

ICSH Guidance Document: Preparing a Risk Register/ Risk Management Plan



What is a Risk Register?

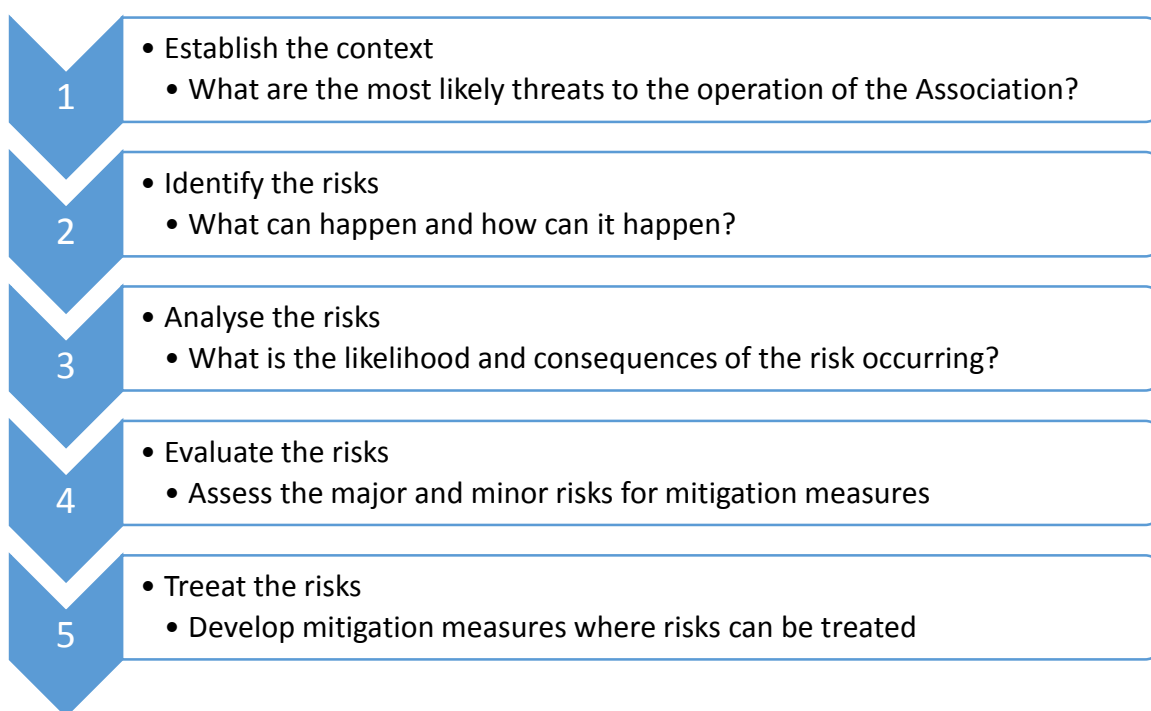
A Risk Register is a document which outlines the potential threats to the ongoing operation of an organisation, and what mitigation measures are in place to minimise the likely occurrence of these threats.

Why do we need a Risk Register?

The purpose of a Risk Register is to allow a housing association identify, record and attempt to mitigate any potential risks to the organisation. It also allows them to assign ownership of that risk to individuals within the organisation to develop and track mitigation strategies.

How do we prepare a Risk Register?

Housing Associations should assess risks that can occur at regular intervals, and these should be discussed to ensure that proper mitigation measures are taken. In general the process for preparing a risk register is as follows:



When the Board is satisfied that a comprehensive risk assessment has taken place, a *Risk Register* should be finalised.

This contains the naming (categorisation) of the risk itself, as well as recording the likelihood of its occurrence, possible consequences (ranked low to high), possible mitigation strategies and finally, where the risk is deemed of material threat to the Association, assigning ownership of the risk to an individual within the organisation.

Sample headings for a risk register are contained below and each is explained in turn over the following pages.

Category of Risk	Actual Risk	Likelihood of occurrence	Potential Impact	Mitigation measures	Person responsible
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Category of Risk

Categorisation of risk involves the clustering of risks into standard, meaningful and actionable groupings. Risks relate to both the **internal** structures, operations and governance of the organisation as well as the **external** interaction with stakeholders and susceptibility to events outside of the control of the organisation. Risk categories should support the initial identification and presentation of risks. The following risk categories are an example which could be used.

- Governance and Compliance
- Strategic Advancement
- Finance & Funding
- Human Resources
- Operational Management

Actual Risk

Actual risk refers to any specific threat that could occur in an area of the organisation. These can relate to both the internal and the external environment, and can also relate to those that can be mitigated against and those that cannot. Depending on the size of your organisation, risks may be identified in some or all of the following areas:

Internal	External
Financial management , for example: <ul style="list-style-type: none"> • Viability / liquidity • Fraud control • Reducing / insufficient income streams • Income loss • Poor cost control • Insurances not kept up to date 	Funding , for example: <ul style="list-style-type: none"> • Changes in funding agreement • Shortfalls in funding programs
Human Resources , for example: <ul style="list-style-type: none"> • Succession planning • Poor staff supervision and performance appraisal • Staff turnover/ headhunted by competitor • Excessive work load and poor staff morale / staff burn-out • Difficulties in recruiting suitable staff 	Regulatory environment , for example: <ul style="list-style-type: none"> • Changes in regulatory framework • Negative registration reports • No internal systems to proactively manage all the factors that drive the performance of the organisation
Property management , for example: <ul style="list-style-type: none"> • Inappropriate stock 	Reputation , for example: <ul style="list-style-type: none"> • Public and community perception of the Association

