

Upper Yarra Community Enterprise Ltd (UYCE)

Risk Assessment

REVISED FEBRUARY 2021

(Update from March 2018, November 2019 & January 2020)



Contents

- 1. Approach..... 3**
- 2. Risks Identified..... 3**
- 3. Risk Register & Records 3**
- 4. Priority tasks 3**
- 5. Risk table changes over time..... 3**
- APPENDIX A - UYCE Risk Assessment Tables 5**
- APPENDIX B- UYCE Risk Records 7**

1. Approach

UYCE risk methodology.

The risks assessments applied to each risk are:

- Consequence
- Likelihood
- Risk Rating
- External Environment
- Management Systems Effectiveness

In addition to the standard consequence and likelihood ratings, an assessment of the external environment (which is a measure of uncertainty) and the management systems effectiveness (which is a measure of the maturity of the management systems in place to manage or respond to the risk) are also assessed. The assessment parameters used are shown at Appendix A.

2. Risks Identified

The key risks are based on compliance, operational, strategic or governance risks and listed under the broad risk categories of External Relations, Asset Management, People/Organisation, Finance/Commercial and Product/Service Quality, refer UYCE Risk Table below.

3. Risk Register & Records

The current risk register ratings are summarised in a separate excel spreadsheet.

The detailed risk record for each risk has been developed and are shown at AppendixB .

4. Priority tasks

The following is a list of priority mitigating actions identified against detailed risk record:**

Develop valuation of assets policy for UYCE & UYCP; UYCP commenced process for developing strategic plan to be completed by June 2021;**

****Develop comprehensive building maintenance program and ensure it is followed;**

****Develop Disaster recovery plan in conjunction with T2Y in 2021;**

****Develop CMP and test.**

5. Risk table changes over time

UYCE Risk Table - As At Feb 2021							
	Risk Rating				Effectiveness		
	Extreme	High	Moderate	Low	Unsatisfactory	Some Weaknesses	Satisfactory
2019	6	21	12	8	9	16	22
2020	2	30	8	7	1	21	25
2021	0	12	28	7	0	19	28

UYCE Risk Table

	EXTERNAL RELATIONS	ASSET MANAGEMENT	PEOPLE/ ORGANISATION	FINANCIAL/ COMMERCIAL	PRODUCT/SERVICE QUALITY
GOVERNANCE RISKS (10)	SHAREHOLDERS' RELATIONSHIP	ASSET VALUATION	BOARD PERFORMANCE	PERFORMANCE MONITORING	STRATEGY
		BENDIGO BANK BRAND	EO PERFORMANCE		CRISIS MANAGEMENT
			BANK MANAGER PERFORMANCE		RISK MANAGEMENT
STRATEGIC RISKS (11)	COMMUNITY SUPPORT	UYCE BRAND	KEY PERSON DEPENDENCE	BUSINESS GROWTH	CUSTOMER EXPERIENCE
		UYCP		FUNDS ACCESS	
		CYBERSECURITY		FRANCHISE RENEWAL	
		KNOWLEDGE MANAGEMENT		CUSTOMER BASE	
OPERATIONAL RISKS (17)	BENDIGO BANK RELATIONSHIP	INFORMATION PROTECTION	STAFF PERFORMANCE	BUDGET DELIVERY	BUSINESS CONTINUITY
		FRAUD/THEFT		CASH FLOW MANAGEMENT	OPERATIONAL MANUALS
		ROBBERY		FINANCIAL REPORTING	
		INSURANCE PROGRAM		CONFIDENTIAL INFORMATION	
		PROPERTY MAINTENANCE		CONTRACT MANAGEMENT	
		SPONSORSHIP FUNDING		REVENUE SHARE	
		DIGITAL ASSETS			
COMPLIANCE RISKS (10)			PRIVACY ACT	ATO	APRA
			OH&S	LOW VOLUME MARKET	ASIC
			EMPLOYMENT RELATED LEGISLATION	FRANCHISE AGREEMENT	CONSTITUTION
					COMPETITION AND CONSUMER ACT

APPENDIX A - UYCE Risk Assessment Tables

CONSEQUENCE PARAMETERS:

	Low	Minor	Moderate	Major	Catastrophic
Financial \$ (approx. % revenue)	<\$20K <1.5%	\$20K - \$100K 1.5%-5.5%	\$100K - \$250K 5.5%-15%	\$250K - \$500K 15%-30%	>\$500K >30%
Reputation	Problem with product, service or activity that recurs on regular basis	Issue that could result in adverse local publicity over 1 - 2 week period	Issue that could result in major adverse publicity (state) or run in excess of two weeks locally	Issue that could result in significant legal proceedings or the removal of one or all members of the Board	Issue that could result in loss of franchise agreement
Management Effort	An event, the impact of which can be absorbed through normal activity.	An event, the consequences of which can be absorbed but management effort is required to minimise the impact.	A significant event which can be managed under normal circumstances.	A critical event which with proper management can be endured.	A disaster with the potential to lead to the collapse of the business.

