

**WALTON COMMUNITY SERVICES INC
RISK MANAGEMENT PLAN**

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1 PURPOSE

11 Obligation

- 1.1. Walton Community Services is committed to establishing a sound Risk Management framework for all services/ projects undertaken.
- 1.1. The Risk Management Plan is to create a robust risk management framework for all Services
- 1.1.3 Specific risks indentified for a service are documented in a Risk Register in accordance with this Risk Management Plan.

12 Objectives

- 1.2.1 The Risk Management Plan is an integral part of the service outcomes, customer satisfaction and stakeholders interests
- 1.2.2 The objectives of the Risk Management Plan are to:
 - a) manage risks such that an acceptable risk profile is established for effective service outcomes
 - b) maximize the chance of achieving service objectives by managing risks.

13 Risk Management Context

- 1.3.1 Risk is part of the environment within which any organization operates. Risk management:
 - a) involves the systematic identification of threats, analysis, treatment, and, where appropriate, acceptance of risks
 - b) is integral to efficiency and effectiveness, enabling WCS to proactively identify, evaluate and manage risks, opportunities and issues arising out of activities.
- 1.3.2 Risk management typically involves a balance between the pressures to be risk-takers and the pressures for prudence and risk-avoidance.
- 1.3.3 This Plan seeks to establish an environment where the Compliance Officer and Committee members can determine what an acceptable project risk profile is.

2 Approach

21 Risk Management Framework

- 2.1.1 WCS incorporates risk management into its business planning. Specific risk assessments are also conducted in relation to services and major initiatives or undertakings.
- 2.1.2 Risk identification, analysis and treatment are undertaken using WCS risk management methodology and tools (identified in this Plan)
- 2.1.3 Risk management for WCS will be consistent with this framework.

22 Managing Risks

- 2.2.1 The Risk Management Plan covers the identification, analysis, prioritization and treatment of member services /outcomes threats as well as the implementation of risk management procedures to control specific risks that are still rated as *high*, or of *significant* risk, after mitigation.
- 2.2.2 The risk management methodology comprises four parts:
 - a) Identification and Analysis of Threats
 - b) Risk Prevention
 - c) Risk Monitoring
 - d) Risk Management Procedures.

23 Risk versus Issues

- 2.3.1 For clarity, the following definitions are used in this document to differentiate between a Risk and an Issue:

Risk	A Risk is the chance of something happening that will have an impact upon objectives. Risk is measured in terms of consequences and likelihood and expressed in terms of its magnitude.
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Issue	An Issue is something which has happened that will have an impact upon objectives.
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3 Methodology

3.1 Identification of threats

- 3.1.1 Threats are defined as events that, should they occur, will limit WCS ability to successfully achieve the objectives. Threats will be identified using the following processes:
- a) consideration of the threats identified during similar previous service outcomes
 - b) consideration of the threats against each of the service objectives identified in the Risk Management Plan
 - c) consideration of the threats in terms of Member Services, Deliverables and Programs or Services that they affect
 - d) undertaking risk workshops to promote understanding of the process and to identify new threats
 - e) consideration of risk by the Service Team and Board
 - f) establishing a formal threat submission process.
- 3.1.2 Risk workshops will be sought for key service stakeholders and any expert advisors to identify threats associated with service activities and overarching service management.
- 3.1.3 While risk management meetings provide an opportunity for collective consideration of risks, threats may emerge during the conduct of a service. These must be reported by submission of a Risk Management Log Form.
- 3.1.4 Where existing controls are in place, they are recorded in the Risk Register together with the Risk Analysis information.
- 3.1.5 Where no controls are in place, the Compliance Officer is responsible for ensuring a Risk Analysis is conducted.

3.2 Risk Analysis

- 3.2.1 The objectives of analysis are to separate the low (acceptable) risks from the high (unacceptable) risks; and to provide data to assist in the evaluation and treatment of risks.
- 3.2.2 Qualitative measures are considered to determine the Likelihood (or probability) of a threat occurring. These measures are defined in the Risk Assessment Matrix in paragraph 5.1
- 3.2.3 Qualitative measures are considered to determine the Consequence (or impact) of a threat occurring. These measures are defined in the Risk Assessment Matrix in paragraph 5.2
- 3.2.4 The Risk Analysis will be conducted to assess the Inherent Risk; i.e. the analysis is conducted before any controls are established.
- 3.2.5 The Risk Analysis will be conducted to assess the Residual Risk; i.e. the analysis is conducted having established controls.

33 Risk Treatment

3.3.1 Risk treatment involves identifying the range of options for treating risk, assessing those options and then establishing agreed controls.

