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# **1 ORGANISATIONAL CONTEXT**

## **1.1 The Nature of the Association**

The Order of Australia Association (OAA) Limited is a member based not-for-profit public Association limited by guarantee which is established to be and remain a charity.

## **1.2 The Charitable purpose of the Association**

The object of the OAA is to pursue the following charitable purpose: To celebrate and promote outstanding Australian citizenship.

## **1.3 Activities of the Association**

The activities of the OAA are inter-alia:

- Raising public awareness about the Order of Australia and promote high quality nominations for appointments and awards that reflect the diversity of the Australian community;
- Supporting young Australians as they prepare for their careers and encourage them in service to the nation;
- Providing opportunities for recipients of appointments and awards in the Order of Australia to build networks with other recipients, and
- Other activities consistent with the purpose of the OAA.

## **1.4 The membership of the Association**

Membership of the OAA is restricted to Order of Australia Honours recipients.

The OAA is committed to providing members with appropriate activities and programs at National, Branch and Regional levels to ensure that it meets their needs and expectations.

## **1.5 The Governance Structure of the Association**

The OAA's governance structure consists of a Board of Directors, supported by Board Committees, with State and Territory-based Branch Committees and Regional Groups, which may themselves have committees. The role of the Board is to set and maintain purpose, values, and strategic direction of the company, to ensure good governance throughout the organisation and to ensure that strategic plan is executed efficiently and in a timely manner. Refer to G2 Board Charter for Board roles and responsibilities.

## **1.6 The Operational Management Structure of the Association**

The National Office is located in an office in The Old Parliament House Canberra and is manned by the part time National Membership Officer (NMO) whose prime role is to service the needs of members and maintain the Membership data base. The NMO is the only paid employee of the OAA.

The day-to-day operational management of the OAA provided by the Executive-National Chairman, National Deputy Chairman, National Treasurer, National Membership Director and National Secretary.

Each State/Territory Branch has an elected committee (in line with the OAA Constitution and By-laws) who have the responsibility of operational management of their Branch. Regional Group Committees are responsible for their management in line with the delegations granted by the respective Branch.

# **2 THE PURPOSE OF THE FRAMEWORK**

The purpose of this Framework is to establish and maintain a framework to provide for systematic and responsible management of risks that are, or could be, incurred by the Association in carrying out its various activities or in pursuit of achieving its strategic objectives.

To define risk and the associated issues.

To identify the responsibilities of the Board, Branch Committees, Regional Committees and staff in relation to the management of risk

To establish and maintain a Risk Plan and Risk Register and identify the processes in relation to risk management.

### **3 THE LEGISLATIVE BASIS OF THE FRAMEWORK**

The Corporations Act 2001 provides a legislative framework to govern the national operations of the Association as a Public Company Limited by Guarantee.

The Constitution of the OAA which at paragraph 49 provides *inter alia* that Directors must comply with their duties as Directors under legislation and common law (judge-made-law), G2 the Associations Board Charter and with duties described in Governance Standards of the regulations made under the ACNC Act.

Other legislative requirements also direct the Associations obligations including the:

- *Workplace Health and Safety Acts in each State/Territory;*
- *Workers Compensation Acts in each State/Territory;*
- *Anti-Discrimination Act 1991;*
- *Industrial Relations Act 1991'*
- *Workplace Relations Act 1996; and*
- *Criminal Code Act 1899*

### **4 POLICY STATEMENTS**

The OAA recognises the need for risk management as a consideration in strategic and operational planning, day to day management and decision making across all levels. In response to this OAA will ensure that an appropriate framework for identifying, assessing, managing, monitoring and reporting on risks is applied across the OAA.

The Risk Management Standard ISO 31000:2018 states in part that 'Organisations of any kind face internal and external factors and influences that make it uncertain whether, when and the extent to which they will achieve or exceed their objectives. The effect this uncertainty has on the organisation's objectives is "risk". All activities of an organisation involve risk.

Organisations manage risk by anticipating, understanding and deciding whether to modify it. Throughout this process they communicate and consult with stakeholders (Board, Branches and Regional Groups) and monitor and review the risk and the controls that are modifying the risk.

### **5 RESPONSIBILITIES**

The Board is responsible for ensuring the management of risk is consistent with the Governance and Operational structures of OAA.

Ultimately it is the responsibility of the Board to manage risk on behalf of OAA. Primarily, the role of the Board is to review and approve the process of risk management, to delegate authority to act in relation to it, to review the progress of risk management periodically, and to decide upon certain risk elements where such have a significant risk.

State/Territory Branches and Regional Groups have as part of their role a responsibility that manage risks associated with the various activities they conduct and ensure they comply with the Risk Management Framework and do not expose the OAA to unnecessary risks.

### **5 RISK MATRIX**

The Risk Management Standard ISO 31000:2018 sets out the minimum standard and principles for organizational risk management. Public companies in Australia are required to either comply with or exceed the Standard.

The risk matrix in this Risk Framework is based on risk management practices in accordance with ISO 31000: 2018.

This Framework outlines the risk profiles and implications of each key risk for the OAA Board. The Risk Register will list specific risks as they relate to broader strategic risk categories. Each risk will be assigned a current rating and post control/treatment risk rating as per the diagram below.

RISK ASSESSMENT CRITERIA				
LIKELIHOOD		CONSEQUENCES		
	Low (1)	Minor (2)	Moderate (3)	High (4)
Likely (4) will probably occur in most circumstances	Minor 4	Moderate 8	High 12	Very High 16
Possible (3) -might occur at some time	Low 3	Minor 6	Moderate 9	High 12
Unlikely (2) -could occur at some time	Low 2	Low 4	Minor 6	Moderate 8
Rare (1)- may occur in exceptional circumstances	Low 1	Low 2	Low 3	Low 4

Risk is defined as the exposure to occurrences or consequences that will have an impact, either positive or negative, on OAA and its purpose and objectives. Risk may be gauged by the following three factors:

- Likelihood- refers to chance of something happening;
- Consequence- the severity/impact of the consequences arising from the event; and
- Controls which include what is in place to prevent, detect and manage risk.

## 6 RISK MANAGEMENT PROCESS

The Audit and Risk Committee has the responsibility of managing the Risk Management Framework , the Risk Management Plan and Risk Register in line with the following process:

- Identifying Risks. Risks can be identified by the Board. Branch and Regional Committee, staff or a member of the OAA or the Audit and Risk Committee (A&R);
- Analysing the risk. Risk analysis involves consideration of the sources of risk, their positive and negative consequences and the likelihood that those consequences may occur;
- Evaluating Risks-The purpose of risk evaluation is to make decisions based on the outcomes of risk analysis, about which risks need treatment and treatment priorities:
- Determining the treatment for the risk. Potential treatment options are developed according to the selected treatment strategy. The selection of the preferred treatment options considers factors such as the costs and effectiveness; and
- Monitoring and reporting on the effectiveness of risk treatments. The A&R Committee will send the Risk Management Register to the Board Directors and Branches in June each year for comments and will assess those comments at their August meeting and provide the Board with an updated Risk Register at the August Board meeting.

## 7-RISK CATEGORIES

The Board has identified the following risk categories:

- Governance;
- Administration;
- Reputational;
- Sustainability/Membership;
- Financial;
- Planning; and
- Information Technology;

## **8 RELATED DOCUMENTS**

This framework is to be read in conjunction with:

- The Constitution and By-laws of the Order of Australia Association Ltd;
- G2 Board Charter;
- Strategic Plan 2018-2023;
- Risk Management Standard ISO 31000:2018; and
- OAA Risk Management Plan.

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