



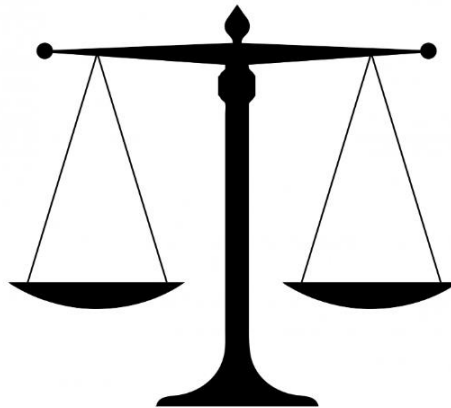
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Web: www.partnerhousing.org
Pro-bono professional services and funding for South Pacific
village infrastructure, housing, water, sanitation and training.



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Partner Housing is a signatory to the ACFID Code of Conduct, which is a voluntary, self-regulatory sector code of good practice. As a signatory we are committed and fully adhere to the ACFID Code of Conduct, conducting our work with transparency, accountability and integrity.

Organisational Risk Policies and Procedures



Declaration – These policies and procedures have been approved by the Partner Housing Australasia (Building) Incorporated Annual General Meeting of 4 December 2023. They set out the means of complying with the “Constitution & Code of Conduct”, and the requirements of the Australian Department of Foreign Affairs and Trade (DFAT) and the Australian Council for International Development (ACFID).

Signed

Rod Johnston, President, Partner Housing Australasia (Building) Incorporated

Adoption of Document Revisions

Reference	Revision	Date of Adoption	Principal Amendments
P23040314	1	3 April 2023	Revision to align with Vision, Mission, Values & DFAT requirements
P24010114	1	1 January 2024	General review and update

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Vision

Partner Housing Australasia is an entirely voluntary organisation, which aims to transform the lives of people living in Asia-Pacific villages by improving the cyclone, earthquake, and tsunami resistance of their houses, clinics, schools, and community buildings; and by providing clean water supplies and hygienic sanitation.

Commitment

Consistent with the vision statement, Partner Housing Australasia is committed to the identification, review, rating, mitigation, reporting and escalation of active risk, which accrues to the organisations as whole.

Code of Conduct

Partner Housing Australasia is a signatory to the ACFID Code of Conduct, which is a voluntary, self-regulatory sector code of good practice. As a signatory, we are committed and fully adhere to the ACFID Code of Conduct, conducting our work with transparency, accountability, and integrity. The following policies and procedures have been developed to reflect the vision, and to simultaneously ensure consistency with the ACFID Code of Conduct.

Scope

These Policies and Procedures apply to Partner Housing Australasia, its Partner Organisations, Representatives, and any guests who might accompany these people to the locations where the programs are implemented. The “Policy” expands the organisation’s vision, mission, and values; together with satisfying the DFAT and ACFID requirements, and the “Procedures” set out the means of implementing policy. An associated “Training” document provides additional material and background, and “Compliance and Audit Record” documents provide the relevant records of compliance and verification.

Definitions

A comprehensive set of definitions is set out in “Constitution & Code of Conduct”. Definitions specific to this policy are set out below. The definitions used in this document are drawn from several sources, ISO 31000, AS/NZS 4360, common usage and the circumstances peculiar to the Partner Housing Australasia programs.

Partner Organisations are those bodies working with Partner Housing Australasia to implement the programs. For purposes of this document, they include (but are not limited to) Vision for Homes [PNG] and South Ranongga Community Association [SRCA].

Representatives is the term used to describe collectively the Board Directors, Managers, Volunteers, Staff (if so engaged), Contractors and Consultants who administer the programs and projects.

Volunteer means a person who carries out executive, management, administrative, operations, design, project management and/or similar functions (whether executed in Australia or overseas) on a pro bono basis, under the direction of the Chief Executive Officer (on behalf of the Board). A Volunteer may also be a Member or a Director. Partner Housing Australasia is an entirely voluntary organisation. Volunteer does not include “Contractors” or “Consultants”, who provide goods or services on a pro bono or commercial basis, or people who provide minor assistance on a casual and infrequent basis.

Consequence is the outcome of an event affecting objectives. A consequence can be certain or uncertain and can have positive or negative direct or indirect effects on objectives. Consequences can be expressed qualitatively or quantitatively. Any consequence can escalate through cascading and cumulative effects. Consequence is the outcome of an event or situation expressed qualitatively or quantitatively, being loss, injury, disadvantage or gain.

Event is an occurrence or change of a particular set of circumstances. An event can have one or more occurrences, and can have several causes and several consequences. An event can also be something that is expected which does not happen, or something that is not expected which does happen. An event can be a risk source.

Control is a measure that maintains and/or modifies risk. Controls include, but are not limited to, any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk. Controls may not always exert the intended or assumed modifying effect.

Likelihood is chance of something happening. In risk management terminology, the word “likelihood” is used to refer to the chance of something happening, whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically (such as a probability or a frequency over a given time period). The English term “likelihood” does not have a direct equivalent in some languages; instead, the equivalent of the term “probability” is often used. However, in English, “probability” is often narrowly interpreted as a mathematical term. Therefore, in risk management terminology, “likelihood” is used with the intent that it should have the same broad interpretation as the term “probability” has in many languages other than English. For purposes of this policy, “Likelihood” is a qualitative description of probability and frequency. It is a means of ranking the probabilities of occurrence, but is not an indication of the actual probability of failure. For example, 2 out of 5 is not a 40% probability of occurrence. Rather, it is simply a statement the 2 out of 5 is twice more likely than 1 out of 5.

Risk is the effect of uncertainty on objectives. An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats. Objectives can have different aspects and categories, and can be applied at different levels. Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood.

Risk Analysis is a systematic use of available information to determine how often specified events may occur and the magnitude of their likely consequence. For purposes of this policy, Risk Analysis, and associated terms (including those listed herein) are as defined in ISO 31000 and AS/NZS 4360.

Risk Assessment is the process used to determine risk management priorities by evaluating and comparing the level of risk against predetermined standards, target risk levels or other criteria. For the purpose of this policy, Risk Assessment is carried out in accordance with the principles set out in AS/NZS 4360 Appendix D, suitably modified to provide meaningful information suited for use in the context of PHA activities. The higher values of “Risk Rating” indicate that priority is given to mitigating these considerations.

Risk management is the coordinated activities to direct and control an organization with regard to risk.

In particular –

- Activity level risk management deals with managing risk generated as a result of executing programs and projects, and includes consideration of the Code of Conduct issues (including child protection); and
- Organisational level risk management deals with managing risk to the organisation as a whole, generated as a result of all operations, including staff safety and security, safeguarding, incident management, staff integrity, high risk contexts, financial viability, reputation governance, and Code of Conduct issues (including child protection).

Risk source is an element which alone or in combination has the potential to give rise to risk.

Stakeholder is a person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity. The term “interested party” can be used as an alternative to “stakeholder”.

Monitoring is the systematic observation over a nominated period of time of the performance of programs, and reporting against predetermined criteria.

Evaluation is the determination of whether the reported performance of programs meets the expectations for the program, as defined by predetermined criteria.

Program is the overarching development approach and initiative that sets priorities and guides project outcomes, results, and activities. Programs constitute a coherent set of development projects that pursue a single focus, which may be regional, sectoral, or country based.

Project is the practical implementation of an NGO’s overarching development approach or program. Projects are discrete investments in particular countries, contexts and/or sectors, with a specific start and end date and identified funding.

Policy

A2.1 Organisational-wide risk

Partner Housing Australasia shall minimise and mitigate the organisational risk by implementing policies and procedures that include identification, review, rating, mitigation, reporting and escalation of organisational risk¹.

