

## FR13 - OAU Risk Appetite Statement



### 1. Introduction

This Risk Management Appetite Statement considers the significant risks to which Oxfam Australia is exposed in the pursuit of its goals and mandate for change and provides an outline of the approach to managing these risks. The Statement is aligned with the strategic and operational plans that the agency has in place.

Oxfam Australia is a public company limited by guarantee under the Corporations Act and governed by a Board of Directors. Oxfam Australia is a member of the Oxfam International confederation and strives to create a just world without poverty - a world in which people can influence decisions that affect their lives, enjoy their rights and assume their responsibilities as full citizens of a world in which all human beings are valued and treated equally.

Oxfam Australia is committed to ensuring that all of its activities are conducted legally, ethically and with integrity. It has developed policies and procedures to help its employees and volunteers meet these high standards of ethics and conduct. In all of its work, Oxfam Australia seeks to protect its beneficiaries, its staff and the resources entrusted to it.

### 2. Risk Appetite Statement

Oxfam Australia's risk appetite statement reflects its risk management philosophy and sets out a vision on how risks are to be viewed.

Oxfam Australia's risk appetite provides the basis for setting acceptable levels of risk tolerance and thresholds, and contributes to the identification and implementation of mitigation actions.

The Oxfam Australia Board has responsibility for the organisation as a whole, the security and safety of its staff, for the setting and implementation of strategic goals and for the managing of risk associated with its activities. Oxfam Australia has many stakeholders including its beneficiaries, the Government, supporters, customers and suppliers.

The risks arising from Oxfam Australia's poverty alleviation and humanitarian support activities can be significant. To remain a stable organisation with the capacity to work for Oxfam Australia's supporters and stakeholders long into the future, these risks must be managed through processes that enhance Oxfam Australia's brand and reputation, drive innovation, direct program delivery and strengthen advocacy.

Learning from past experience and continually improving processes, depending on results from year to year, Oxfam Australia may choose to increase or decrease its risk appetite in favour of higher or lower risk activities.

### 3. Risk Management Framework

Oxfam Australia seeks to have a risk management framework in place that will effectively identify and manage risk across the organisation. The framework sets the requirements and responsibilities for staff and emphasises that the management of risk and risk reporting is everyone's responsibility to have appropriate controls in place and ensure the effectiveness of these controls.

Risks are identified, analysed, evaluated and monitored at both an organisational (top-down) and operational (bottom up) level.

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The Oxfam Australia Board has ultimate accountability for this process. It may choose to delegate part or all of the oversight of this process to its Finance Risk and Audit Committee (FRAC) to manage the process on behalf of the Board. The Oxfam Australia Board may at its discretion have a formal annual review of the risk appetite process.

## 4. Coverage

### 4.1 Strategic Risks

Oxfam Australia recognises that the actual or perceived inability to deliver strategic initiatives could have a significant impact on its ability to achieve its objectives as well as reputation. A framework is in place to ensure these initiatives are prioritised appropriately and are managed and reported on a consistent basis.

Oxfam Australia has to keep abreast of international issues and strategic risks, e.g. geopolitical and cyber risks. Oxfam Australia actively participates as a member of Oxfam International in poverty alleviation programs and provision of humanitarian support activities. This collaboration will see it constructively engage with other Oxfam International affiliates and acknowledges that it does not have direct control of other affiliates' actions. Oxfam Australia has processes in place to mitigate these risks which are prioritised through a well-defined framework that involves regular Board and Senior Management communication and reporting. Oxfam Australia has a **high risk appetite** for those strategic risks that will realise its strategic goals and objectives.

### 4.2 Financial Risks

Oxfam Australia assesses its financial risks both from a strategic and operational perspective. Oxfam requires at all times a balance between adequate reserves and liquidity, and understands that it is not always possible to eliminate all risks. Oxfam Australia will manage associated balance sheet risks to an acceptable level through a framework of policies and financial controls. Oxfam Australia has a **low risk appetite** for financial risk.

### 4.3 Fundraising Risks

Oxfam Australia needs to achieve sustainable growth in public and non-government institutional fundraising by delivering value- add programs and activities. Oxfam Australia will mitigate the associated risks by ensuring that fundraising activities are efficient, adhere to Oxfam Australia's values and meet accepted Australian industry standards and those of other regions in which we operate. Oxfam has a **high risk appetite** in identifying and exploring new ways of unlocking fundraising opportunities within the broader markets it operates in.

### 4.4 Innovation Risks

Oxfam Australia, as a member of Oxfam International, embraces innovation and continuous improvement. From its internal operating systems, public engagement activities, advocacy engagement and our program work in the field, Oxfam Australia needs to be innovative in all aspects of its work. Oxfam Australia has a **high risk appetite** for innovation and the value it will bring to Oxfam Australia as well as the communities and supporters we serve.