LIKELIHOOD PARAMETERS:

Almost Certain	The organisation is currently exposed to this risk
Likely	The organisation is expecting to be exposed to this risk
Moderate	The organisation may or may not be exposed to this risk
Unlikely	The organisation is not expecting to be exposed to this risk
Rare	It would be an extraordinary occurrence if the organisation was exposed to this risk

RISK RATING:

RISK RATING TABLE						
CONSEQUENCE	Catastrophic	High	Extreme	Extreme	Extreme	Extreme
	Major	High	High	Extreme	Extreme	Extreme
	Moderate	Moderate	Moderate	High	High	Extreme
	Minor	Low	Low	Moderate	High	High
	Low	Low	Low	Low	Moderate	Moderate
		Rare	Unlikely	Moderate	Likely	Almost Certain
		LIKELIHOOD				

EXTERNAL ENVIRONMENT ASSESSMENT

External Environment Rating	Description
Stable	The environment is well regulated and understood. There is no expectation of significant change to the economic, political, market or regulatory forces on the issue which will introduce significant uncertainty to the business.
Changeable	There is a reasonable chance of change in the external environment which may introduce uncertainty to the business on the issue. The organization needs to be positioned to respond if necessary.
Volatile	A high level of uncertainty exists in the external environment and the organization needs to be prepared for various scenarios which may impact the business.

MANAGEMENT SYSTEMS EFFECTIVENESS

Management Systems Effectiveness Rating	Description
Satisfactory (We are confident)	The management system is mature, has operating for some time and past performance gives us confidence that it is operating effectively, providing a high level of assurance that objectives are being achieved.
Some Weaknesses (Could be better)	The management system has some weaknesses and/or inefficiencies. Although these are not considered to present a serious risk exposure, improvements are required to provide reasonable assurance that objectives will be achieved.
Newly Introduced (Early Days)	The management system has only recently been formalised and implemented. It has not been operating for sufficient time to give any definitive level of confidence as to its effectiveness. Reasonable assurance does not exist as yet that objectives will be achieved.
Unsatisfactory (Be afraid)	There is no confidence that the organisation can achieve its objectives in this area because there is no management system in place, or there is a system in place but it demonstrably is ineffective in managing the risk.

APPENDIX B- UYCE Risk Records

UYCE RISK RECORD

RISK TITLE: SHAREHOLDERS' RELATIONSHIPS		Reviewed: Feb '21	Risk ID: G1
EXPLANATION: Poor relationships with shareholders leading to dissatisfaction			
BROAD RISK CATEGORY: EXTERNAL RELATIONS		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Poor communications Shareholders do not feel valued Trust issues have raised questions regarding governance Perceived devaluation of the service in the eyes of shareholders Inability to sell shares		POSSIBLE CONSEQUENCES: Effort needed to address dissatisfaction Shareholder loss	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
Positives: Corporate restructure which has allowed the EO/MD to focus on Shareholder relations.		Negatives: Interaction with Shareholders has not been prioritised due to limited human resources. Concern over long term performance of Hydro. Better understanding required of commitment to Waterwheel.	
ACTUAL EXPERIENCE: Dividends have reduced over recent years 5.5cents, 5.0 cents, 3.6 cents & 3.3 cents. As at Jan 2021 6 Buyers on ROIP and 12 sellers (total 52,650 shares). 4 Sales in 2020 totalling 8,450 shares @.30c @ .50c. 8 Sales in 2019 totalling 8,800 shares & .50c to .75c.			
MITIGATING CONTROLS: Annual Information meetings held with Shareholders to provide updates in regards to where we are at in a very open and transparent form. Including, UYCP, Waterwheel, Bank operations, WMBDP and Dividends Annual Report and Annual report and annual meeting open and transparent – section provided in report to declare where all Community Investment payments are made and clarifies performance separately for UYCE & UYCP. Strategic plan includes priority to focus on improving share trading and consider medium to long-term buyback strategy.			