Partner Housing Australasia shall implement the following –

- managing risk and links to its objectives and other policies;
- reinforcing the need to integrate risk management into the overall culture of the organization;
- leading the integration of risk management into core business activities and decision-making;
- clearly defining authorities, responsibilities, and accountabilities;
- making available the necessary financial, personnel and skill resources necessary for the fulfillment of the Vision, Mission and Values;
- the equitable and expeditious resolution of conflicting objectives;
- accurate measurement and reporting of appropriate performance indicators;
- the process of audit, management review and improvement; and
- communication of these commitments to all external and internal stakeholders.

Partner Housing Australasia shall carry out an analysis of risk (including child protection and other safeguarding risks), associated with its programs, and the projects comprising those programs. Partner Housing Australasia aims to –

- Implement appropriate risk mitigation strategies for all identified risks;
- Ensure that the risk mitigation strategies maintain all at a low-risk rating, and
- Assign the highest priority to the mitigation strategies associated with the highest risk ratings.

Partner Housing Australasia shall regularly identify, review, rate, escalate, mitigate, report and escalate the whole-of-organisation risks, such as those relating to staff safety and security, safeguarding, incident management, staff integrity, high risk contexts, financial viability and reputation. Management shall annually carry out a process of quantitative identification, assessment, quantitative rating and mitigation definition of organisational-wide risk. This shall be reported and reviewed by the Board. The Board shall determine if escalation is required.

The Partner Housing Australasia Board shall appoint and Audit & Risk Committee to review and report the Board's effectiveness in meeting its obligations in relevant matters affecting governance and finance generally. This includes governance, financial management, financial auditing, risk assessment, compliance with the key policies, nonconformance reporting, corrective action, remedial action, and other relevant matters.

The risk analyses are reviewed by the Board annually, usually at the February Board Meeting.

The policies and procedures form a documented Risk Management Plan, consistent with ISO31000:2018 "Risk Management – Guidelines."

¹ The distinction between organisational risk and active risk is described in the Definitions section. Active risks potentially threaten, not only the particular programs, but also the organisation as a whole. In the interest of thoroughness, this Policies and Procedures document reproduces in full those procedures that apply to both organisational risk and active risk. Some procedures including those, dealing with specific code of conduct, governance, and humanitarian risks (e.g., child protection, anti-terrorism, anti-fraud, complaints etc.) should be read in the context of the principles and methodologies set out in this Policy and Procedures document.

Responsible Personnel

Audit Risk Committee

The Board President is responsible for the appointment of the Audit & Risk Committee, subject to confirmation by the Board. The Chairman of the Audit & Risk Committee (Vice President) is responsible for the function of the Audit & Risk Committee, and its timely reporting to the Board. The personnel with specific tasks designated in the position descriptions is the President / CEO / Public Officer, with delegations as listed in the individual policies.

Quantitative Risk Analysis and Mitigation

The CEO is responsible for preparation of qualitative and quantitative Risk Analyses.

Insurances

The HR is responsible for the administration of the insurance procedures.

Procedures

Audit & Risk Committee

The Board shall appoint the Audit & Risk Committee annually, at the February Board Meeting.

The Audit & Risk Committee shall complete an audit of the Board and Management, including policies and procedures, and report to the April Board Meeting. The report shall be in the format of the checklist in this procedure.

The Board shall consider the report of the Audit & Risk Committee at the April Board Meeting, and shall resolve any reported noncompliance.

Review of this Policies and Procedures Document

This "Policies and Procedures" document shall be reviewed at each Annual General Meeting, as part of the scheduled general policy review.

Quantitative Organisational Risk Analysis and Mitigation

The CEO shall implement the following:

- Ensure that the Partner Organisation Manager visits each current and proposed work site, conducts discussions with the village residents, and determines the factors that are likely to affect the active risk resulting from the proposed project. This active risk also affects the organisational risk to Partner Housing Australasia as a whole. This determination shall be emailed to the Partner Housing Australasia CEO and to the Regional Manager.
- Carry out thorough desk research into the potential organisational risk.
- Based on the determination and desk research and the input from the Partner Organisations, prepare an Organisational Risk Analysis for the risk to the long-term viability of the organisation, and its ability to deliver the programs, as a result of the actions of Partner Housing Australasia or the Partner Organisation.
- Assess and prioritize the risk associated with each program and its component projects, and determine the appropriate mitigation actions (risk treatment).

- Record the Organisational Risk Analyses and the mitigation actions in the Strategic Plans appropriate to each program.
- Summarize the Organisational Risk Analyses and the mitigation actions in a Risk Register.
- Implement the proposed mitigation actions (risk treatment).
- During regular reviews, consider the effectiveness of the mitigation actions (risk treatment) and report to the Board.

Insurance

Refer also to Policy No. P23040356-1 Insurance Policies & Procedures

Insurance Provided by Partner Housing Australasia

The HR Manager shall maintain adequate insurance cover as is required by law and appropriate to the activities of the organisation.

Professional Indemnity Insurance Provided by Consultants

The HR Manager shall ensure Consultants have suitable insurance cover as is required by law and appropriate to the activities of the organisation.

Insurance Provided by Volunteers

The HR Manager shall ensure that:

- Volunteers have suitable insurance cover appropriate to their participation in the activities of the Organisation;
- Volunteers indemnify the Organisation against personal injury or loss associated with work for the Organisation.

Compliance and Auditing

The CEO shall implement the following:

- Initiate the required monitoring, evaluation and learning functions associated with this “Policies and Procedures” document.
- Initiate both internal and external auditing, consistent with ISO 9001 principles of the policies and procedures herein.
- Ensure that the compliance with the policies and procedures herein, and the associated internal and external audits, are recorded in the associated “Compliance and Audit Records” documents.

Training

The Responsible Personnel shall implement the following:

- Distribute a reference and link to this “Policies and Procedures” document to all Directors, Regional Managers and Partner Organisation Managers, and other personnel working on behalf of the organisation. (Partner Housing Australasia is a voluntary organisation and does not employ staff).
- Distribute a reference and link to the associated “Training” package. Request that all Directors, Regional Managers and Partner Organisation Managers use this to increase their awareness and understanding of these policies and procedures.
- Include a reference and link to this “Policies and Procedures” document in all Memoranda of Understanding with Partner Organisations.

- Table this “Policies and Procedures” document at the Annual General Meeting, for discussion and adoption.
- Review the training effectiveness at the February Board Meeting.

Audit & Risk Committee Checklist

Partner Housing Australasia (Building) Incorporated		
Audit & Risk Checklist		
	Comments by the President of the Board	Report by Chairman, Audit & Risk Committee
	Comments provided by the President to assist the Audit & Risk Committee to access the appropriate documents and other information.	These comments constitute the Report of the Audit & Risk Committee.
Purpose Is the purpose of the Audit & Risk Committee clear?		
Audit and Risk Committee Authority Does the committee have the required authority?		
Audit and Risk Committee Composition Does the composition of the committee comply with the procedures?		
Audit and Risk Committee Meetings Does the committee comply with the meeting requirements?		
Responsibilities Are the committee responsibilities clear?		
Annual General Meeting Is a properly constituted and minuted AGM held once per year?		
Board Meetings Are at least three properly constituted and minuted Board Meetings being held each year?		
Constitution & Code of Conduct Does the organisation have an effective means of monitoring conformance with the		

<p>“Constitution & Code of Conduct”?</p>		
<p>Policies and Procedures</p> <p>Does the organisation have an effective means of monitoring conformance with the “Policies and Procedures”?</p>		
<p>Annual Financial Reporting</p> <p>Has an audited Annual Financial Statement for the last financial year been adopted by the Board and by the last AGM?</p>		
<p>Income & Expenditure Reporting</p> <p>Does the Board regularly monitor and approve income and expenditure?</p>		
<p>Annual Report</p> <p>Does the AGM approve and publish a comprehensive Annual Report, including accurate financial reporting?</p>		
<p>Annual Report</p> <p>Does Partner Housing analyse and consider financial and technical performance?</p>		
<p>External Auditor</p> <p>Does an Independent Auditor carry out an annual audit?</p>		
<p>External Audit Recommendations</p> <p>Have the Auditor’s recommendations been implemented?</p>		
<p>Organisational Risk Management</p> <p>Is the risk to the organisation adequately assessed?</p>		
<p>Program Risk Management</p> <p>Is the risk associated with each program adequately assessed?</p>		
<p>Insurances</p> <p>Does Partner Housing have adequate insurance cover?</p>		

