



Organisation Management

C.06 Risk Management Policy

REVIEWED: July 2024

C.06 Risk Management Policy

To outline Mercy Services (Mercy) approach in identifying, assessing, monitoring and mitigating risks across the organisation. This policy outlines the organisation’s approach to risk management and the operational areas under its remit.

This policy is set by the Board in driving its expected approach to risk management across the organisation, with management to then implement the policy across the business areas.

This policy is to be read in conjunction with C.06a Risk Appetite Statement & C.06b Risk Management Procedures documents.

Record of policy development		
Version	Date approved	Policy Changes
1.0	16/12/2015	Policy created
2.0	31/05/2021	Revised risk management policy in line with new risk management framework and risk appetite positions
2.1	28/03/2022	Minor amendments to risk appetite framework following Board Risk Workshop and review of corporate risk register
3.0	23/08/2024	Transferred policy to new organisational template and revised to align across other ministries under MCSAL

Responsibilities and delegations	
This policy applies to	Staff and Volunteers
Specific responsibilities	Governance Committees, Head of Risk & Compliance
Policy approval	Board, with MCSAL Audit & Risk Committee endorsement

Policy context – this policy relates to:	
Standards	ISO 31000 – Risk Management NDIS Practice Standards Aged Care Quality & Safety Standards
Legislation	N/A
Contractual obligations	N/A
Organisation policies	Risk Management, Complaints, Incidents, Health & Safety
Forms, record keeping, other documents	Risk Register, Quality reviews, Continuous Improvement Register

Risk Management Principles

Mercy Services is an integrated aged and disability services provider, with additional alcohol and other drug counselling services for young families within the Newcastle, Lake Macquarie and the Hunter region. Mercy Services aims to specialise in supporting its clients and residents in managing long term chronic illness in both a residential and home care environment. The Board will determine the risk appetite to align with Mercy Services' strategic goals to ensure the optimal outcome for Mercy Services its employees, volunteers, and those clients or residents it supports.

The following principles are the foundation for managing risk and should be considered when establishing the organisation's risk management framework and processes:

1. Integrated – risk management is an integral part of all organisational planning and operations which informs decision making and clarifies responsibilities.
2. Structured and Comprehensive – a structured and comprehensive approach to risk management which is incorporated into the design of all systems and processes contributes to consistent and comparable results.
3. Customised – the risk management framework and process are tailored considering the size and complexity of operations related to its objectives and capabilities.
4. Inclusive – timely involvement of stakeholders enables their knowledge, views and voices are considered. This results in a more informed decision-making process so that risk management considerations remain relevant, consistent and timely.
5. Dynamic – risks can emerge, change or disappear as an organisation's risk profile, development or context changes. Risk management builds organisational resilience as it anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
6. Best available information – the inputs to risk management are based on historical and current information, as well as on future expectations. It is therefore important the organisation is acting on accurate and reliable data to manage risk and that risk management considers any limitations and uncertainties associated with such historical and current information and future expectations to identify vulnerabilities and establish shared views of risk and risk appetite. Information should be timely, clear and available to relevant stakeholders.
7. Human and cultural factors – human behaviour and culture significantly influence all aspects of risk management at each level and stage and are therefore critical considerations to ensure consistency between culture and behaviour.
8. Continual improvement – risk management is continually improved through learning and experience to develop organisational maturity and community confidence.

Roles & Responsibilities

Managing risk is the responsibility of all staff within the course of their role. The effectiveness of the risk management framework is dependent on the roles performed by staff and the Board.

Role	Responsibilities
Board	<ul style="list-style-type: none"> • ensure an effective risk management framework (including risk appetite and risk tolerance) is established and embedded into the clinical and corporate governance processes of the organisation • regularly review the adequacy of the organisational risk appetite to effectively manage risk whilst supporting strategic objectives • provide strategic oversight and monitoring of the organisation's strategic risks and performance • seek information from the Chief Executive Officer as necessary to satisfy itself that risks are being identified and mitigation strategies are in place and effective
Risk & Continuous Improvement Committee	<ul style="list-style-type: none"> • provide a structured communication forum to facilitate active involvement in the risk and continuous improvement activities within Mercy Services • ensure there is an appropriate framework in place to identify and effectively manage risk including the safeguarding of Older Australians and all those under Mercy Services' care • facilitate information sharing and discussion within and between services, promoting a risk culture of continuous quality improvement • provide a forum for the discussion of risk in line with the policies and procedures of the organisation, considering provision of services, incidents and complaints within service areas and policy implementation to manage risk within the organisation
CEO	<ul style="list-style-type: none"> • champion a strong risk management culture within the organisation that includes a focus on continuous improvement and identifying opportunities as well as risks • advise and update the Board on the movement and management of strategic (and key operational) risks, including risks operating outside of Board appetite • ensure the Risk Management Policy is implemented and the Risk Register is current • ensure appropriate resources are allocated to managing and monitoring risk and to implementing risk mitigation strategies identified through risk planning activities • allocate accountability for managing individual risks at an appropriately senior level to ensure risk mitigation strategies are implemented • communicate risk management requirements to management and staff • take appropriate action on risks reported or escalated