UYCE RISK RECORD

CONSEQUENCE: MINOR	LIKELIHOOD: MODERATE	RISK RATING: MODERATE
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UYCE RISK RECORD

RISK TITLE: ASSET VALUATION		Reviewed Feb '21	Risk ID: G2
EXPLANATION: Assets wrongly valued on the balance sheet			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Wrong evaluation method used Deliberate mis-statement Human error Hydro is a new and unique project		POSSIBLE CONSEQUENCES: Incorrect financial reporting Director penalties	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Warburton building valued 2020. Need to renew every 4 years. No process developed for valuation of Hydro		Negatives: There is no policy on the frequency of asset valuations	
MITIGATING CONTROLS: Employment of Apex as independent group to provide advice and experience within an environment of no fear or favour. ** Need to develop revaluation policy for UYCE & UYCP (Who & by When?)			
CONSEQUENCE: MINOR	LIKELIHOOD: MODERATE	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: BENDIGO BANK BRAND		Reviewed ' Feb '21	Risk ID: G3
EXPLANATION: Damage to Bendigo Bank brand negatively impacts UYCE			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Outcomes of Royal Commission into banking Mis-managed crisis Negative regulator findings		POSSIBLE CONSEQUENCES: Loss of UYCE bank customers Loss of revenue UYCE brand damage by association	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: Bendigo Bank faired very well in royal commission Bendigo Bank top 10 trusted Brand in Australia and most trusted Bank.		Negatives: Whilst UYCE contributes to the value of the BEN brand, it is largely out of UYCE control	
MITIGATING CONTROLS: Ben company restructure and change in direction to ensure ongoing relevance in banking into the future. Bigger Best Bank campaign 2019/20. Greater focus on BB Brand for all UYCE events.			
CONSEQUENCE: MAJOR	LIKELIHOOD: UNLIKELY	RISK RATING: HIGH	

UYCE RISK RECORD

RISK TITLE: BOARD PERFORMANCE		Reviewed ' Feb '21	Risk ID: G4
EXPLANATION: Inadequate board performance			
BROAD RISK CATEGORY: PEOPLE/ORGANISATION		ACCOUNTABILITY: Board	
POSSIBLE CAUSES:/CONTRIBUTING FACTORS Directors not trained Board does not take role seriously Lack of preparation and/or attendance at meetings Inadequate skills and experience to fulfil the role Not understanding the difference between public unlisted responsibilities and NFP		POSSIBLE CONSEQUENCES: Drags down company performance Management not supported Director liability – fines, reputation damage, shareholder claims Board not engaged with shareholders	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY Was SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: The weakness in the Management of this risk were addressed by the Governance Review, Director recruitment and provision of opportunities for Director upskilling. Stable Board and broad range of skills. Agenda templates ensures focus of board meetings a primarily on strategic issues.		Negatives:	
MITIGATING CONTROLS: Recruitment done in open and transparent process – targeting skills required. Annual review of Corporate Governance Charter and policies.			
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: EXECUTIVE OFFICER / MANAGING DIRECTOR PERFORMANCE		Reviewed ' Feb '21	Risk ID: G5
EXPLANATION: Executive Officer/Managing Director does not perform to standard required			
BROAD RISK CATEGORY: PEOPLE/ORGANISATION		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Lack of skills and experience Lack of understanding of the role Lack of commitment/effort Lack of performance assessment Conflict of interest		POSSIBLE CONSEQUENCES: Little value delivered to the business Key functions not delivered Business suffers Board not supported by EO/MD Bendigo Bank loses confidence in UYCE	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY Was SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Full implementation of 2018 Governance Review. Clarity around the role, delegated authority and reporting have been undertaken. Move from employment of EO to MD		Negatives: Potential for loss of Corporate Knowledge Single person dependencies	
MITIGATING CONTROLS: Restructure of governance team has provided improved structure to deliver best possible performance into the future and reduce single person dependency. Number of processes recently documented Regular reporting to Board by MD			
CONSEQUENCE: MODERATE		LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: BANK MANAGER PERFORMANCE		Reviewed Nov '19	Risk ID: G6
EXPLANATION: Poor performance by bank manager			
BROAD RISK CATEGORY: PEOPLE/ORGANISATION		ACCOUNTABILITY: Board Bendigo Bank	
POSSIBLE CAUSES/CONTRIBUTING FACTORS:		POSSIBLE CONSEQUENCES: Business suffers BB scrutiny Performance counselling required Employment separation required	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY Was SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: UYCE acknowledges the important role the BM plays in the success of the business. Undertook comprehensive review of branch structure in 2020Stability in staff over last 12 months. New Ben support structure		Negatives: The inherent trust and reliance on BEN to monitor the BM. Period of instability within Ben that impacted on support available on day to day basis.	
MITIGATING CONTROLS: New Ben centralised support structure that appears to be working well Monthly report to board by BM, also includes branch snapshot report. New RM has strong focus on managers performance and regularly reports and meets with Chair			
CONSEQUENCE: MAJOR	LIKELIHOOD: UNLIKELY	RISK RATING: HIGH	