<p>Fraud, Corruption and Money Laundering</p> <p>Does Partner Housing have appropriate systems to manage and report fraud and money-laundering?</p>		
<p>Legal and Ethical Conformance</p> <p>Does Partner Housing comply with all relevant laws, regulations, ethical requirements, internal policies, and industry standards?</p>		
<p>Code of Conduct and Key Policy Conformance</p> <p>Does Partner Housing Australasia comply the Key Policies (DFAT and ACFID requirements)?</p>		
<p>Privacy - What information of members to we have on file? What information of mortgagors to we have on file? Does it include sensitive personal information? Does it include any personal account information? If someone gained access to board meeting minutes, would they gain information regarding the financial situation of the mortgagors. What, if any, firewalls doe PHA have, to protect this information? Is this covered by any of the DFAT/ANCP requirements?</p>		
<p>Other Issues</p> <p>Is the scope of the Audit sufficient? List other issues if required.</p>		

Context of ISO 31000

Set out below are the expanded policies and resulting procedures, which shall be followed for compliance with this document.

To provide context, the following procedures are aligned to the key clauses of ISO 31000, which shown in *blue italics*.

The ISO 31000 definitions are reproduced above in the “Definitions” section of this document.

Introduction

This document is for use by people who create and protect value in organizations by managing risks, making decisions, setting and achieving objectives and improving performance ...

The Partner Housing Australasia Chief Executive Officer has overall responsibility, delegated where appropriate to other line officers.

Managing risk is iterative and assists organizations in setting strategy, achieving objectives and making informed decisions...

Partner Housing Australasia employs a quality management system based on the principles of ISO 9001. Explicit in this system is the reliance on iterative processes, such as “non-compliance reporting / corrective action / remedial action” and “audit / management review / training”.

Managing risk is part of governance and leadership, and is fundamental to how the organization is managed at all levels. It contributes to the improvement of management systems.

Managing risk is fundamental to the stated role of the Chief Executive Officer, who has overall responsibility, delegated where appropriate to other line officers (e.g., Regional Managers) or functional officers (e.g., HR Manager, Finance Manager etc.)

Managing risk is part of all activities associated with an organization and includes interaction with stakeholders.

Managing risk is fundamental to the professions exercised by the Partner Housing Australasia volunteers.

Managing risk considers the external and internal context of the organization, including human behaviour and cultural factors.

Managing risk internally and externally is achieved by insisting on integrity, professionalism and respect for others, by all volunteers.

Managing risk is based on the principles, framework and process outlined in this document, as illustrated in [Figure 1](#).

Partner Housing Australasia manages risk through the blending of ISO 9001 and ISO 31000 principles, generally in accordance with Figure 1.

These components might already exist in full or in part within the organization, however, they might need to be adapted or improved so that managing risk is efficient, effective and consistent.

Because it is more specific to the management of activity-based organisations (such as Partner Housing Australasia), the ISO 9001 terminology is favoured.

Figure 1 — Principles, framework and process ... See AS 31000 reproduced.

1 Scope ...

2 Normative references ...

3 Terms and definitions Refer to previous “Definitions” section of this document.

4 Principles

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives.

The principles outlined in [Figure 2](#) provide guidance on the characteristics of effective and efficient risk management, communicating its value and explaining its intention and purpose. The principles are the foundation for managing risk and should be considered when establishing the organization’s risk management framework and processes. These principles should enable an organization to manage the effects of uncertainty on its objectives.

This is consistent with the overall management style, reflected in the associated Policies and Procedures documents

Figure 2 — Principles ... See AS 31000.

Effective risk management requires the elements of [Figure 2](#) and can be further explained as follows.

- *a) Integrated - Risk management is an integral part of all organizational activities.*

The Partner Housing Australia management practices (including risk management) are based on ISO 9001 principles and ISO 31000, embracing all personnel (volunteers) and all activities of the organisation.

- *b) Structured and comprehensive - A structured and comprehensive approach to risk management contributes to consistent and comparable results.*

The Partner Housing Australia management practices (including risk management) covers all aspects of the organisation and activity, and are fully documented.

- *c) Customized - The risk management framework and process are customized and proportionate to the organization’s external and internal context related to its objectives.*

The Partner Housing Australia management practices (including risk management) have been customised to reflect the realities of the voluntary nature of the organisation and the delivery of build infrastructure in remote part of the South Pacific (including PNG and Solomon Islands).

- *d) Inclusive - Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.*

The Partner Housing Australia works closely with Vision for Homes (PNG) and South Ranongga Community Association (Solomon Islands) to plan programs and projects, including risk assessment and risk management. Through close liaison with these organisations, in-country stakeholders (including beneficiaries, village communities, and government instrumentalities are engaged and consulted. This facilitates informed risk assessment. Refer to the “Compliance” part of this document.

- *e) Dynamic - Risks can emerge, change or disappear as an organization’s external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.*

Partner Housing Australia annually reviews, amends (if appropriate) and adopts the Risk Assessments at the February Board Meeting.

- *f) Best available information - The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.*

Partner Housing Australia Risk Assessments and the resulting Risk Management practices are based on the most recent publicly available data relevant to the particular risk in the particular location. This information is available in the “Human Rights Considerations in South Pacific Village – Buildings, Water Reticulation and Sanitation” manual and in the three current Strategic Plans (for the organisation as a whole, PNG Program and Solomon Islands Program). It is also reproduced in the “Compliance” section of this manual.

- *g) Human and cultural factors - Human behaviour and culture significantly influence all aspects of risk management at each level and stage.*

Partner Housing Australia’s close relationship and liaison over 15 years with our Partner Organisations in PNG and Solomon Islands facilitates the incorporation of appropriate cultural considerations into our risk management in our programs and governance.

- *h) Continual improvement - Risk management is continually improved through learning and experience.*

Partner Housing Australia’s ISO 9001-based quality management system is designed to facilitate continuous improvement, through the “Nonconformance Reporting and Improvement Request / Remedial Action / Corrective Action” and “Internal Audit / Management Review / Training” processes. These are formally considered by the Board annually at each February Board Meeting.

5 Framework

5.1 General

The purpose of the risk management framework is to assist the organization in integrating risk management into significant activities and functions. The effectiveness of risk management will depend on its integration into the governance of the organization, including decision-making. This requires support from stakeholders, particularly top management.

Framework development encompasses integrating, designing, implementing, evaluating and improving risk management across the organization. [Figure 3](#) illustrates the components of a framework.

Partner Housing Australia’s ISO 9001-based quality management system integrates risk management into the organisation at all levels, principally through the preparation and annual review of three 5-Year Strategic Plans and through the “Nonconformance Reporting and Improvement Request / Remedial Action / Corrective Action” and “Internal Audit / Management Review / Training” processes. These are formally considered by the Board annually at each February Board Meeting.

In addition, Partner Housing Australia also uses a three-member Audit & Risk subcommittee of the Board (chaired by the Vice President) to assess the organisation-as-a-whole risks and report directly to the Board.

Figure 3 — Framework ... See AS 31000.

The organization should evaluate its existing risk management practices and processes, evaluate any gaps and address those gaps within the framework.

The components of the framework and the way in which they work together should be customized to the needs of the organization.

See above. This is formally considered by the Board annually at each February Board Meeting.

5.2 Leadership and commitment

Top management and oversight bodies, where applicable, should ensure that risk management is integrated into all organizational activities and should demonstrate leadership and commitment by:

- *— customizing and implementing all components of the framework;*
- *— issuing a statement or policy that establishes a risk management approach, plan or course of action;*

- — ensuring that the necessary resources are allocated to managing risk;
- — assigning authority, responsibility and accountability at appropriate levels within the organization.