<ul style="list-style-type: none"> Contractors fail to perform maintenance contract / Poor response time by contractors Stock transfer liabilities Asbestos Aging / poor quality stock 	<ul style="list-style-type: none"> Negative comments from press or politicians
Legislation compliance , for example: <ul style="list-style-type: none"> Privacy Act- Corporations Act / relevant Incorporation legislation Anti-discrimination / Disability Services Act OHS Meeting tax requirements 	Competition , for example: <ul style="list-style-type: none"> Losing opportunities to grow Other providers Unexpected rapid growth
Corporate governance , for example: <ul style="list-style-type: none"> Lack of appropriately skilled board members Volunteer / board member burn out Board turnover Board fails to appraise CEO performance Conflict on the board Conflicts of interest not managed effectively Difficulty recruiting to the board Director's insurance not kept up to date Policies and procedures not reviewed Board lacks a value based framework 	Partnerships , for example: <ul style="list-style-type: none"> Risks from failed partnership arrangements Risk of conflict with partners
Housing management , for example: <ul style="list-style-type: none"> Poor arrears control Increasing proportion of tenants with complex needs Duty of care to tenants is not met Tenants / Applicants grievances and appeals Tenants mix unbalanced 	Natural disasters , for example: <ul style="list-style-type: none"> Flood, hail storms etc Lacks a business continuity plan
Information technology , for example: <ul style="list-style-type: none"> IT not sufficient for expanded organisation IT not able to produce registration monitoring data IT performance date disaster recovery plan 	

Likelihood of Occurrence

This refers to how likely the risk is to actually materialise, and is a value judgement based on assessing any information available regarding the risk. For example this might include whether it occurred in similar organisations before, or whether other organisations are planning for its occurrence.

This can be quantified on a scale of one to five whereby one signifies that it is highly unlikely to occur and five signifies it is very likely to occur.

1	2	3	4	5
Highly unlikely to occur	Unlikely to occur	Neutral	Likely to occur	Very likely to occur

Potential impact

This relates to how serious the impact would be if the threat did actually occur. Risks that are potentially more damaging to the organisation will have to be monitored more closely with mitigation measures/ contingency plans in place for their occurrence if the risk is deemed to have a credible likelihood of occurring.

1	2	3	4	5
Superficial damage	Limited damage	Neutral	Damaging	Extremely damaging

Mitigation Measures

A risk rating can be developed which adds (or multiplies) the “likelihood of occurrence” and the “potential impact”, with scores over a certain number being assigned to individuals for monitoring and the development of mitigation measures where possible.

Mitigation measures refer to any strategies/ plans that are in place in the event of a risk to the organisation occurring. While organisations will never be able to totally eliminate all risks relating to its operation, it can develop certain strategies in the event of certain threats occurring, particularly if they would be particularly damaging to the operation.

Person Responsible

This refers to the assigning of the risk to an individual (or group) within the organisation to monitor the risk.

How often does it have to be renewed?

The plan should be updated whenever is necessary, as additional risks are identified or where changes to the level/ likelihood of existing risks occur.

Sample Completed Risk Register Template

Category of Risk	Actual Risk	Likelihood of occurrence	Potential Impact	Mitigation measures	Person responsible
Compliance and Governance	Non-compliance with requirements under CRO, VRC, Charities Regulator	2	More severe oversight; auditing; loss of funding; reputational damage; loss of approved status.	Keep up to date with all developments; Ensure administrative requirements for compliance are dealt with in a timely manner.	Staff
	Reputational as a result of removal from		Damage to organisations image: Loss of funds	ABC Housing depends on its good reputation to access donations, and any damage to this	Board

	websites, registers etc			could severely impact this.	
Strategic Advancement	Damage to public image as a result of negative publicity		Damage to public image of the organisation	Ensure that relationships with local papers etc are proactive and showcase the good work of the Association.	
	Fundraising decrease		Impact on services and development plans	Building of relationships with those who donate i.e. Thank You cards. Continuous development of new fund-raising initiatives.	
Finance and Funding	Viability		Closure of Association due to unsustainability.	Periodic review of spending and auditing of accounts. Although we can be impacted by external changes in the operating environment, robust internal reporting structures mean that there is little risk of a sudden liquidity issue.	
	Insufficient sinking fund		Failure to carry out planned maintenance	Review and build up sinking fund over time	
Operational Management	Units fall into disrepair		Higher cost of maintenance	Inspections; Caretaker working with tenants; Tenants have been encouraged to take ownership of their space and as a result they are generally kept in an excellent state of repair.	Caretaker
	Damage caused by tenants		Higher maintenance cost	The main mitigation measures here are the tenant-landlord relationships in place which mean	

				that tenants feel part of the Association and would not intentionally damage it. We also have a repairs policy which assigns responsibility of repairs depending on their nature.	
	Rent arrears		Loss of revenue and deterioration of landlord-tenant relations	Each tenant is issued with a rent book. Rent collection policy in place and tenants aware of their responsibilities.	
	Excessive void periods		Loss of revenue	Due to demand for services this is a low risk, but one that needs to be monitored given potential impact to revenue.	
Human Resources	Staff turnover results in loss of skills/knowledge		Loss of know-how effects the running of the organisation.	Keep written policies. Succession planning: younger staff taking more control and responsibility for day-to-day running of Association.	