UYCE RISK RECORD

RISK TITLE: PERFORMANCE MONITORING		Reviewed ' Feb '21	Risk ID: G7
EXPLANATION: Lack of monitoring of the organisation's performance			
BROAD RISK CATEGORY: FINANCIAL/COMMERCIAL		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Lack of or insufficient performance KPI's Poor information Poor systems Garbage in-garbage out financial information		POSSIBLE CONSEQUENCES: Directors do not know true performance Decisions based on false assumptions Cannot take corrective action in a timely way	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY Was SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Recently prepared Corporate Governance Charter. Review of policies. Increased reliance on Committee's. New Board members inquisitive and active.		Negatives: Lack of skills and understanding in Dropbox. Ben use Sharepoint, we use Dropbox.	
MITIGATING CONTROLS: Undertook Governance Review in 2018 and implemented all recommendations. Annual review of Corporate Governance Charter and policies. Review of Agenda to ensure issues are dealt with in the most efficient manner. Focus at all Board meeting on UYCP & Waterwheel to help manage risks and exposure. BM reports monthly to Board – new revised more accountable format. 3 year Strategic business Plan completed and regularly reviewed by Board, including development of annual plan to support delivery of strategy. Top 10 KPI's developed and adopted by Board, 6 monthly review undertaken			
CONSEQUENCE: MAJOR	LIKELIHOOD: UNLIKELY	RISK RATING: HIGH	