Policies No B2.1a and B2.5a (and derivative policies), which are initiated, prepared, customised, reviewed, amended and signed by the President / CEO / Public Officer fulfill this role.

- *This will help the organization to:*
 - — align risk management with its objectives, strategy and culture;
 - — recognize and address all obligations, as well as its voluntary commitments;
 - — establish the amount and type of risk that may or may not be taken to guide the development of risk criteria, ensuring that they are communicated to the organization and its stakeholders;
 - — communicate the value of risk management to the organization and its stakeholders;
 - — promote systematic monitoring of risks;
 - — ensure that the risk management framework remains appropriate to the context of the organization.

Policies No B2.1a and B2.5a (and derivative policies), achieve these requirements.

Top management is accountable for managing risk while oversight bodies are accountable for overseeing risk management. Oversight bodies are often expected or required to:

- — ensure that risks are adequately considered when setting the organization’s objectives;
- — understand the risks facing the organization in pursuit of its objectives;
- — ensure that systems to manage such risks are implemented and operating effectively;
- — ensure that such risks are appropriate in the context of the organization’s objectives;
- — ensure that information about such risks and their management is properly communicated.

Partner Housing Australasia is a totally voluntary organisation, in which the management function are carried out by the Board Directors. This is entirely consistent with the premise that the principal investment by donors is probono services (rather than capital). Notwithstanding, the Board Director role (overview) and the management role are clearly differentiated. Oversight is provided –

- Board consideration of the advice of the three-member Board Audit & Risk subcommittee; and
- Board consideration of the independent ACFID audit process.

5.3 Integration

Integrating risk management relies on an understanding of organizational structures and context. Structures differ depending on the organization’s purpose, goals and complexity. Risk is managed in every part of the organization’s structure. Everyone in an organization has responsibility for managing risk.

Partner Housing Australasia is a totally voluntary organisation, with approximately 20 active Members, 12 of which are also Directors, and additional Volunteers providing probono services. All of these people are fully apprised of the vision, mission, values, policies and procedures of the organisation.

Governance guides the course of the organization, its external and internal relationships, and the rules, processes and practices needed to achieve its purpose. Management structures translate governance direction into the strategy and associated objectives required to achieve desired levels of sustainable performance and long-term viability. Determining risk management accountability and oversight roles within an organization are integral parts of the organization’s governance.

Governance is defined in the “Constitution, Policies & Code of Conduct” [Governing Instrument] read in conjunction with each “Policy” section of the “Policies and Procedures” documents listed in Appendix 9.

Management practices are set out in the “Procedures” and “Compliance” sections of the “Policies and Procedures” documents listed in Appendix 9.

Integrating risk management into an organization is a dynamic and iterative process, and should be customized to the organization's needs and culture. Risk management should be a part of, and not separate from, the organizational purpose, governance, leadership and commitment, strategy, objectives and operations.

For the past decade, risk management has been integral to the development of policies and procedures, and is reviewed annually at the February Board Meeting. During this period, the nature of the risk management practices has evolved to meet the needs of sound management, and (more recently) the requirements of ACFID and DFAT. Board Meeting Minutes from February 2012 provide evidence of sound risk management practices in place during this 10-year period. Additional minutes demonstrate the evolution of risk management practices.

5.4 Design

5.4.1 Understanding the organization and its context

When designing the framework for managing risk, the organization should examine and understand its external and internal context.

Examining the organization's external context may include, but is not limited to:

- — *the social, cultural, political, legal, regulatory, financial, technological, economic and environmental factors, whether international, national, regional or local;*
- — *key drivers and trends affecting the objectives of the organization;*
- — *external stakeholders' relationships, perceptions, values, needs and expectations;*
- — *contractual relationships and commitments;*
- — *the complexity of networks and dependencies.*

Partner Housing Australasia has a clear stated Vision, reflecting the nature of the organisation and the context (South Pacific villages) in which it operates ... *"Partner Housing Australasia is an entirely voluntary organisation, which aims to transform the lives of people living in Asia-Pacific villages by improving the cyclone, earthquake and tsunami resistance of their houses, clinics, schools and community buildings; and by providing clean water supplies and hygienic sanitation."*

This vision was first articulated in 2005, and has been refined by close consultation with external stakeholders over the next 17 + years, including (but not limited to) –

- the current partners (Vision for Homes (PNG) and South Ranongga Community Association (Solomon Islands)),
- other in-country stakeholders (e.g., PNG Western Highlands Provincial Health Authority and Solomon Islands Rural Water Supply Sanitation and Health, and UNICEF), and
- significant donors.

The formal partner consultation takes place during the annual audit of the programs, although such audits are in fact the culmination of extensive email exchange throughout each year. All relevant email exchanges are retained in the permanent records.

The outcome of such consultation is reflected in the three 5-Year Strategic Plans. They are reviewed and amended annually by the AGM.

Examining the organization's internal context may include, but is not limited to:

- — *vision, mission and values;*
- — *governance, organizational structure, roles and accountabilities;*
- — *strategy, objectives and policies;*
- — *the organization's culture;*

- — *standards, guidelines and models adopted by the organization;*
- — *capabilities, understood in terms of resources and knowledge (e.g. capital, time, people, intellectual property, processes, systems and technologies);*
- — *data, information systems and information flows;*
- — *relationships with internal stakeholders, taking into account their perceptions and values;*
- — *contractual relationships and commitments;*
- — *interdependencies and interconnections.*

Partner Housing Australasia has a clear stated Vision, reflecting the nature of the organisation and the context (South Pacific villages) in which it operates ... “Partner Housing Australasia is an entirely voluntary organisation, which aims to transform the lives of people living in Asia-Pacific villages by improving the cyclone, earthquake and tsunami resistance of their houses, clinics, schools and community buildings; and by providing clean water supplies and hygienic sanitation.”

This vision was first articulated in 2005, and has been refined by close consultation with stakeholders over the next 17 + years. But the Vision, and the derivative Mission and Values, are not “set in stone”. In addition to the external stakeholder noted above, they have been refined through ongoing internal consultation with volunteers, members, and donors.

The three 5-Year Strategic Plans were formulated following wide-ranging consultations with Members during 2019, and are reviewed and amended annually by the AGM.

Considerations during the formulating and amending of the 5-Year Strategic Plans include the Vision, Mission and Values statements, the documented governance, organizational structure, roles and accountabilities, the program strategies (including the objectives and policies), the voluntary nature of the PHA culture; the ACFID and DFAT requirements and guidelines, the limitations on financial capacity, availability of voluntary personnel and professional skills available on a pro bono basis, the public availability of relevant data and information, the aspirations of the volunteers comprising the organisation, the commitments to Partner Organisations (MOUs) and Donors (conditional donations) and the interdependence of these aspects.

5.4.2 Articulating risk management commitment

Top management and oversight bodies, where applicable, should demonstrate and articulate their continual commitment to risk management through a policy, a statement or other forms that clearly convey an organization’s objectives and commitment to risk management. The commitment should include, but is not limited to:

- — *the organization’s purpose for managing risk and links to its objectives and other policies;*
- — *reinforcing the need to integrate risk management into the overall culture of the organization;*
- — *leading the integration of risk management into core business activities and decision-making;*
- — *authorities, responsibilities and accountabilities;*
- — *making the necessary resources available;*
- — *the way in which conflicting objectives are dealt with;*
- — *measurement and reporting within the organization’s performance indicators;*
- — *review and improvement.*

The risk management commitment should be communicated within an organization and to stakeholders, as appropriate.

The Board and Senior Management of Partner Housing Australasia commit to –

- managing risk and links to its objectives and other policies;
- reinforcing the need to integrate risk management into the overall culture of the organization;
- leading the integration of risk management into core business activities and decision-making;
- clearly defining authorities, responsibilities and accountabilities;
- making available the necessary financial, personnel and skill resources necessary for the fulfillment of the Vision, Mission and Values;
- the equitable and expeditious resolution of conflicting objectives;
- accurate measurement and reporting of appropriate performance indicators;
- the process of audit, management review and improvement; and
- communication of these commitments to all external and internal stakeholders.