3.3.2 Risk treatment options include:

Mitigation reduce the potential Consequence or Likelihood

Abatement pass the identified risk to someone else

Actuary Adjustment allocate funds to cover the risk

3.3.3 Risk treatment is undertaken for both Inherent Risk (i.e. before any controls are established) and for Residual Risk (i.e. after establishing controls).

34 Documentation

3.4.1 The completed Risk Analysis and Risk Treatment is documented in the Risk Register (for both Inherent Risk and Residual Risk).

3.4.2 Deadlines for the execution of Risk Controls are scheduled in accordance with the compliance officer procedures. An escalation process will occur for risks rated as high or significant which are not effectively treated within an acceptable timeframe.

Risk Management Log Form - Monthly

Perceived Threat:	Loss of Revenue
Cause of Threat:	Out of Compliance with State Regulations, Increased competition from other Providers
Consequence of Threat:	Loss of Revenue

Consequence (Pre-Treatment)	Likelihood (Pre-Treatment)	Existing Treatment (if any)	Recommended Treatment (if known)	Consequence (Post-Treatment)	Likelihood (Post - Treatment)

Signature _____ Date: ____/____/____

5 Risk Assessment Matrix

51 Likelihood

Level	Likelihood	Amplification
A	Almost certain	You expect the risk to occur in almost all circumstances; or, in the given circumstance, it will almost certainly occur.
B	Likely	You believe that the risk will probably occur in the majority of circumstances; or, in the given circumstance, the likelihood is high.
C	Possible	You think that the risk might occur in some circumstances; or, in the given circumstance, there is a reasonable chance the risk will occur.
D	Unlikely	You think the risk might occur in occasional circumstances; or, in the given circumstance, the likelihood is low.
E	Remote	You believe the risk will only occur in exceptional circumstances.

52 Consequence

5.2.1 The table below describes the five ratings that be selected to show how severe the consequence/impact would be if a risk occurs.

Rating	People (staff)	Innovation	Effective Business Outcomes	Governance
5 Catastrophic	<ul style="list-style-type: none"> protracted unavailability of major body of staff performing key functions, including through death, injury, illness complete failure of workforce strategies, e.g. ongoing inability to recruit and retain suitable staff 	<ul style="list-style-type: none"> protracted failure of technology 	<ul style="list-style-type: none"> welfare of clients significantly affected (not a minor or isolated instance) key providers cannot provide effective services for a significant period of time 	<ul style="list-style-type: none"> systemic fraud/illegal activities –integrity undermined failure to address systemic failure in key services / obligations / financial management

Rating		People (staff)	Innovation	Effective Business Outcomes	Governance
4	Major	<ul style="list-style-type: none"> staff health/safety seriously affected significant industrial disruption substantial misalignment between workload trends and workforce strategies consistent, serious breakdown in communication systemic breaches of ethical conduct 	<ul style="list-style-type: none"> key technology ineffective or unavailable too long/frequently to consistently meet business requirements decision-making process on major issues impaired by inadequate information or data quality 	<ul style="list-style-type: none"> welfare of one or more clients affected, beyond inconvenience client service consistently inadequate serious inequity / inconsistency - key services key contractors do not meet required standards contracting guidelines consistently not met breakdown-key stakeholder relationship 	<ul style="list-style-type: none"> fraud - significant monetary loss or increase in incidence of medium monetary loss failures in major obligations / financial management not addressed promptly serious damage to reputation
3	Moderate	<ul style="list-style-type: none"> staff not fully developed / supported; staff morale affected loss of corporate knowledge modest imbalance between workload requirements and workforce capability communications not fully effective; individual ethical breaches 	<ul style="list-style-type: none"> systems not integrated – impairment to business inefficiencies decision-making process on day to day operational issues impaired by inadequate information or data quality 	<ul style="list-style-type: none"> reduced services-inconvenient not welfare threatening standards occasionally not met contract management practices occasionally do not meet guidelines some inconsistency in services; not cohesive temporary disruption - stakeholder relationship poorly recorded and explained decisions 	<ul style="list-style-type: none"> increased exposure to non compliance which could lead to fraud governance structures unable to oversee some issues (but main priorities covered)

Rating		People (staff)	Innovation	Effective Business Outcomes	Governance
2	Minor	<ul style="list-style-type: none"> inconsistent approach to staff development occasional workload issues arise occasional breakdown in communication on day to day issues 	<ul style="list-style-type: none"> occasional breakdowns in technology – causing some delay infrequently 	<ul style="list-style-type: none"> services occasionally do not fully meet client needs; very minor service issues, such as occasional delays in non-critical services minor inconsistencies in WCS processes minor payment delays 	<ul style="list-style-type: none"> isolated low value non compliance or indiscretion very small budget discrepancy minor delay in governance oversight
1	Insignificant	<ul style="list-style-type: none"> minor staff inconvenience slight delay in communicating on minor, day to day issues 	<ul style="list-style-type: none"> very minor lapses in system effectiveness 	<ul style="list-style-type: none"> very minor delays in service minor administrative issues or inconsistencies 	<ul style="list-style-type: none"> minor error in cost attribution