UYCE RISK RECORD

RISK TITLE: STRATEGY		Reviewed ' Feb '21	Risk ID: G8
EXPLANATION: Inadequate strategic direction to guide the organisation successfully into the future			
BROAD RISK CATEGORY: PRODUCT/SERVICE QUALITY		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: No strategy Wrong or inflexible strategy Executive not equipped to contribute strategically Strategy not clearly enunciated or communicated Strategy not agreed Inability to respond quickly to competitive changes		POSSIBLE CONSEQUENCES: UYCE underperforms Lack of confidence in management Unable to deliver on commitments Missed opportunities Lack of consistent direction Misplaced effort and resources Financial distress/loss	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE Was CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY Was SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Strategic plan developed and regularly monitored. Key strategic documents are available to Directors through Dropbox, and shareholders through Web		Negatives:	
MITIGATING CONTROLS: Plan listed on agenda on monthly basis with formal review undertaken Quarterly., Includes development of annual plan to support delivery of strategy. Top 10 KPI's developed and adopted by Board, 6 monthly review undertaken			
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: CRISES MANAGEMENT		Reviewed ' Feb '21	Risk ID: G9
EXPLANATION: Poor response to a crisis			
BROAD RISK CATEGORY: PRODUCT/SERVICE QUALITY		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/ CONTRIBUTING FACTORS: No crisis management plan Plan not tested No consideration previously given to things that might constitute a crisis or the response appropriate		POSSIBLE CONSEQUENCES: Crisis exacerbated through poor management Reputation damage	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Bush fire and Hold up management have been documented.		Negatives: Policy on the management of crises has been limited and not revisited for a long time.	
MITIGATING CONTROLS: Existing policies in regards to high fire danger periods, Hold ups, Occupational Health & Safety, Staff Counselling. Broad delegations in place			
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: RISK MANAGEMENT		Reviewed ' Feb '21	Risk ID: G10
EXPLANATION: Risks not appropriately identified and or managed			
BROAD RISK CATEGORY: PRODUCT/SERVICE QUALITY		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: No risk management system in place Lack of risk management skills on board and/or executive No review of risk assessments		POSSIBLE CONSEQUENCES: Board cannot demonstrate fulfilment of its function Business exposed to unidentified risks More risk carried on balance sheet than understood	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: New Risk Management plan and processes in place.		Negatives:	
MITIGATING CONTROLS: Have developed corporate governance charter Risk Review undertaken and now updated, to be monitored by A & R Committee 6 monthly & Board annually. Regular review by audit & Risk committee, outstanding actions to be monitored quarterly. Insurance renewal schedule developed and monitored			
CONSEQUENCE: MODERATE	LIKELIHOOD: RARE	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: COMMUNITY SUPPORT		Reviewed ' Feb '21	Risk ID: S1
EXPLANATION: UYCE loses the support of the community			
BROAD RISK CATEGORY: EXTERNAL RELATIONS		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: UYCE no longer seen to deliver on its mission to support the community UYCE seen as separate to the community Negative event handled poorly		POSSIBLE CONSEQUENCES: Loss of customers Loss of support from community groups/local govt	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: UYCE values the support of the community and maintains effort to retain good will. Regularly reports to Shareholders on performance of UYCE, UYCP & Waterwheel		Negatives: Concerns raised by some shareholders about process for share trading and reduction in Dividend. With move towards Hydro and Waterwheel in recent years some concerns that we have moved from our original role as a provider of bank services. Level of CI and dividends reducing over recent years	
MITIGATING CONTROLS: Regularly conducting Shareholder information sessions Annual Report more detailed, open and transparent than in the past Building balance sheet			
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: UYCE BRAND		Reviewed ' Feb '21	Risk ID: S2
EXPLANATION: UYCE brand is not protected or becomes devalued			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Lack of understanding of brand value Poor response to crisis situation affects community view of UYCE No brand management Poor behaviour by staff incongruent with brand		POSSIBLE CONSEQUENCES: Reputation damage Loss of community supports UYCE less attractive as employer Loss of income Unable to attract funding/partners	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Brand management has been a focus of the UYCE board throughout its history. Work by Marketing committee in 2020 has been a major focus.		Negatives: A loss of focus on brand strength needs to be avoided.	
MITIGATING FACTORS: Enhanced role and focus for Marketing committee			
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: UYCP		Reviewed Nov '19	Risk ID: S3
EXPLANATION: UYCP failure negatively impacts UYCE			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/POSSIBLE CAUSES: Project goes over budget Project does not deliver the expected benefits to the community UYCE obliged to fund UYCP funding gaps		POSSIBLE CONSEQUENCES: UYCE liable for the liabilities of UYCP Financial cost to UYCE Reputation damage Director liabilities	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEEKNESSES	
ACTUAL EXPERIENCE Positives: With proper promotion there are brand strengthening opportunities from the Hydro Project for UYCE. Great outcome from an environmental perspective		Negatives: Overruns in construction costs. Original business Plan has not delivered to expectation. Ongoing uncertainty of the electricity and renewables industries. Uncertainty in regards to ongoing maintenance issues. Reliance on weather conditions. \$450,000 loan guaranteed by Warburton premises.	
MITIGATING FACTORS Have fully reviewed all expenses and renegotiated where possible UYCP & UYCE Reviews budget performance every month Focus on repayment of Ben loan to reduce ongoing risk as much as possible Have been open and transparent with Shareholders in regards to project and performance of Hydro. Performance for 2019/20 has aligned with budget ensuring a modest cash surplus. Things positive for 20/21. ** UYCP commenced process for developing strategic plan to be completed by June 2021. **Need to develop comprehensive maintenance program and ensure it is followed (Who & When?)			
CONSEQUENCE: MODERATE		LIKELIHOOD: MODERATE	RISK RATING: HIGH