5.4.3 Assigning organizational roles, authorities, responsibilities and accountabilities

Top management and oversight bodies, where applicable, should ensure that the authorities, responsibilities and accountabilities for relevant roles with respect to risk management are assigned and communicated at all levels of the organization, and should:

- — *emphasize that risk management is a core responsibility;*
- — *identify individuals who have the accountability and authority to manage risk (risk owners).*

The authorities, responsibilities and accountabilities of the following managers are fully documented in “Policies and Procedures” documents – Chief Executive Officer, Profession Services Manager, Administration Manager, Finance Manager, HR Manager, Communications Manager, Code of Conduct and Training Manager, Humanitarian Engineering Manager, South Pacific Development Manager, Special Projects Manager, Regional Manager (PNG), Regional Manager (Solomon Islands), Project Manager. Each of these managers have responsibility, authority, and accountability for the management of risk in their particular roles.

5.4.4 Allocating resources

Top management and oversight bodies, where applicable, should ensure allocation of appropriate resources for risk management, which can include, but are not limited to:

- — *people, skills, experience and competence;*
- — *the organization’s processes, methods and tools to be used for managing risk;*
- — *documented processes and procedures;*
- — *information and knowledge management systems;*
- — *professional development and training needs.*

The organization should consider the capabilities of, and constraints on, existing resources.

Through deliberations of each program and administrative functions, during each quarterly Board Meeting, the Board and Senior Management of Partner Housing Australasia ensure that there are –

- Adequate numbers of Volunteers, each with the skills, experience and competence to perform the designated function;
- Appropriate policies, procedures and practices suitable for managing the risk associated with the execution of programs and the operation of the organisation,
- Adequate documentation of policies, procedures and practices, commensurate with the operation of a not-for-profit NGO designing and constructing village infrastructure in remote parts of the

South Pacific, in addition to additional policies, procedures and practices to satisfy the requirements of ACFID and DFAT.

- A website (www.PartnerHousing.org) for distribution of
 - governance material (e.g., Policies, Procedures, Training Packages etc); and
 - technical material for professional development (e.g., Manuals, Training Packages etc.)

5.4.5 Establishing communication and consultation

The organization should establish an approved approach to communication and consultation in order to support the framework and facilitate the effective application of risk management. Communication involves sharing information with targeted audiences. Consultation also involves participants providing feedback with the expectation that it will contribute to and shape decisions or other activities. Communication and consultation methods and content should reflect the expectations of stakeholders, where relevant.

Communication and consultation should be timely and ensure that relevant information is collected, collated, synthesised and shared, as appropriate, and that feedback is provided and improvements are made.

Partner Housing Australasia communicates regularly with external and internal stake holders via the following media and methods –

- There is regular email traffic amongst Board Directors and with Partner Organisations and other stakeholders on policy and procedural matters, including matters involving risk;
- The website (www.PartnerHousing.org) is employed for a range of functions – to inform the public and stakeholders of program activity, to circulate the Annual Report, to disseminate governance material (policies and procedures), to disseminate program information (Strategic Plans, progress updates etc.), for the distribution of technical manuals and provision of training material etc. See above.
- Partner Housing Australasia Managers visit PNG and Solomon Islands at least once per year (except when prevented by COVID or other travel restrictions), and use this time to meet with village communities, discuss programs, conduct audits, provide training and assess code of conduct risks.

5.5 Implementation

The organization should implement the risk management framework by:

- — *developing an appropriate plan including time and resources;*
- — *identifying where, when and how different types of decisions are made across the organization, and by whom;*
- — *modifying the applicable decision-making processes where necessary;*
- — *ensuring that the organization’s arrangements for managing risk are clearly understood and practised.*

Successful implementation of the framework requires the engagement and awareness of stakeholders. This enables organizations to explicitly address uncertainty in decision-making, while also ensuring that any new or subsequent uncertainty can be taken into account as it arises.

Properly designed and implemented, the risk management framework will ensure that the risk management process is a part of all activities throughout the organization, including decision-making, and that changes in external and internal contexts will be adequately captured.

Partner Housing Australia managers are professionals, qualified, skilled and experienced in the activities demanded by their particular roles. Professional qualifications, skills and experience include

engineering, architecture, building, accountancy, international development, building administration, quality assurance and business administration. In brief, they know how to do their job!

Notwithstanding, Partner Housing Australasia Policies and Procedures documents include written position descriptions for each manager (with clearly defined responsibilities, authorities and accountabilities), which include details of the processes for the execution of their particular role. These position descriptions facilitate the auditing role.

5.6 Evaluation

In order to evaluate the effectiveness of the risk management framework, the organization should:

- — *periodically measure risk management framework performance against its purpose, implementation plans, indicators and expected behaviour;*
- — *determine whether it remains suitable to support achieving the objectives of the organization.*

Partner Housing Australia managers (coordinated by the CEO) carry out monitoring and evaluation of both the organisation and its programs on an annual basis in the February Board Meeting.

These are shown in detail in the three 5-Year Strategic Plans (reviewed, amended and adopted annually by the Board and AGM), and summarised in the Annual Report (prepared and adopted annually by the Board and AGM).

5.7 Improvement

5.7.1 Adapting

The organization should continually monitor and adapt the risk management framework to address external and internal changes. In doing so, the organization can improve its value.

The Partner Housing Australia December AGM formally adopts changes to the Policies and Procedures (including risk management practices), based on monitoring, evaluation, adaptation and improvement, utilising the ISO 9001-based processes described below.

5.7.2 Continually improving

The organization should continually improve the suitability, adequacy and effectiveness of the risk management framework and the way the risk management process is integrated.

As relevant gaps or improvement opportunities are identified, the organization should develop plans and tasks and assign them to those accountable for implementation. Once implemented, these improvements should contribute to the enhancement of risk management.

The ISO 9001-based “Nonconformance Reporting & Improvement Request / Corrective Action / Preventative Action” process is aimed at recording both problems and improvement suggestions, and processing them through remedial action (fixing the problem) and corrective action (improving the system).

The ISO 9001-based “Internal Audit / Management Review / Training” process provides a similar parallel function at an organisational level.

6 Process

6.1 General

The risk management process involves the systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk. This process is illustrated in [Figure 4](#).

Figure 4 — Process ... See AS 31000.

The risk management process should be an integral part of management and decision-making and integrated into the structure, operations and processes of the organization. It can be applied at strategic, operational, programme or project levels.

There can be many applications of the risk management process within an organization, customized to achieve objectives and to suit the external and internal context in which they are applied.

The dynamic and variable nature of human behaviour and culture should be considered throughout the risk management process.

Although the risk management process is often presented as sequential, in practice it is iterative.

As described above, Partner Housing Australasia’s risk management processes (based jointly on ISO 31000 and ISO 9001) are fundamental to the culture of the organisation, integral with the management processes, and iterative through the ISO 9001-based “Nonconformance Reporting & Improvement Request / Corrective Action / Preventative Action” process and “Internal Audit / Management Review / Training” process.

6.2 Communication and consultation

The purpose of communication and consultation is to assist relevant stakeholders in understanding risk, the basis on which decisions are made and the reasons why particular actions are required. Communication seeks to promote awareness and understanding of risk, whereas consultation involves obtaining feedback and information to support decision-making. Close coordination between the two should facilitate factual, timely, relevant, accurate and understandable exchange of information, taking into account the confidentiality and integrity of information as well as the privacy rights of individuals.

Communication and consultation with appropriate external and internal stakeholders should take place within and throughout all steps of the risk management process.

