## RISK MANAGEMENT POLICY

This Risk Management Policy intends to define processes for <Organization Name> ( the ‘Company’) to continuously manage its risks. This policy aims to develop a systematic and comprehensive risk management plan that gives assurance to management and the Board that significant risks are identified and managed. This policy also establishes the Risk Management framework for the <Organization Name>. These standards stipulate how the Company will assess and monitor its most significant risks.

The Board establishes, administers, and evaluates the process for risk management. This policy will be periodically reviewed given the constant changes in the business and market landscape. All policy changes must be approved by the Board.

DEFINITIONS

This Risk Management policy uses the following common terminology:

**Risk** is a direct or indirect loss resulting from inadequate or failed internal processes, individuals and systems, or external events. It is also a possible negative occurrence or action. Risk is any impediment to the company's objectives.

**Risk Management** is the systematic process of recognizing, analyzing, and responding to foreseen future occurrences that have the potential to produce unintended consequences.

**Risk Classification** involves categorizing risks. Grouping risks improves control and management. Each risk category is clearly defined. Annexure-I includes risk categories and definitions. This list may be updated with new risk categories.

**Risk Analysis** is the process of determining the frequency and severity of specified events.

**Risk Evaluation** means generating a prioritized list of risks for further monitoring and mitigation by comparing risk levels to predetermined standards, target risk levels, and other criteria.

**Risk Assessment** is combining Risk Analysis and Risk Evaluation.

**Risk Register** is a tool that aids risk management used to identify, log, and track potential risks.

OBJECTIVES

This risk management program's objectives include, but are not limited to the following:

* Integrating risk management into day-to-day business operations.
* Improving business performance by improving decision-making and planning.
* Promoting a safety culture that empowers employees to identify risks.
* Evaluating administrative and clinical processes that can cause adverse events.
* Analyzing incidents and near misses to improve patient safety.
* Using incident investigation results to guide open communication with patients/families.
* Escalating risk information to appropriate levels.
* Promoting a risk-aware culture to benefit the organization.
* Minimizing unfavorable events and legal claims to protect the organization's assets.
* Educating stakeholders on risk exposures and risk reduction initiatives.

SCOPE

This Risk Management Policy applies to all <Organization Name> units, divisions, and functions.

POLICY

Under the direction of the risk committee, the risk management program provides for collaboration among departments, services, and patient care professionals.

The risk management plan focuses on identifying, investigating, and managing accidents, injuries, and other potentially compensable events.

The Committee will work with the following departments to promote quality care in a safe environment and protect the company's resources.

1. Administration
2. Billing Services
3. Business Development and Marketing
4. Human Resources
5. Legal Services
6. XXX [add other applicable departments to this list]

**Risk Governance**

The company’s risk management approach shall reflect the following principles:

* Addressing value generation and protection;
* Ensuring the clarity of jobs and duties;
* Ensuring the suitability of the risk management process; and
* Establishing minimum compliance with the law.

Risk management will take place at every level of the Company, from the Board to the staff and volunteers.

Board of Directors

The Board of Directors is the principal executive and policy-making body. The Board will provide policy, oversight, and review of risk management.

The Board will also establish the Company’s risk appetite and risk tolerance and maintain a solid system of internal control to support policies, goals, and objectives while protecting public funds and other assets.

Specifically, the Board will perform the following:

* Approve risk management policy;
* Define the committee's roles and responsibilities
* Delegate committee monitoring and reviewing risk management activities and other tasks;
* Review risk reports; and
* Include in the Board's report a statement on the formulation and implementation of the Company's risk management policy, including essential risk factors.

Risk Committee

The majority of the Risk Committee members will be members of the Board and senior executives. The chairman of the committee is a member of the Board. The committee composition shall be approved by the Board.

Specifically, the committee shall do the following:

* Carry out Board-assigned responses;
* Review and update risk management policy;
* Monitor and review Board-approved risk management activities;
* Review and approve risk management reports and forward to the Board for approval;
* Ensure appropriate activities of risk management are in place;
* Ensure implementation of risk mitigation plans; and
* Monitor recent developments in the Company and external business environment and update the risk management program to assess, monitor, and mitigate risks.

The Risk Committee will meet every X months or as needed for urgent matters. A designated member will maintain reports of committee activities (e.g., agendas, decisions) and meetings for each meeting.

Managers and Leaders

Managers and leaders at all levels will apply the risk management policy, guidelines, and strategies in their areas of responsibility, ensuring risk management is properly integrated into normal activities at all levels. Visible commitment involves active engagement in risk management processes, effective resource allocation, and putting 'risk' first on all meeting agendas.

Managers are specifically responsible for the following:

* Identify risks
* Follow directives of the risk committee
* Implement risk mitigation plans for identified risks
* Improve departmental and function-specific awareness
* Ensure documentation and oversight of risk mitigation plans
* Recommend training programs for personnel with specialized risk management duties
* Perform a semi-annual risk register review and assist the risk committee in identifying, analyzing, and mitigating risks
* Escalate issues requiring policy approval to the risk committee

Staff and Volunteers

Every staff member and volunteer of <Organization Name> will be responsible for the following:

* Apply good risk management practices to their daily work
* Follow the principles and objectives outlined in this policy
* Comply with other policies that contribute to risk management (e.g., Social Media Policy and the Travel Policy)
* Participate in relevant training that will enhance self-assurance and risk management skills

**Risk Management Process**

<Organization Name>’s risk management approach reflects sector recommendations and attempts to clearly assign responsibilities for recognizing and managing different levels and types of risk.