UYCE RISK RECORD

RISK TITLE: CYBERSECURITY		Reviewed ' Feb '21	Risk ID: S4
EXPLANATION: Deliberate, malicious breach of digital assets (Refers to Corporate exposure not Ben who have own plans and controls in place, refer Ben Branch Operational Risk Management Guide)			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Hackers Lack of security protocols		POSSIBLE CONSEQUENCES: Reputation damage Financial loss Loss of data Breach of privacy requirements Bendigo Bank impacted Unauthorised funds access	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: Relatively small network that is not connected to Ben network Not likely to be attractive to Hackers .		Negatives: UYCE exposure and management of this issue not well understood Same password had been in place for many years. Network is easy to see from outside building.	
MITIGATING FACTORS: Recently introduced substantial upgraded protocols and engaged local company to support network (Technology2You) <ul style="list-style-type: none"> - Wifi <ul style="list-style-type: none"> o Current environments: <ul style="list-style-type: none"> ▪ Changed wifi ID, administrator password ▪ Removed broadcast ID of wifi network so it does not automatically come up for people. ▪ Isolated the wifi from the network. This is not completely isolated due to the age of our modem. We could upgrade the modem for further security on this. ▪ Established new wifi guest access which has no access to LAN network. ▪ Reduced reach of signal so it can only be used inside and in close proximity to the building ▪ WIFI Netcom router password changed - Printer <ul style="list-style-type: none"> o Password to access will be established but we need to create unique printer login ID's for each computer and a guest login ID. This will be done out of hours. - Virus protection 			

UYCE RISK RECORD

○ T2Y has recommended new virus protection software which has been installed and is monitored by T2Y. Backup also installed and monitored.
**Will develop Disaster recovery plan in conjunction with T2Y in 2021

CONSEQUENCE: MINOR

LIKELIHOOD: UNLIKELY

RISK RATING: LOW

UYCE RISK RECORD

RISK TITLE: KNOWLEDGE MANAGEMENT		Reviewed ' Feb '20	Risk ID: S5
EXPLANATION: Loss of corporate knowledge			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTOR: Not linked in to knowledge that is required to run the business better Key person dependency Poor communication No information knowledge capture systems Board not linked in to new thinking Inadequate board composition		POSSIBLE CONSEQUENCES: Poor performance Lack of revenue Reputation Unable to comply with requirements (franchise or legislative) Increases exposure to key person dependency Poor succession planning	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Recent adoption of Corporate Governance charter and extensive delegations CLO prepared detailed notes and instructions on key processes prior to leaving Engaged M Janssen to review and document processes for Share Trading Extensive training and information available on sharepoint. Developed comprehensive corporate calendar for UYCE & UYCP monitored monthly. Also developing a number of schedules and registers for key tasks.		Negatives: Key personnel have recently left. Little documentation of key processes Reliance on Chair for day to day knowledge and experience.	
MITIGATING FACTORS: A number of processes have now been documented, regular review of extensive corporate calendars. Restructure of Corporate addressing succession planning and sharing knowledge more broadly			
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE	

UYCE RISK RECORD

UYCE RISK RECORD

RISK TITLE: KEY PERSON DEPENDENCY		Risk ID: S6
EXPLANATION: Business impacted by loss of key person		
BROAD RISK CATEGORY: PEOPLE/ORGANISATION	ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Death, injury, resignation Lack of resources increases exposure to key person dependency Inappropriate succession planning Board complacency	POSSIBLE CONSEQUENCES: Loss of knowledge Unable to continue UYCE operation BEN required to provide support if bank manager not available Reputation damage	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Additional board members recruited Additional resources available finance and governance Extensive training and information available on sharepoint. Developed comprehensive corporate calendar for UYCE & UYCP monitored monthly. Also developing a number of schedules and registers for key tasks.	Negatives:	
MITIGATING FACTORS: Refer previous Record ID S6		
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: BUSINESS GROWTH		Reviewed ' Feb '20	Risk ID: S7
EXPLANATION: Inability to grow the business			
BROAD RISK CATEGORY: FINANCIAL/COMMERCIAL		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Franchise Agreement restrictions Lack of revenue diversification		POSSIBLE CONSEQUENCES: Lost opportunity Less money to fund community projects Disillusioned shareholders	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Increasing expectations have been clearly set with staff. BBB Campaign		Negatives: There has been some lowering of business development activities in response to the revenue impacts of Funds Transfer Pricing. Warburton footing 30% below historic highs.	
MITIGATING FACTORS: Much more of a focus for BM and staff Recent restructure focuses on building business not on transactional issues. Marketing committee working very well significantly increasing exposure throughout community Access opportunities presented with upcoming WMBDP			
CONSEQUENCE: MODERATE	LIKELIHOOD: MODERATE	RISK RATING: HIGH	