Communication and consultation aims to:

- — *bring different areas of expertise together for each step of the risk management process;*
- — *ensure that different views are appropriately considered when defining risk criteria and when evaluating risks;*
- — *provide sufficient information to facilitate risk oversight and decision-making;*
- — *build a sense of inclusiveness and ownership among those affected by risk.*

Routine Communications

Partner Housing Australasia communicates regularly with external and internal stakeholders via the following media and methods –

- There is regular email traffic amongst Board Directors and with Partner Organisations and other stakeholders on policy and procedural matters, including matters involving risk;
- The website (www.PartnerHousing.org) is employed for a range of functions – to inform the public and stakeholders of program activity, to circulate the Annual Report, to disseminate governance material (policies and procedures), to disseminate program information (Strategic Plans, progress updates etc.), for the distribution of technical manuals and provision of training material etc. See above.

- Partner Housing Australasia Managers visit PNG and Solomon Islands at least once per year (except when prevented by COVID or other travel restrictions), and use this time to meet with village communities, discuss programs, conduct audits, provide training and assess code of conduct risks.

Program Consultation with Partners and Local Authority Figures

During the establishment of particular programs, the CEO and/or Regional Managers shall seek detailed input (ensure that there is adequate consultation with representatives of all users of the infrastructure, including women and girls and people with disabilities) from the Partner Organisation Managers and other Local Authority Figures (people of local influence). Please refer to the list below.

Incident Consultation with Partners and Local Authority Figures

There may be times when it is uncertain whether it is appropriate to refer a breach or incident to the police or other authorities. In such cases, Partner Housing Australasia shall seek advice from a relevant local authority figure, provided that they are not associated with the incident or the people involved.

Relevant authority figures include, but are not limited to, community elders, senior representatives of other local NGOs and senior civil society leaders. Based on such advice, a strategy for removing the threat and preventing recurrence shall be formulated and executed. All incidents shall be reported to Partner Housing Australasia. If the following relevant local authority figures are not present, the CEO of Partner Housing Australasia can provide contact details.

- In the Papua New Guinea, relevant authority figures include the CEO of the Western Highlands Provincial Health Authority, the Chairman Vision for Homes, and/or Manager Vision for Homes, provided that they are not associated with the incident or the people involved.
- In Solomon Islands, relevant authority figures include Community Elders (including current and former Members of Parliament, and Manager South Ranongga Community Association, the RSS Engineer, and/or the UNICEF Program Manager, provided that they are not associated with the incident or the people involved.

6.3 Scope, context and criteria

6.3.1 General

The purpose of establishing the scope, the context and criteria is to customize the risk management process, enabling effective risk assessment and appropriate risk treatment. Scope, context and criteria involve defining the scope of the process, and understanding the external and internal context.

Partner Housing Australasia produces customised risk management as set out in the “Compliance” section of this document. These account for the variation in scope, context and criteria peculiar to each risk.

6.3.2 Defining the scope

The organization should define the scope of its risk management activities.

As the risk management process may be applied at different levels (e.g. strategic, operational, programme, project, or other activities), it is important to be clear about the scope under consideration, the relevant objectives to be considered and their alignment with organizational objectives.

When planning the approach, considerations include:

- — objectives and decisions that need to be made;
- — outcomes expected from the steps to be taken in the process;
- — time, location, specific inclusions and exclusions;

- — *appropriate risk assessment tools and techniques;*
- — *resources required, responsibilities and records to be kept;*
- — *relationships with other projects, processes and activities.*

The outcomes, timing, and interrelations between the two principal construction programs (PNG and Solomon Islands), the training program and the derivative projects are set out in the 5-Year Strategic Plans for the particular programs and (when appropriate) in the project proposals.

The appropriate risk assessment tools and techniques are set out in tis Policies and Procedures document.

Partner Housing Australasia and its subsidiary, Quasar Management Services, have volunteers (CEO, Regional Managers and others) with appropriate qualifications, skills, experience and pro bono professional time resources to prepare, monitor, evaluate and modify the required Risk Assessments and other management tools.

For details of each potential risk, please refer to the “Compliance” section of this document.

6.3.3 External and internal context

The external and internal context is the environment in which the organization seeks to define and achieve its objectives.

The context of the risk management process should be established from the understanding of the external and internal environment in which the organization operates and should reflect the specific environment of the activity to which the risk management process is to be applied.

Understanding the context is important because:

- — *risk management takes place in the context of the objectives and activities of the organization;*
- — *organizational factors can be a source of risk;*
- — *the purpose and scope of the risk management process may be interrelated with the objectives of the organization as a whole.*

The organization should establish the external and internal context of the risk management process by considering the factors mentioned in [5.4.1](#).

Please refer to the 5-Year Strategic Plans for the particular programs and (when appropriate) the project proposals, together with the “Compliance” section of this document.

6.3.4 Defining risk criteria

The organization should specify the amount and type of risk that it may or may not take, relative to objectives. It should also define criteria to evaluate the significance of risk and to support decision-making processes. Risk criteria should be aligned with the risk management framework and customized to the specific purpose and scope of the activity under consideration. Risk criteria should reflect the organization’s values, objectives and resources and be consistent with policies and statements about risk management. The criteria should be defined taking into consideration the organization’s obligations and the views of stakeholders.

While risk criteria should be established at the beginning of the risk assessment process, they are dynamic and should be continually reviewed and amended, if necessary.

To set risk criteria, the following should be considered:

- — *the nature and type of uncertainties that can affect outcomes and objectives (both tangible and intangible);*
- — *how consequences (both positive and negative) and likelihood will be defined and measured;*

- — *time-related factors;*
- — *consistency in the use of measurements;*
- — *how the level of risk is to be determined;*
- — *how combinations and sequences of multiple risks will be taken into account;*
- — *the organization’s capacity.*

Partner Housing Australasia carries out rational risk assessment of identified risks (see above) using the “semi-quantitative” risk analysis method defined in AS/NZS 4360. Based on the documentation, annual audits, AS/NZS 4360, and other publicly available data, the following are determined. This method is further explained in section “6.4.3 Risk analysis”, Broadly speaking, it involves the assignment (on a scale of 1 to 10) of values to “Likelihood” and “Consequence”. The “Risk Rating” is an index which is the product of “Likelihood” and “Consequence”.

It is critical to understand that, although the “Risk Rating” is a number (the product estimated “Likelihood” and estimated “Consequence”, it is not an absolute probability. Please refer to the “Definitions” for further details.

In its description of the “semi-quantitative” risk analysis, AS/NZS 4360 states, “... the number allocated to each description does not have to be an accurate relationship to the actual magnitude of likelihood or consequence. The numbers can be combined by any one of a range of formulae provided that the system used for prioritization matches the system chosen for assigning numbers and combining them. The objective is to produce a more detailed prioritization than is usually achieved in qualitative analysis ...”

In other words, its aim is to provide a rational basis for the setting of priorities for mitigations strategies.

It is possible for a “Risk Rating” be in the range of 1 to 100. Therefore, it is reasonable to assign the AS/NZS 4360 qualitative terms as follows –

Low (1 – 20), Medium (21– 40), Significant (41-60), High (61-80), Critical (81-100)

LIKELIHOOD	ALMOST CERTAIN	Critical	High	Significant	Medium	Low
	LIKELY	High	High	Significant	Medium	Low
	POSSIBLE	Significant	Significant	Medium	Medium	Low
	UNLIKELY	Medium	Medium	Medium	Low	Low
	RARE	Low	Low	Low	Low	Low
		SEVERE	MAJOR	MODERATE	MINOR	INSIGNIFICANT
CONSEQUENCE						

All of the risks identified by Partner Housing Australasia are in the order of 1 to 20, that is “Low” in qualitative terms.

As a matter of policy, Partner Housing Australasia aims to –

- 1. Implement appropriate risk mitigation strategies for all identified risks;**
- 2. Ensure that the risk mitigation strategies maintain all risk ratings under 21, i.e., “Low”; and**
- 3. Assign the highest priority to the mitigation strategies associated with the highest risk ratings.**

6.4 Risk assessment

6.4.1 General

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation.