Role	Responsibilities
Risk & Compliance	<ul style="list-style-type: none"> • oversee the implementation of the risk management policy • provide reports to internal governance committees and Board sub-committees as required related to risk management • oversee Mercy Services Risk Registers and ensure they remain current and relevant • monitor trends and insights impacting (or have the potential to impact) the organisation’s response or management of risk • engage with executive leadership on their risk registers and management of risk within their areas, facilitating for Leaders as required
Leadership & Managers	<ul style="list-style-type: none"> • monitor and manage risks within their area and ensure staff are aware of their responsibilities in identifying and escalating any risks to their manager • promote risk management within their area of responsibility, including communication of requirements to relevant staff • be accountable for risks and mitigating controls within their area of responsibility and take appropriate action on risks reported or escalated • assist in reporting on updates to the organisation Risk Register, including changes to risk management strategies, current risk ratings and emerging risks
Staff/ Employees	<ul style="list-style-type: none"> • awareness of the importance of risk management and operate within the Mercy Connect Risk Management Framework • identify and report risks (actual or emerging) and incidents as they arise within their work environment. This includes reporting when controls in place are no longer appropriate or adequate to manage the risk

Risk Management Framework

A risk management framework (RMF) is the structured process used to identify potential threats to an organisation and to define the strategy for eliminating or minimising the impact of these risks, as well as the mechanisms to effectively monitor and evaluate the risk management strategy.

Mercy has identified the following key risk areas which form the basis for its RMF:

- **Strategic** – covering the failure to achieve the organisation’s overall objectives, including the risks associated with planning and the decisions made or modified over time as well as the effective use of financial resources.
- **Governance & Regulatory Compliance** – refers to the actions, structures, traditions and policies by which authority is exercised, decisions are determined and in which requirements are met regarding laws, practices and standards.
- **Quality, Clinical & Safeguarding** – relates to the quality and safety of healthcare services through identifying circumstances or opportunities that put clients or staff at risk of harm and reviewing practices for continuous improvement. This includes protecting the welfare and human rights of people that are connected with the organisation, in particular those at risk of abuse, neglect or exploitation.
- **Operational** – incurred from inadequate or failed internal processes, people and systems or external events.
- **Financial management & control** – risks relating to the financial stability, sustainability and resilience of the organisation including financial reporting, investment, vendor management, asset management, procurement, contracts and fraud.
- **People** – addressing the human capital aspect of the organisation including recruitment, health & safety, workforce management and the environment/culture in which employees and volunteers operate.
- **Business Resilience** – relates to the organisation’s ability to anticipate and respond to uncertainty following a business disruption event.

Mercy has developed a suite of policies and procedures to manage risks under each of these key risk areas. Policies that underpin the risk areas are outlined as per Appendix 1.

Risk Governance

To ensure effective oversight of Mercy’s RMF and implementation of this risk management policy, an organisational governance framework has been established as per image 1 below. This outlines the interaction between Mercy Services internal governance bodies and the Board’s sub committees. The key governance bodies related to implementing the RMF are:

- **MCSAL Audit & Risk Committee** – is engaged annually on Mercy’s risk appetite to ensure it remains within set tolerances and as per the strategic plan. The committee also reviews risk reports regularly to ensure key strategic risks are monitored and managed appropriately.
- **MCSAL Quality, Safety & Research Committee** – oversees the quality, clinical and safety assurance of the organisation including review of compliance frameworks and clinical indicators.
- **MCSAL Finance & Property Committee** – reviews financial investments, liquidity management and the financial budgeting process for the organisation.