UYCE RISK RECORD

RISK TITLE: FUNDS ACCESS		Reviewed ' Feb '20	Risk ID: S8
EXPLANATION: Inability to access funds to support the strategic direction of the business			
BROAD RISK CATEGORY: FINANCIAL/COMMERCIAL		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Insufficient assets to secure debt Inability to raise equity Cannot enunciate a compelling story to secure support of funding partners		POSSIBLE CONSEQUENCES: Business is capital constrained Lost opportunity	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: A focus on steady balance sheet growth continues to serve the company and community well. Changes to FTP is impacting, reduction of \$150k in 2018, further \$30k in 2019, reduction in MDF by \$50k in 2018 and ongoing reduction of MDF to \$0 by 2022.		Negatives:	
MITIGATING FACTORS: Regularly monitoring exposure to UYCP and Waterwheel Looking to develop MOU regarding WMBDP			
CONSEQUENCE: MODERATE	LIKELIHOOD: MODERATE	RISK RATING: HIGH	

UYCE RISK RECORD

RISK TITLE: FRANCHISE RENEWAL		Reviewed ' Feb '20	Risk ID: S9
EXPLANATION: UYCE unable to renew Bendigo Bank franchise			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/ CONTRIBUTING FACTORS: No compliance with franchise agreement Poor relationship with Bendigo Bank decision makers Bendigo Bank lose confidence in UYCE to operate the business profitably		POSSIBLE CONSEQUENCES: Banks closed down Franchise given to another entity Community loses ownership of their local banking services	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: Both parties to the Franchise agreement are pleased with the respective outcomes 15 year Franchise renewal in Feb 2020		Negatives:	
MITIGATING FACTORS:			
CONSEQUENCE: MODERATE	LIKELIHOOD: RARE	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: CUSTOMER BASE		Reviewed ' Feb '20	Risk ID: S10
EXPLANATION: Reduction in customer base, sudden or over time			
BROAD RISK CATEGORY PEOPLE/ORGANISATION		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Crisis results in migration of customers away from the region Loss of customers People relocate away from the valley to pursue opportunities Next generation not as interested in local banking Reputation damage drives away customers Competition Unable to source rental accommodation (Airbnb)		POSSIBLE CONSEQUENCES: Effort needed to address dissatisfaction Shareholder loss Reduction in business Job losses Loss of relevance	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Still strong community ownership of model		Negatives: Warburton is a high fire risk area Warburton footings 30% below historic highs	
MITIGATING FACTORS: Recent review of Branch Structure Development of Strategic Business Plan Marketing committee has reformed Regular monitoring of footings and trends by Board Tell the story? Need to look at ways of capitalising on WMBDP?			
CONSEQUENCE: MODERATE		LIKELIHOOD: MODERATE	RISK RATING: HIGH

UYCE RISK RECORD

RISK TITLE: CUSTOMER EXPERIENCE		Reviewed ' Feb '20	Risk ID: S11
EXPLANATION: Inability to deliver the customer experience required to attract and retain customers			
BROAD RISK CATEGORY: PRODUCT/SERVICE QUALITY		ACCOUNTABILITY: Board/Branch Manager	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Customer experience is not a focus Lack of trained staff		POSSIBLE CONSEQUENCES: Bank offering seems dated and cumbersome Customers gravitate to other banking options	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: UYCE takes pride in the quality of its customer service Improvements in technology offerings has increased and is in line with majority of big 4 offerings, currently major focus for Ben Generally long term committed staff. Stable staff.		Negatives: A considerable part of the customer experience rests with BEN and is therefore outside UYCE control Staff knowledge and skills needs improvement Covid has changed customer patterns which needs to be incorporated into future operations, foot and ATM traffic reduced significantly.	
MITIGATING FACTORS: Focus for BM is on training of staff – Planning in place to deliver this, increased training and quarterly expectations set and monitored.			
CONSEQUENCE: MODERATE	LIKELIHOOD: MODERATE	RISK RATING: HIGH	