In each scenario, the manager should have early warning methods to inform the risk management committee so that any possible threats may be managed.

Risk Identification

Comprehensive risk identification utilizing a well-structured system is crucial since unidentified risks are not analyzed. All hazards should be identified, regardless of company control. Identifying risks involves the following

* Structured workshops;
* Brainstorming sessions;
* Occurrence of a loss event; and
* Review of documents.

The risk committee must examine hazards periodically. Focus groups may hold workshops or brainstorming sessions to identify new dangers. The committee periodically reviews risk registers to guarantee accuracy. They must close risks that have ended. The risk committee should then update the risk registry.

Risk Assessment

Two qualitative criteria will be used to assess risks. The two components of risk assessment are:

* Likelihood, i.e. how likely is it to happen
* Impact, i.e. how significant might the consequences be

Combining likelihood and impact gives inherent risk. Over X months, the risk committee will rate the likelihood and impact.

The impact, likelihood, and consequences of an event are appraised in light of current controls. Statistical analysis and computations determine impact and likelihood. In the absence of prior data, subjective estimates may be generated to reflect an employee's or group's belief in a particular event or outcome.

For calculating risk level, use the following likelihood scale:

| **Level** | **Descriptor** |
| --- | --- |
| 5 | Very high likelihood |
| 4 | High likelihood |
| 3 | Moderate likelihood |
| 2 | Low likelihood |
| 1 | Very low likelihood |

For measuring Impact, the following scale is used.

| **Level** | **Descriptor** |
| --- | --- |
| 5 | Very high impact |
| 4 | High impact |
| 3 | Moderate impact |
| 2 | Low impact |
| 1 | Very low impact |

Risk Evaluation

Combine impact and likelihood to establish overall risk level. The risk will then be divided into three zones based on the group's cumulative scores.

* Risks with a score of 11 or higher are in the “critical” and require immediate action plans.
* Risks with a score between 6 and 11 are considered “cautionary.” For this level, action steps for developing or enhancing controls are needed.
* Risks with a score under 6 are considered “acceptable” or in control.

Sample calculation of group score:

Rating Risk of X

|  | **Likelihood** | **Impact** |
| --- | --- | --- |
| Participant 1 | 1 | 5 |
| Participant 2 | 3 | 4 |
| Participant 3 | 2 | 3 |
| Total | 6 | 12 |
| Group Score | 2 | 4 |
| Combined Score (Likelihood x Impact) | 8 |  |

An appraisal of risks produces a prioritized list. Risk assessment and evaluation help the Company prioritize risks based on their criticality, so corporate resources are effectively used to manage them.

Action Plan

Risk treatment or an action plan comprises finding, assessing, planning, and implementing treatment options. Options for treatment are the following:

* Accept risk level within set standards;
* Transfer risk to other parties via insurance;
* Avoid risk by hedging/adopting safer practices or policies; and
* Reduce likelihood and/or impact of a risk event.

Critical risks should be profiled. The risk profile includes contributing elements, risk scores, controls documentation, and action plans. Time-bound, responsibility-driven action plans facilitate status monitoring. To mitigate risks, policies, procedures, practices, and processes must be put in place.

After risk treatment, significant risk often remains. Residual risk must be considered.

Risk Monitoring

The risk committee will monitor risks on the risk register, paying special attention to “High” risk scores. Departments will be required to review operational risks captured in their registers every [INSERT FREQUENCY].

Internal Controls

Internal controls examine each activity's risks. The Risk Committee reports to the Board on internal controls. The Risk Committee can advise the Board on internal control system effectiveness.

Risk Escalation

An efficient escalation mechanism guarantees that issues are swiftly communicated and followed up. Every <Organization Name> employee is responsible for detecting and escalating risks. The manager will decide if a risk needs urgent escalation or can wait until a periodic review.

Risk Review

Changes in circumstances may modify risk priorities. Factors that affect the likelihood and impact of an outcome and the suitability and expense of treatment choices may change. Thus, risks and control methods must be reviewed.

A risk review reexamines all risks in the risk register and risk profiles to ensure current evaluations are valid. It evaluates risk treatment action plans. Every risk committee meeting should examine risks.

The Board will review risk appetite and tolerance periodically.

The Board will also periodically review the effectiveness of the internal control system and conduct the following:

* Review and examine the previous year’s risk management record;
* Consider whether the Company decided adequately on value-enhancing and value-protecting risks;
* Consider internal and external risk profiles of the coming year; and
* Consider whether current internal control arrangements are likely to be effective.

Risk reviews will be conducted every [INSERT FREQUENCY], while updating of risk register will be every [INSERT FREQUENCY].