

RISK MANAGEMENT POLICY

Lotus Outreach Australia Incorporated

2025

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1. Introduction

Lotus Outreach Australia (LOA) is a not-for-profit incorporated association. Its vision, mission and goals are based on ensuring the education, health, and safety of women and children in Cambodia. LOA funds programs to educate girls as a proven method of lifting them and their community out of poverty and to protect them from trafficking and child labour. In pursuit of this mission, LOA recognizes the importance of identifying and managing potential risks that could impede its objectives. This Risk Management Policy provides a structured framework for the identification, assessment, and mitigation of risks, including financial abuse, to uphold the integrity and effectiveness of our operations. LOA is governed by a voluntary board of professional people who have no financial interest in nor receive any financial benefits from LOA. LOA itself does not carry out operations in Cambodia but provides funding to its implementing partners to carry out its charitable work on the ground. The LOA Board does not work directly within the programs it funds and recognizes that a primary risk is in partnering and providing financial support with 3rd parties overseas

2. Purpose

The purpose of this policy is to:

- Establish a systematic approach to risk management across all levels of LOA.
- Ensure compliance with relevant legislation, regulations, and contractual obligations.
- Enhance decision-making and strategic planning by proactively managing potential risks.
- Safeguard LOA's assets, reputation, and the well-being of its beneficiaries, board members, staff, and volunteers.
- Recognise that risks may originate from organisational decisions and/or the external environment, including both local and international situations.

3. Scope

This policy applies to all LOA activities, including domestic and international projects, and encompasses all board members, employees, volunteers, contractors, partners, and stakeholders associated with LOA.

4. Definitions

Risk: The possibility of an event or action that could adversely affect LOA's ability to achieve its objectives.

Risk Management: The systematic process of identifying, assessing, and mitigating risks to minimize their impact.

Financial Abuse: The misuse of LOA's financial resources by individuals within or outside the organization, including fraud, bribery, and corruption.

5. Risk Management Framework

LOA's risk management framework involves the following key components:

5.1 Risk Identification

- Conduct regular assessments to identify potential risks in all areas of operation.
- Encourage partners, board members and volunteers to report identified risks promptly.
- Maintain a risk register documenting identified risks, their sources, and potential impacts.

5.2 Risk Assessment

Evaluate the likelihood and potential impact of identified risks.

Prioritize risks based on their severity to determine appropriate mitigation strategies.

In respect of any partner organisation determine that:

- the partner organisation has a vision, mission and values that align with LOA;
- the partner organisation has the same expectations of the purpose and operation of the partnership;
- there are no conflicts of interests in respect to the partner organisation, its board and staff in the performance of their obligations to LOA;
- LOA is satisfied from provisioning of the financial and performance reporting from the partner organisation that there is minimal risk or actual fraud, connection to terrorism or money laundering, or corruption in same;
- LOA is satisfied from its monitoring of the program that there is minimal risk from or actual exploitation and abuse within the partner organisation

5.3 Risk Mitigation

Develop and implement action plans to address identified risks, including:

- Establishing internal controls and procedures to prevent financial abuse.
- Ensuring financial and other relevant decisions are made transparently and involve multiple authorized individuals.
- Maintaining accurate and complete records, including financial records.
- Document and report to the LOA Board on risk management undertakings.
- Providing training to board members, staff and volunteers on recognizing and preventing financial abuse.

5.4 Monitoring and Review

- Regularly review and update the risk management plan and risk register.
- Monitor the effectiveness of risk mitigation strategies and make adjustments as necessary.
- Report significant risks and mitigation efforts to the LOA board periodically.

6. Roles and Responsibilities

- LOA Board/Management committee: have responsibility for overseeing risk management and ensuring the implementation of this policy.
- Partners: implement risk management strategies and ensure compliance with this policy.
- Volunteers: adhere to established risk management procedures and report any identified risks or incidents of abuse including financial abuse.

7. Training and Awareness

LOA is committed to fostering a culture of risk awareness by:

- Providing training sessions on risk management and financial abuse prevention.
- Ensuring all personnel are familiar with this policy and understand their roles in risk management.

8. Compliance and Reporting

- Ensure adherence to all relevant legal and regulatory requirements concerning risk management, governance and financial practices.
- Establish clear reporting mechanisms for suspected incidents of abuse, including financial abuse, ensuring confidentiality and protection for whistleblowers.

9. Review of Policy

This policy will be reviewed annually or as required to ensure its effectiveness and relevance. Revisions will be made as necessary to address emerging risks or changes in operational context.

10. Related Documents

LOA Complaints Policy
LOA Conflicts of Interest Policy
LOA Counter Terrorism Policy
LOA Anti-fraud Policy
LOA Child Protection Policy
LOA PSEAH Policy
ACNC Governance Standards