### 4.5 Program Risks

Oxfam Australia delivers poverty alleviation and humanitarian programs, often in high risk environments. The risks of failing to act often outweigh the risks of engagement and therefore,

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program decisions are based on a thorough analysis and the application of risk management strategies. Oxfam Australia has a **low risk appetite** when it comes to protecting beneficiaries, partner agencies, staff and resources.

Innovation and the testing of new models of programming is key to finding viable and sustainable solutions to poverty and inequality, in doing so the risk of occasional failure is accepted and lessons learnt used to drive continuous improvement. However, OAU has a **low appetite** for failure to deliver project objectives as a result of factors within our control.

#### 4.6 Advocacy Risks

Oxfam Australia approaches the delivery of its advocacy program both from strategic (impact and reach) and operational (structure and delivery) perspectives. A just world without poverty requires significant power shifts both politically and economically. Advocacy for such change is one of Oxfam Australia's core strengths and it approaches its advocacy activities in accordance with its policies, processes and controls in place to manage the risks inherent in this activity. Oxfam Australia has a **high risk appetite** in advocating for global change that will seek to establish environments that are fair and equitable.

#### 4.7 Reputational Risks

Public scrutiny is an inherent and welcomed component of Oxfam Australia's activities. Oxfam Australia aims to be transparent though some of its work may generate negative public perception and media coverage which will affect its reputation. Oxfam Australia will seek to ensure transparent and clear communication in order to mitigate this risk and that key stakeholders are informed. Oxfam Australia has a **low risk appetite** for activities that will compromise the ethics, brand or credibility of the organisation.

#### 4.8 Fraud, Corruption and Aid Diversion Prevention Risks

Oxfam Australia accepts that its operating environment heightens exposure to the risk of fraud and corruption. These practices, as well as the misappropriation of resources, are in direct contravention to Oxfam Australia's values. Oxfam Australia will mitigate such actions as deemed necessary in line with our Fraud Prevention Risk Management Policy & Guidelines. Oxfam's reputation for integrity and competence should not be compromised including in relation to key stakeholders, supporters and Government. Oxfam Australia has no tolerance for fraud and corruption.

Oxfam Australia will not provide funds, economic goods or material support to any entity or individual designated as "terrorist" as defined by the Australian Government, and will take all reasonable steps to safeguard and protect its assets from such illicit use and to comply with laws. Oxfam Australia has a **zero tolerance** for any diversion of aid funding.

#### 4.9 Compliance Risks

Oxfam Australia is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles. Minor breaches are expected from time to time, but will be reported and responded to. Oxfam Australia will seek to mitigate compliance risks through adherence to internal policies and good corporate governance. Oxfam Australia overall has a **low risk appetite for non-conformance**.

#### 4.10 Human Resources

Oxfam Australia's employees and volunteers are critical to the delivery of quality Oxfam Australia programs and the achievement of its vision. It is critical that Oxfam Australia have suitable people with the right skills, competence and behaviours. In order to attract and retain key talent, the Oxfam Australia HR Team will promote evaluation, adaptation, and professional development of its core

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resources. Oxfam Australia has a **low risk appetite for non-compliance** with Oxfam Australia HR stated policies and procedures.

#### 4.11 Information Technology Risks

Oxfam Australia requires its information management systems and procedures to be adequate and relevant for its intended purpose. Oxfam's internal control processes need to ensure the development of robust technology systems to potentially mitigate significant and malicious threats to Oxfam assets. Oxfam Australia has a **low risk appetite** to the non-availability of systems and **no appetite** for misuse of information.

#### 4.12 Operational Risks

Oxfam Australia carefully analyses risks in all of its operational activities, including ensuring that the benefit of the risk control measures exceeds the costs of these measures. Oxfam Australia has processes in place and can make resources available to manage operational risks to acceptable levels. In terms of operational risks, Oxfam Australia has a **low appetite** for risk.

#### 4.13 Safeguarding

Oxfam Australia is committed to providing a safe, flexible and respectful environment for employees and clients free from all forms of discrimination, harassment, exploitation and bullying, and where people are protected from physical or psychological harm. The responsibility for maintaining a safe environment is a shared responsibility of all Oxfam Australia Personnel. Oxfam Australia has a **zero tolerance** for non-compliance with accepted WHS practices, abuse and exploitation of any nature to persons including children that may lead to harm and brings disrepute.

### 5. Process

#### 5.1 Risk Appetite Implementation

Oxfam Australia and Senior Management will be responsible for the implementation and compliance with this Statement.

#### 5.2 Communication

The Risk Appetite Statement is published on Oxfam Australia's website as well as its Intranet.

#### 5.3 Reporting & Monitoring

Oxfam Australia will monitor this Risk Appetite Statement against a number of existing risk metrics which will assist Management in assessing whether outcomes are consistent with the overall risk appetite. Performance against these metrics is tracked and reported to the Board on a regular basis.

#### 5.4 Review

The Oxfam Australia Board may determine at its discretion to have a formal review of the risk appetite statement and risk management policy framework process undertaken. This review will be coordinated by the Finance & Risk Section and proposed changes to the Risk Appetite Statement would be endorsed by the Board.

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