture that Promotes Fairness and Quality of Life

WHAT IS RISK?

Risk is virtually anything that threatens or limits the ability of the MCNT to achieve its mission and impacts on its objectives and the services it delivers.

There are various categories of risk of relevance to this organisation:

Strategic:

The risks associated with the high-level and longer-term goals, objectives, or strategies of the organisation.

Operational:

The risks associated with the daily operations of the organisation including financial, decision-making, administrative and legal aspects.

Project/Event Based:

The risks associated with a specific project or event including all phases from concept development, planning, and implementation.

WHAT IS RISK MANAGEMENT?

Risk management is the culture, structures, policy, procedures and protocols of the organisation that are directed towards minimising and ameliorating the adverse effects and consequences of risk. Risk management involves thinking systematically about all possible risks for an organisation before they happen.

There are a number of well defined stages of risk management:

Risk Identification:

Identifying what could go wrong and what could happen to prevent the organisation from successfully implementing its mission or to deliver project outcomes. Risks associated with a project should be identified when the project concept is first being developed.

Risk Assessment:

Analysing the likelihood and consequences of each identified risk using accepted and appropriate methodology. The purpose of this is to separate high risks from low risks, to prioritise those areas where resources should be allocated.

Risk Evaluation:

The risks are considered and prioritised according to their potential impact on the organisation's operations and projects, and each risk is assessed to determine its level of acceptability.

Risk Management:

Actions are determined to eliminate, reduce or constrain identified high risks before the operations or project commences. This may require adjustments to the proposed operations and project's scope, objectives, timelines or resources.

WHY SHOULD NON-PROFIT ORGANISATIONS BOTHER WITH RISK MANAGEMENT?

It is critical to have an organisational atmosphere where everyone - MCNT management committee members, MCNT staff, volunteers and clients - feel safe and secure and know that their safety and security are intrinsic to every activity that the MCNT undertakes.

In the current circumstances, the threat of possible litigation is very real. Litigation is increasing as are the size of the payouts for people who successfully sue. Instigating a risk management strategy reduces the chance of costly legal action against the organisation.

THE MCNT's RISK ASSESSMENT AND MANAGEMENT POLICY AND PRACTICE

There are a number of reasons why a community-based non-profit organisation such as the MCNT group should consider risk management beyond paying insurance premiums.

Ultimately risk management is a management committee responsibility. The MCNT management committee accepts that it has the ethical and legal responsibility for what happens within the organisation and makes final decisions relevant to risk management.

Risk management involves thinking systematically and systemically about all possible risks for the MCNT before they happen. The effective management of strategic, operational and project/event based risks is an integral part of and integrated risk management policy.

A formal risk management policy introduces rigour, objectivity and consistency into what is otherwise a subjective process. The MCNT has a formal system in place for managing risk in its operations and projects and it involves the following elements.

Risk Management Working Group:

The MCNT management committee has in place an informal standing working group which is charged with developing and implementing the organisation's risk management plan. To ensure that the broad ranges of interests within the organisation are considered, the working group always includes at least one staff member.

Periodic Inspection and Monitoring of the MCNT's Premises:

Potential risks can be readily identified in the MCNT workplace from the perspective of the people - staff, volunteers and clients - who use it on a daily basis. It is critical to identify hazards for children, older people and people with limited English proficiency.

Experience and Records at the MCNT: There are periodic reviews by the working group of the organisation's records, project officer's reports, acquittals, recommendations and audits as well as utilisation of corporate knowledge within the MCNT management committee and staff members to determine aspects of exposure to risk in the past.

Systems Analysis: The MCNT's operations and systems are regularly monitored and analysed to identify high risk factors. Where things have gone wrong in the past, there is an organisational commitment to improving operations and systems to minimise and eliminate risks in the future.

Reviewing the MCNT's Work Practices:

The activities carried out in at the MCNT have varying degrees of risk for staff members, volunteers and clients. There always has to be the consideration that staff members may be working with potentially dangerous clients. There are elements of the work at the MCNT that could be considered stressful. Staff members/project officers are often required to drive, using their own cars, as part of their duties for the organisation. The MCNT's clients may be exposed to risks from other clients or people in the neighbourhood.

Consultation and Brainstorming: The MCNT committee members, staff and volunteers regularly meet with practitioners in the community services sector to determine through 'what if' analysis the type of inherent risks for staff members, clients and volunteers.

Exploration of Legal Exposure:

The MCNT is aware that it may be exposed to a number of legal risks associated with workplace health and safety, liability to and responsibility for clients, the involvement of volunteers, judiciary duty or anti-discrimination legislation.

AS/NZS 4360: 2004 THE RISK MANAGEMENT STANDARD

Planning for risk management at the MCNT is in accordance with the relevant Standard AS/NZS 4360: Risk Management. This Standard provides an internationally accepted and succinct framework for managing risk. It is applicable to a wide range of activities, decisions or operations of any enterprise or organisation, including non-profit community-based organisations such as the MCNT.

This Standard defines a seven-stage process of the successful implementation of a risk management plan. These seven steps are:

- Establishing a Context for Risk Management in the Organisation
- Communicating Risk Management in the Organisation
- Identifying Risks in the Organisation
- Analysing Risks in the Organisation
- Evaluating Risks in the Organisation
- Treating Risks in the Organisation
- Monitoring and Reviewing Risks in the Organisation

RISK MANAGEMENT AND THE MCNT'S VOLUNTEER PROGRAM

Volunteers are an integral part of the MCNT's activities and programs and provide valuable services for the organisation. The MCNT's volunteers include the members of the MCNT's management committee. The MCNT recognises that there are a number of responsibilities with volunteers and is currently formulating a Volunteer Program.

The MCNT recognises that volunteers and volunteer programs need to be administered with risk management in mind. The MCNT's volunteers are working under the authority of the organisation with the MCNT's clients and need to be protected against physical or financial risk. In addition, the MCNT's vulnerable clients need to be protected against harm from well-intending volunteers who have not received the necessary training.

In terms of project management and legal considerations, the MCNT's volunteers are considered as unpaid staff. The MCNT's volunteers need to observe the rules, regulations and code of behaviour expected of the organisation. Left unprotected in terms of risk management for volunteer services, there could be a serious impact on the organisation's finances and reputation.

RISK MANAGEMENT AND THE MCNT'S PROJECTS

The effective management of project risks is an integral part of best practice project management. All proposed projects at the MCNT should undergo a risk assessment process prior to approval and high risk factors should be appropriately identified and analysed. However it is also acknowledged that projects can also be exposed to undefined risks that are beyond the Project Officer or the organisation to resolve.

Once a project is approved, a risk management plan should be developed for all risk factors that were not eliminated during the project proposal process. This should include a description of the risk, the impact of the risk on the project, what actions can be taken to assist in reducing the risk and, if necessary, a contingency plan.

The MCNT Project Officer and Policy and Project Director must seek the assistance of the funding body, project partners and stakeholders in the proactive reduction of risk. Ultimately the reduction of risk in projects undertaken by the MCNT is a 'win-win' situation with all interested parties gaining from the increased possibility of the project's success and the enhancement of the MCNT's capacity to maintain a professional image.