Risk assessment should be conducted systematically, iteratively and collaboratively, drawing on the knowledge and views of stakeholders. It should use the best available information, supplemented by further enquiry as necessary.

Please refer to the “Compliance” section of this document.

6.4.2 Risk identification

The purpose of risk identification is to find, recognize and describe risks that might help or prevent an organization achieving its objectives. Relevant, appropriate and up-to-date information is important in identifying risks.

The organization can use a range of techniques for identifying uncertainties that may affect one or more objectives. The following factors, and the relationship between these factors, should be considered:

- — *tangible and intangible sources of risk;*
- — *causes and events;*
- — *threats and opportunities;*
- — *vulnerabilities and capabilities;*
- — *changes in the external and internal context;*
- — *indicators of emerging risks;*
- — *the nature and value of assets and resources;*
- — *consequences and their impact on objectives;*
- — *limitations of knowledge and reliability of information;*
- — *time-related factors;*
- — *biases, assumptions and beliefs of those involved.*

The organization should identify risks, whether or not their sources are under its control. Consideration should be given that there may be more than one type of outcome, which may result in a variety of tangible or intangible consequences.

Partner Housing Australasia identifies risks that (potentially) threaten the organisation-as-a-whole (Policy No A2.1a), and active risk due to exposure through the execution of particular programs (Policy No B2.5a). Please refer to the “Compliance” section of this document, for a description of the risks, their prevalence, consequence and the like. Source data is provided in the “Compliance” and in the references listed in “Bibliography” below.

There is obviously overlap these types of risk. For example, while child protection issues may manifest in the beneficiary villages, through the execution of the particular infrastructures program (Policy No B2.5a) they also threaten the viability of the organisation-as-a-whole (Policy No A2.1a).

6.4.3 Risk analysis

The purpose of risk analysis is to comprehend the nature of risk and its characteristics including, where appropriate, the level of risk. Risk analysis involves a detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness. An event can have multiple causes and consequences and can affect multiple objectives.

Risk analysis can be undertaken with varying degrees of detail and complexity, depending on the purpose of the analysis, the availability and reliability of information, and the resources available. Analysis techniques can be qualitative, quantitative or a combination of these, depending on the circumstances and intended use.

Risk analysis should consider factors such as:

- — *the likelihood of events and consequences;*
- — *the nature and magnitude of consequences;*
- — *complexity and connectivity;*
- — *time-related factors and volatility;*
- — *the effectiveness of existing controls;*
- — *sensitivity and confidence levels.*

The risk analysis may be influenced by any divergence of opinions, biases, perceptions of risk and judgements. Additional influences are the quality of the information used, the assumptions and exclusions made, any limitations of the techniques and how they are executed. These influences should be considered, documented and communicated to decision makers.

Highly uncertain events can be difficult to quantify. This can be an issue when analysing events with severe consequences. In such cases, using a combination of techniques generally provides greater insight.

Risk analysis provides an input to risk evaluation, to decisions on whether risk needs to be treated and how, and on the most appropriate risk treatment strategy and methods. The results provide insight for decisions, where choices are being made, and the options involve different types and levels of risk.

Partner Housing Australasia carries out rational risk assessment of identified risks (see above) using the “semi-quantitative” risk analysis method defined in AS/NZS 4360. Based on the documentation, annual audits, AS/NZS 4360, and other publicly available data, the following are determined.

“Likelihood” is an index of relative probability that an event will occur, estimated on a scale of 0 to 10. These are indices, not absolute probabilities.

- 0 means a relatively negligible probability of occurrence, when compared to the other considerations
- 5 means an average probability of occurrence, when compared to the other considerations
- 10 means relatively high probability of occurrence, when compared to the other considerations.

“Consequence” is an index of severity of an event, if it occurs, estimated on a scale of 0 to 10. These are indices, not absolute probabilities.

- 0 means no consequence
- 5 means moderate consequence
- 10 means severe consequence.

“Risk Rating” is the product of “Likelihood” and “Consequence”. Although it is possible for a “Risk Rating” to be as high as 100, most are in the order of 0 to 20.

“Mitigation” is the action undertaken jointly by PHA and SRCA to minimise the risks to the organisations. Those considerations with the highest “Risk Rating” represent the greatest relative risk to the business or to the people, and will be given the greatest priority in undertaking risk mitigation practices. This is sound business practice.

6.4.4 Risk evaluation

The purpose of risk evaluation is to support decisions. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required. This can lead to a decision to:

- — *do nothing further;*
- — *consider risk treatment options;*

- — *undertake further analysis to better understand the risk;*
- — *maintain existing controls;*
- — *reconsider objectives.*

Decisions should take account of the wider context and the actual and perceived consequences to external and internal stakeholders.

The outcome of risk evaluation should be recorded, communicated and then validated at appropriate levels of the organization.

Formal risk evaluation is performed annually by the CEO (in consultation with the Professional Services Manager and the Regional Managers) and is recorded in the “Compliance” section of this document, in the “Compliance” section of other relevant “Policies and Procedures” documents, and in the three 5-Year Strategic Plans.

These risk evaluations (and corresponding risk analyses) are reviewed annually by the Board as part of the February quarterly Board Meeting. The resolution of any appropriate action are recorded in the February Board Meeting Minutes (based on consideration of whether the organisation should maintain existing controls (on the basis that any noncompliance is unlikely to occur), take further “Remedial Action” and/or “Corrective Action” (as defined in the ISO 9001-based management system, carry out further investigations of any noncompliance or investigate and reconsider the objectives.

Current and future Partner Housing Australasia programs focus on providing built infrastructure (community health buildings, educational buildings, housing, water supply and reticulation, sanitation, and associated training) in remote PNG and Solomon Island village. These are delivered in partnership with two not-for-profit community-based organisations, Vision for Homes (PNG) and South Ranongga Community Association (Solomon Islands).

6.5 Risk treatment

6.5.1 General

The purpose of risk treatment is to select and implement options for addressing risk.

Risk treatment involves an iterative process of:

- — *formulating and selecting risk treatment options;*
- — *planning and implementing risk treatment;*
- — *assessing the effectiveness of that treatment;*
- — *deciding whether the remaining risk is acceptable;*
- — *if not acceptable, taking further treatment.*

Partner Housing Australasia identifies appropriate “risk treatment” (risk mitigation strategies) for each identified risk in the “Compliance” section of this document.

“Assessing the effectiveness of that treatment, deciding whether the remaining risk is acceptable and if not acceptable, taking further treatment” correspond to the Management Review and Preventive Action elements of the ISO 9001-based management system operated by Partner Housing Australasia.

6.5.2 Selection of risk treatment options

Selecting the most appropriate risk treatment option(s) involves balancing the potential benefits derived in relation to the achievement of the objectives against costs, effort or disadvantages of implementation.

Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Options for treating risk may involve one or more of the following:

- — *avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk;*
- — *taking or increasing the risk in order to pursue an opportunity;*
- — *removing the risk source;*
- — *changing the likelihood;*
- — *changing the consequences;*
- — *sharing the risk (e.g. through contracts, buying insurance);*
- — *retaining the risk by informed decision.*

Justification for risk treatment is broader than solely economic considerations and should take into account all of the organization's obligations, voluntary commitments and stakeholder views. The selection of risk treatment options should be made in accordance with the organization's objectives, risk criteria and available resources.

When selecting risk treatment options, the organization should consider the values, perceptions and potential involvement of stakeholders and the most appropriate ways to communicate and consult with them. Though equally effective, some risk treatments can be more acceptable to some stakeholders than to others.

Risk treatments, even if carefully designed and implemented might not produce the expected outcomes and could produce unintended consequences. Monitoring and review need to be an integral part of the risk treatment implementation to give assurance that the different forms of treatment become and remain effective.

Risk treatment can also introduce new risks that need to be managed.

If there are no treatment options available or if treatment options do not sufficiently modify the risk, the risk should be recorded and kept under ongoing review.

