RISK AND COMPLIANCE MANAGEMENT POLICY

VERSION:	1.0
LAST APPROVED:	8-APR-2020
APPROVED BY:	COUNCIL OF ELDERS

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1 PURPOSE OF POLICY

To support Eastside's governance through proactive identification and management of material risks, and proactive compliance with its applicable legal[1] obligations.

Or what king, going out to encounter another king in war, will not *sit down first and deliberate* whether he is able with ten thousand to meet him who comes against him with twenty thousand? Luke 14:31

2 APPLICATION

This policy applies to Eastside operations, all ministries, and all relationships with third parties.

This policy complements and supports but does not replace other policies, or constitutional requirements, which establish other specific requirements and expectations.

This policy has a 12 month implementation period from the approval date.

3 GUIDING PRINCIPLES

- Primary concern is with the identification and management of material risks (rather than non-material risks).
- There will be proactive effort towards attesting to policy and legal compliance.
- Proactive and timely action will be taken to resolve risks beyond Council of Elder risk tolerance, risk incidents, compliance breaches, and ineffective controls.
- Application of this policy supports effective governance and demonstrates that responsible persons are operating with integrity and due care.

[1] Subject to alignment with primary biblical doctrine (Acts 5:29)

4 KEY RESPONSIBILITIES

The following section provides an overview of key responsibilities derived from the Policy Statements. Refer to section 5 for full details of responsibilities and accountabilities.

1. The Council of Elders are responsible for:
    a. Delegating any ownership for risk, compliance, or control ownership to Responsible Leaders.
    b. Ensuring material risks are identified and managed; and accepting and regularly monitoring all material risks.
    c. Working with Responsible Leaders to ensure appropriate Action is taken to resolve risk and compliance Issues.
    d. Maintaining a current compliance register.
    e. Establishing policies to satisfy external obligations and regulator expectations.
    f. Taking relevant decisions and actions to ensure effective application of this policy, including satisfying Australian Charities and Not for Profits Commission (ACNC) governance expectations and reviewing policies every two years.
    g. Support investigation of Reportable Conduct.

2. Responsible Leaders are responsible for:
    a. Identification and management of material risks and key controls within their area of responsibility.
    b. Identification and reporting of risk, compliance, and control Issues to the Council of Elders.
    c. Management of assigned Actions.

5 POLICY STATEMENTS

5.1 RISK & CONTROL MANAGEMENT

1. The Council of Elders may delegate risk, compliance, or control ownership and management for:
    a. a defined portfolio / scope of responsibilities,
    b. particular risk category, or
    c. key control suite to a Responsible Leader

    but remain responsible for accepting all material risks.

2. The Council of Elders or Responsible Leaders will identify, assess, treat / manage, accept, and regularly monitor material risks and key controls [recorded in the risk register] for the following risk categories:
    a. Strategic risks: failing to achieve mission or strategic objectives
        i. Church Mission and Culture
        ii. Leadership and Capability Development
        iii. Ministry & Pathway Effectiveness
        iv. Strategic Execution
        v. Doctrine

    b. Operational risks: loss or harm resulting from inadequate or failed processes and systems, people error, or external events
        i. Church Governance and Operations
        ii. Responsible Person Conduct *(including Anti-Crime)*
        iii. Financial Management
        iv. Property and Asset Management
        v. Third Party Relationships
        vi. Pastoral Care and Vulnerable Person Protection
        vii. Privacy and Information Security
        viii. Legal, Regulatory, and Policy Compliance
        ix. Disruption and Crisis Management
        x. Projects

3. Responsible Leaders must ensure key controls which they own are effectively designed and documented, implemented, and operating as designed.

4. Responsible Leaders are responsible for identifying, recording, and informing the Council of Elders within 1 week of the following Issues:
    a. Planned and temporary legal, regulation, or policy non-compliance,
    b. Material risks that are not accepted (ie risk level is too high),
    c. Missing, ineffective, or failed controls,
    d. Risk incidents,
    e. Legal obligation, constitution, and policy breaches,
    f. Member complaints (unable to be readily addressed), or
    g. Claims of inappropriate behaviour whether in Australia or an Eastside approved mission / mission trip.

    Actions to resolve all Issues must be determined and recorded in a timely manner, ownership assigned, approved and regularly monitored by the Council of Elders through to resolution of the Issue, and associated root causes.