53 Magnitude

5.3.1 The magnitude is defined by a combination of likelihood and consequence, as follows:

Risk Analysis Matrix - Level of Risk					
Likelihood	Consequence				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
A Almost certain	S	S	H	H	H
B Likely	M	S	S	H	H
C Possible	L	M	S	H	H
D Unlikely	L	L	M	S	H
E Remote	L	L	M	S	S

54 Guide to acceptability

High	Significant	Moderate	Low
Major impact on the objective WCS is seeking to achieve or on the critical success factors. Needs to be addressed as a priority (even if only means accepting the risk if no action is possible).	Probably unacceptable. Serious consequences for the objective WCS is seeking to achieve or for critical success factors; or likely to occur too often. Attention is required soon or during planning.	May need attention in order to protect or enhance the objective or critical success factors. Or may accept, as not cost effective to take action.	Probably acceptable. Minimal impact on the objective or critical success factors. Any action to further lower the risk is low priority

6 Risk Register

Threat	Impact if threat occurs	Inherent Risk			Controls	Residual Risk			Further action
		L	C	M		L	C	M	
Theft of property	Minor delay in management oversight,	D	2	L	Incident Accident Report/Property sing out and policy agreement	D	2	L	Minimal Impact on the objectives, programs or services.
Member Injuries	Staff not fully developed, Services occasionally do not meet client needs, lawsuit, loss or revenue	C	2	M	Incident Accident Report	C	2	M	Needs attentions in order to protect or enhance the objectives, Programs and Services.
Staff Injuries	Occasional workload issues, inconsistent staff development, liability, workman's compensation	D	2	L	Incident Accident Report	D	2	L	Minimal Impact on the objectives, programs or services.
Car Accident	Occasional Breakdown in Technology, minor delays in services, staff inconvenience, staff/member injury, lawsuit.	D	2	L	Incident Accident Report/Vehicle inspection Sheet, State and Municipal speed and traffic laws	D	2	L	Minimal Impact on the objectives, programs or services.

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Theft of Funds	Breakdown in staff communication, administration and inconsistent staff development. Inconsistency in WCS processes	D	2	L		GAAP standards, Only one approver and one reviewer	D	2	L		Minimal Impact on the objectives, programs or services. Call 911
Abuse/Neglect	Services do not meet client needs, minor service issues, delay in non critical services, lawsuit, loss of revenue	D	2	L		Incident Accident report/ Georgia State Surveys and Audits	D	2	L		Minimal Impact on the objectives, programs or services. Improve staff development and training.
Emergency Disaster	Call 911, implement WCS distaster plan, call Red Cross	D	2	L		Cobb County Emergency Services/Fire Drills and Safety practices/Fire Inspections/Disaster Preparedness policy and procedures	D	2	L		Minimal Impact on the objectives, programs or services. Call 911
Property Damage	Minor Services issues, minimal delay in non-critical services, minor lapse in system effectiveness.	D	2	L		Incident Accident Report/Vehicle inspection report	D	2	L		Minimal Impact on the objectives, programs or services.
HR Compliance	Pay fines and fees, loss of revenue, minimal impact on services or programs.	D	2	L		Visual Staff Review and Check off of compliance items, Live Scan, state required back ground check	D	2	L		Minimal Impact on the objectives, programs or services.

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Revenue Threats	Other agencies taking referrals, loss of revenue. Minimal impact on services or WCS objectives.	D	2	L		Automated State Billing, Assigned Review and Approve of Staff Times and billable hours, CPA, Audit	D	2	L		Minimal Impact on the objectives, programs or services. Increase Marketing Efforts.
Liability	Contact Lawyer on Call, notify Board Members and CEO	D	2	L		Liability Insurance, lawyer on retainer, state laws limiting liability and claim awards	D	2	L		Minimal Impact on the objectives, programs or services.
HIPPA Compliance	File Breach notification and follow HIPPA guidelines and procedures. Minor lapses in system effectiveness.	D	2	L		Member files locked, medical and chart information separated, employee files under lock and key, encrypted data systems, CIS/MWRP/CareManagerPro/data files back	D	2	L		Minimal Impact on the objectives, programs or services.

L – Likelihood
 C – Consequence
 M – Magnitude