Decision makers and other stakeholders should be aware of the nature and extent of the remaining risk after risk treatment. The remaining risk should be documented and subjected to monitoring, review and, where appropriate, further treatment.

Risk Treatments re detailed in the "Compliance" section of this document. These are monitored and reviewed annually, and formally accepted by each February Board Meeting. Provided these are effective in eliminating the manifestation of the risk, there is no need for them to be modified.

6.5.3 Preparing and implementing risk treatment plans

The purpose of risk treatment plans is to specify how the chosen treatment options will be implemented, so that arrangements are understood by those involved, and progress against the plan can be monitored. The treatment plan should clearly identify the order in which risk treatment should be implemented.

Treatment plans should be integrated into the management plans and processes of the organization, in consultation with appropriate stakeholders.

The information provided in the treatment plan should include:

- — *the rationale for selection of the treatment options, including the expected benefits to be gained;*
- — *those who are accountable and responsible for approving and implementing the plan;*
- — *the proposed actions;*
- — *the resources required, including contingencies;*
- — *the performance measures;*
- — *the constraints;*
- — *the required reporting and monitoring;*

- — *when actions are expected to be undertaken and completed.*

The risk treatment plans are encapsulated withing the information in the “Compliance” section of this document.

6.6 Monitoring and review

The purpose of monitoring and review is to assure and improve the quality and effectiveness of process design, implementation and outcomes. Ongoing monitoring and periodic review of the risk management process and its outcomes should be a planned part of the risk management process, with responsibilities clearly defined.

Monitoring and review should take place in all stages of the process. Monitoring and review includes planning, gathering and analysing information, recording results and providing feedback.

The results of monitoring and review should be incorporated throughout the organization’s performance management, measurement and reporting activities.

Organisational Risk and Active Risks Considered by Senior Management

The CEO shall implement the following.

1. Carry out each of the functions detailed above in this document.
2. Liaise with the Regional Managers to monitor any manifestation of risk (i.e., noncompliance).
3. Report any manifestation of risk (i.e., noncompliance) using the ISO 9001-based management system.
4. Formally review and take appropriate corrective action at each February Board Meeting.

Organisational Risks Considered by the Board Audit and Risk Committee

The President shall implement the following.

1. Appoint an Audit & Risk Committee, and nominate a Chairman of the Committee.
2. Place the Appointment of the Audit & Risk Committee on the Agenda of the February Board Meeting, for endorsement by the Board.
3. Provide information and reports to the Audit & Risk Committee when requested.
4. Receive and process the recommendations of the Audit & Risk Committee at the April Board Meeting.

The Chairman of the Audit & Risk Committee (Vice President) shall implement the following:

1. Inspect the relevant documents and report using the Checklist, Annual Report, Financial Report, AGM Minutes, Board Meeting Minutes, Financial Auditor’s Report and Noncompliance Reports.
2. When inspecting the documents, comment on their effectiveness in governance, financial management, financial auditing, risk assessment, compliance with the key policies, nonconformance reporting, corrective action, remedial action and other relevant matters affecting governance and finance generally.

Eligible Directors

The Audit & Risk Committee shall consist of three Directors, each of whom are not directly involved with the finances, financial auditing or the construction operations of the Organisation.

The managerial roles and executive roles of the following Directors do not preclude them from serving on the Audit & Risk Committee.

- Vice President / Professional Services Manager (Chairman of the Audit & Risk Committee)
- Development, Training & Publications Manager
- Communications Manager
- Special Projects Manager
- Code of Conduct and Training Manager

Precluded Directors

The managerial roles and/or executive roles of the following Directors do preclude them from serving on the Audit & Risk Committee.

- President / CEO / Public Officer
- Secretary / Administration Manager
- Treasurer / Finance Manager
- HR Manager
- South Pacific Development Manager
- Regional Manager(s)

Meetings

The Audit & Risk Committee shall meet at least once per year, for the purpose of reviewing the documentation, determining compliance and preparing a report. The meeting may be face-to-face, or by email exchange, as deemed appropriate by the Committee Chairman.

Reporting, Corrective Action and Remedial Action

The Audit & Risk Committee shall report in the April of each year, reviewing the Board's effectiveness in meeting its obligations in governance, financial management, financial auditing, risk assessment, compliance with the key policies, nonconformance reporting, corrective action, remedial action and other relevant matters affecting governance and finance generally.

Evidence of Effective Review

The process involves audit by three Directors, who are professionals, independent of the operational processes, and bound by the code of ethics of their respective professionals. Given that the audit uses a standardised checklist and the policies and procedures vary little from year to year (except to implement "corrective action"), it is likely that the audit findings will also vary little. If this were not the case, it would signal a system that was out of control. Evidence of effectively reviewing, identifying, treating and escalating whole-of organisation level risks is provided through the Nonconformance Reporting, Remedial Action and Corrective Action records, maintained by the President and presented to the Board for action.

Further Information

Further information may be obtained from the Australian Institute of Company Directors.

<http://aicd.companydirectors.com.au/resources/>

Audit & Risk Checklist

1. The President of the Board shall complete the centre column of the following checklist, and send it to the Audit & Risk Committee.
2. Following discussion amongst the committee members, the Chairman of the Audit & Risk Committee shall complete the checklist (on behalf of the Audit & Risk Committee) and return for inclusion in the April Board Business Papers.

6.7 Recording and reporting

The risk management process and its outcomes should be documented and reported through appropriate mechanisms. Recording and reporting aims to:

- — communicate risk management activities and outcomes across the organization;
- — provide information for decision-making;
- — improve risk management activities;
- — assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

Decisions concerning the creation, retention and handling of documented information should take into account, but not be limited to: their use, information sensitivity and the external and internal context.

Reporting is an integral part of the organization's governance and should enhance the quality of dialogue with stakeholders and support top management and oversight bodies in meeting their responsibilities. Factors to consider for reporting include, but are not limited to:

- — differing stakeholders and their specific information needs and requirements;
- — cost, frequency and timeliness of reporting;
- — method of reporting;
- — relevance of information to organizational objectives and decision-making.

Since the senior manager of the organisation are also the Directors serving on the Board, the appropriate vehicle for the recording and reporting of the risk management process is the Minutes of the quarterly Board Meetings, particularly (but not limited to) the February Board Meetings.

If it should become necessary to brief others (e.g., other stakeholders, DFAT or ACFID) of the manifestation of the risk (i.e., noncompliance with the policies) this shall be achieved via email communications.

All risk assessments, Board Minutes and relevant email communication shall be retained in the permanent records.

Bibliography ...

Source Material and References

The following documents provide the source material for the following analysis. These documents cover Partner Housing Australasia as-a-whole (Organisational Risk – Policy No A2.1a) and the risk to Partner Housing Australasia through program execution (Active Risk – Policy N2.5a). They are also applicable in risk management by the Partner Organisations.

- PHA “*Constitution & Code of Conduct*”
- PHA individual Policies & Procedures documents listed in “Governance” of www.PartnerHousing.org
- VFH (PNG) “*Constitution, Policies & Code of Conduct*”
- SRCA (Solomon Islands) “*Constitution, Policies & Code of Conduct*”
- VFH and PHA “*Memorandum of Understanding. Vision for Homes and Partner Housing Australasia (Building) Incorporated, Village Housing, Clinics, Schools and Infrastructure in Papua New Guinea. 1 January 2021 – 31 December 2025*”

- SRCA and PHA *“Memorandum of Understanding. Ranongga Community Association and Partner Housing Australasia (Building) Incorporated, Village Water Supply, Sanitation, Buildings and Infrastructure in Solomon Islands. 1 January 2021 – 31 December 2025”*
- PHA & QMS *“Human Rights Considerations in South Pacific Village Buildings, Water Reticulation and Sanitation”*, 16 October 2021, B3.5b P20080801-2
- Australian Institute of Company Directors - <http://aicd.companydirectors.com.au/resources/>
- Additional references listed with the risk analyses which they inform. Refer to individual risk analyses.