5. The Council of Elders and Responsible Leaders will support application of this policy, and the management of risks and controls by:
    a. regularly monitoring applicable changes to Eastside's compliance obligations and risk management expectations through Australian Charities and Not for Profits Commission (ACNC) and Qld Baptist communications and websites, and seeking professional advice as necessary,
    b. establishing appropriate leadership, and clarifying & periodically monitoring delegated responsibilities,
    c. periodically reviewing church governance arrangements, and
    d. providing awareness and training to impacted individuals.

5.2 COMPLIANCE MANAGEMENT

1. The Council of Elders must maintain and periodically review a compliance register that includes:
    a. applicable law and regulation,
    b. key obligations to be complied with (and an effectiveness rating),
    c. key controls that satisfy the obligations (with an effectiveness rating), and
    d. references to any material compliance risks for specific laws and / or obligations.

2. The Council of Elders may establish and approve policies as required to define specific requirements to satisfy external obligations, regulator expectations, and internal governance and control expectations.
    a. Church members should be informed of and have access to all Council of Elder approved policies.

3. Constitution compliance and all approved Policies must be reviewed at least every two years to ensure they support regulatory expectations, remain fit for purpose, and are being effectively applied.

4. A non-pastor Elder and the Eastside ChildSafe Officer must be assigned to receive and investigate Reportable Conduct (within guidelines of Matthew 18) from church members and third parties.

5. The Council of Elders supported by the Eastside ACNC Public Officer / Primary Contact must ensure:
    a. Church details on the ACNC Charity Portal are current and accurate,
    b. required ACNC submissions are accurate and made in prescribed timeframes,
    c. Compliance Breaches are reviewed to determine if they are significant and whether they are reportable to ACNC, and
    d. appropriate records (particularly Member Meetings and Council of Elder Meeting Minutes) are maintained to respond to any requests for information from ACNC in a timely manner.

6 RELATED DOCUMENTS

The following documents / registers support this policy:

- Risk Register
- Compliance Register
- Risk & Compliance Issue Register

7 DEFINITIONS & ACRONYMS

- ACNC: Australian Charities and Not for Profits Commission
- ACNC Public Officer / Primary Contact: Darren Gibson
- Action: Agreed remedial responses to address and rectify risk, compliance, or control issues or incidents.
- Compliance Breach: Any failure to comply with applicable laws or internal policies.
- Eastside: Eastside Community Church
- Ineffective Control: The control(s) is limited in nature, poorly designed, and doesn't adequately manage the risk, or satisfy the compliance obligation
- Issue: A known risk or compliance problem that must be rectified
- Key Control: controls that primarily act to mitigate the risk or satisfy the obligation.
- Material Risk: risks rated as Severe or Critical, must be accepted and regularly monitored by the Council of Elders.
- Obligation: legal and regulatory requirements, and approved internal policy requirements.
- Reportable Conduct: an activity, conduct, or state of affairs that has occurred and could be considered illegal, unethical, or improper.
- Responsible Leader: person accountable for a ministry area, ministry, or key administrative / support function
- Risk: potential for loss, harm, or other adverse circumstance
- Risk Category: Similar types of risks
- Risk Incident: An unplanned event caused by inadequate or failed processes, people, systems, or external events
- Third Party: suppliers / service providers, missionaries, para-church ministries

8 APPENDIX – RISK RATING CRITERIA

8.1 LIKELIHOOD RATING

Likelihood Rating	Meaning
Likely	Strong possibility that the risk will occur in coming year
Possible	Plausible that the risk may occur
Rare	Risk may only occur in exceptional circumstances

8.2 IMPACT RATING / ISSUE RATING

Impact Rating	Strategic / Reputation	People	Financial	Compliance / Legal
Serious	Viability of church threatened and reputation of Jesus damaged	Serious harm to a person Extreme detriment to the membership	> 10% budget in unplanned impact	Legal or Regulatory enforcement action taken by authorities or third party
Medium	Strategic objectives not achieved or regular ministries disrupted	Harm to a person Loss of leaders Significant member complaints	5-10% of budget in unplanned impact	Significant breach of law, regulation or contract
Low	Negligible impact on mission or strategic objectives / plans	Isolated complaints and dissatisfaction	<= 5% of budget in unplanned impact	Minor breach of law, regulation or policy

8.3 RISK RATING

	Low	Medium	Serious
Likely	Severe	Critical	Critical
Possible	Sustainable	Severe	Critical
Rare	Sustainable	Sustainable	Critical

8.4 CONTROL EFFECTIVENESS RATING

Control Effectiveness Rating	Meaning
Effective	Control designed and operating to substantially mitigate the risk
Requires Attention	Control poorly designed to mitigate intended risk or not implemented / operating as designed

Ineffective	Control compromised and does not mitigate the risk or satisfy the obligation