- **Risk & Continuous Improvement Committee (RCI)** – is responsible for addressing risk issues that arise from within Mercy’s operations. The committee comprises of leadership and managers across operational and corporate functions to assess the risks the organisation is exposed to. Risk registers of each functional area are reviewed annually, along with complaints / incidents and policy reviews monthly.
- **Clinical Advisory Committee** – responsible for reviewing clinical risks and providing advice on clinical matters to continuously improve practices and maintain quality of care across services.
- **Health & Safety Committees (Residential & Other Services)** – monitors potential risks regarding work, health and safety practices including SWPs.
- **Client Advisory Council** – comprises of clients across Mercy’s services who provide feedback and advice on any issues faced with their services, which can identify operational risks or provide avenues for continuous improvement.
- **Reconciliation Advisory Group** – provides feedback to the organisation in regard to its reconciliation plan and on matters or issues relevant to Aboriginal & Torres Strait Islander people.
- **Community Housing Advisory Group** – oversees the health & safety, wellbeing, operational and code of behaviour aspects for those residents living within Mercy’s social housing facilities.

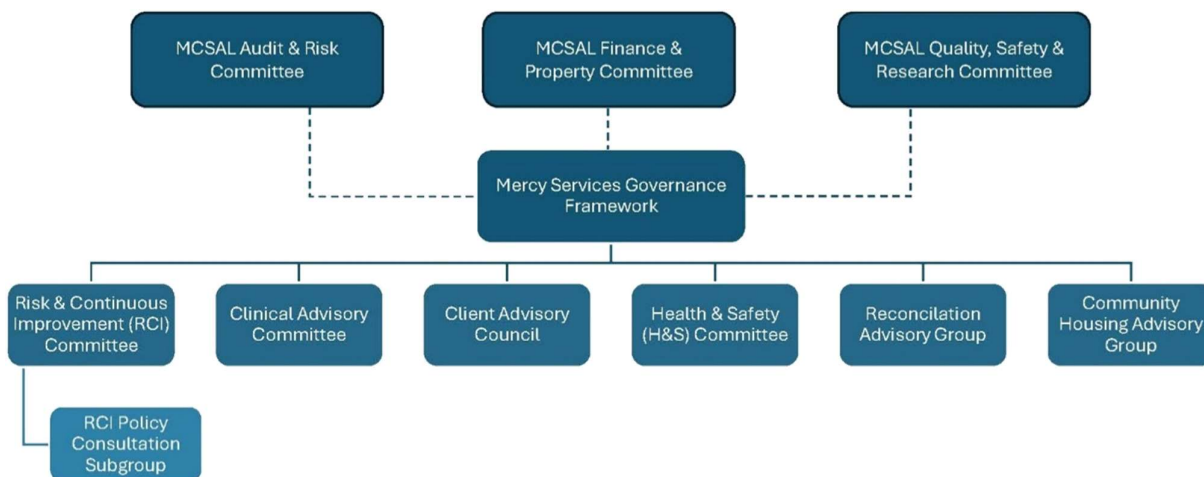


Image 1: Mercy’s Organisational Governance Framework

Risk Reporting & Board Oversight

Risk reporting is an important part of the risk management strategy in ensuring risks of concern are raised to senior management for accountability and action. The departmental risk register review and presentation to the RCI provides the opportunity for risks of concern to be discussed and reviewed to ensure appropriate action is taken considering the overall impact to the organisation.

The Risk & Compliance Lead is responsible for monitoring and maintaining the organisational and departmental risk registers. This allows for a review from a quality assurance and continuous improvement perspective, to ensure consistency in application of the RMF.

Semi-annual and annual risk register reviews will be first presented at the RCI for endorsement. The annual review will also be presented to the Board (or delegated MCSAL Audit & Risk Committee) for its approval, along with review of risk tolerances and the risk appetite. The Clinical Advisory Committee may also raise potential clinical risks that are to be included on the corporate or departmental risk register. Any risk identified via the Clinical Advisory Committee would be included in the risk register review at the RCI. A table summarising risk reporting within Mercy is outlined in the table below.

Risk Reporting	Presented To / Discussed At	Frequency
Strategic Risk Register	MCSAL Audit & Risk Committee	Annually
Risk Report	MCSAL Audit & Risk Committee	Semi-annually
Department Risk Registers	Risk & Continuous Improvement Committee	Semi-annually
Clinical Risks (as identified Ad Hoc)	Clinical Advisory Council	Monthly

Policy review

This risk management policy will be reviewed every three years or when there has been a significant change to the strategic plan or business activity. Any changes to the policy will need to be endorsed at the RCI and approved by the Board/MCSAL Audit & Risk Committee.

Risk Management Framework

Appendix 1