UYCE RISK RECORD

RISK TITLE: BENDIGO BANK RELATIONSHIP		Reviewed ' Feb '20	Risk ID: O1
EXPLANATION: Poor relationship with Bendigo Bank			
BROAD RISK CATEGORY: EXTERNAL RELATIONS		ACCOUNTABILITY: EO/Chair Branch Mgr	
POSSIBLE CAUSES:/CONTRIBUTING FACTORS Change of personnel at BB or UYCE impacts relationship Continued non compliances impacts BB's approach to UYCE		POSSIBLE CONSEQUENCES: Increased BB scrutiny Makes it difficult to get things agreed BB takes a legalistic approach to the relationship	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: UYCE respects the shared risk and reward model and values a good relationship with BEN New centralised support model seems to be working well		Negatives: Currently relationships have been strained at times. Period of change from previous support model to current centralised model impacted poorly on levels of support which had the effect of reducing confidence in Ben's capacity to support us.	
MITIGATING FACTORS: Chair meeting regularly with RM and has built a strong relationship Confidence is growing in new Ben support model which will assist moving forward Chair is proactively working to increasing trust between both parties.			
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: INFORMATION PROTECTION		Reviewed ' Feb '20	Risk ID: O2
EXPLANATION: Loss of information due to poor protection systems (Refers to Corporate exposure not Ben who have own plans and controls in place, refer Ben Branch Operational Risk Management Guide)			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: Bendigo Bank EO	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: No disaster recovery or business continuity planning Might be caused by fire, power failure, computer failure, water damage, sabotage, hackers, viruses etc No back up or inadequate back-up systems Failure to capture information in the first place Key person dependency No insurance cover to assist with rebuild of loss		POSSIBLE CONSEQUENCES: Business information is lost Cost to re-create information and/or redo work Inability to demonstrate compliance Reputation damage Business cannot quickly get itself up and operational again Lack of confidence in level of reporting possible with limited information	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE: Positives: UYCE backs up computer hard drives to portable drives and Dropbox		Negatives: Little understanding of current security levels	
MITIGATING FACTORS: Increased staff training being undertaken, engaged support from Tecknology2You Refer also record ID:S4			
CONSEQUENCE: MODERATE	LIKELIHOOD: RARE	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: FRAUD/THEFT		Reviewed ' Feb '20	Risk ID: O3
EXPLANATION: Loss of cash or assets due to fraudulent activity by staff			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: EO ; BOM and Bendigo Bank	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Misplaced trust Lack of segregation of duties Lack of formalised authority levels Poor purchasing/payment systems Inadequate audit & assurance systems		POSSIBLE CONSEQUENCES: Financial loss Reputation damage Involvement of authorities	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE: Positives: UYCE's Governance Review is ensuring best practice Ben has extensive processes in place – refer Branch operations management Guide. Focus needs to be corporate area		Negatives: There is an element of risk in the business model in that UYCE is not allowed access to operational activities. A great deal of trust is placed in BEN to monitor staff.	
MITIGATING FACTORS: Have moved to Independent Accountants and CFO Improved account paying process to align with best practice -2 to sign Improved structures and segregation of duties as part o restructure. Regular meetings of Audit & Risk Committee, attended by Accountant and BM. Regular and more detailed reporting to Board on issues and audits.			
CONSEQUENCE: MODERATE		LIKELIHOOD: RARE	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: ROBBERY		Risk ID: O4
EXPLANATION: Bank is robbed by external party		
BROAD RISK CATEGORY: ASSET MANAGEMENT	ACCOUNTABILITY: EO Branch Mgr Bendigo Bank	
POSSIBLE CAUSES: Organised crime Opportunistic/desperate lone operator Perceived lax security measures	POSSIBLE CONSEQUENCES: Staff safety compromised Loss of cash and valuables Community concern and outrage Involvement of authorities	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SATISFACTORY	
Positives: The Upper Yarra is considered a low risk for armed robbery due to its geography (few roads in and out).	Negatives: Relies on trust that BEN is maintaining required security levels.	
CONSEQUENCE: MODERATE	LIKELIHOOD: RARE	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: INSURANCE PROGRAM		Reviewed Nov '19	Risk ID: O5
EXPLANATION: UYCE inadequately insured or insurer does not respond to major claim			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: Bendigo Bank and EO	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Over reliance on broker Shrinking insurance market makes policy and insurer options limited Inadequate documentation provided by insurer/broker Inadequate disclosure by UYCE to broker/insurer Premiums not paid New business or new activity not incorporated into insurance program Inadequate cover Breach of policy conditions Insurer collapses		POSSIBLE CONSEQUENCES: Insurer refuses to respond to a claim made by UYCE Business is insured for less than is thought Cost of insurance higher than necessary Liability unintentionally retained on UYCE balance sheet Unexpected/unbudgeted financial loss	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: Insurances are to BEN requirements as a minimum, some are more than minimum required. UYCE values adequate levels of insurance		Negatives: Adds to cost of running business Exposure to UYCP & Waterwheel given arms length relationship.	
ACTUAL EXPERIENCE: Major focus of Audit and risk Committee Have developed insurance schedule for all entity's (UYCE, UYCP & Waterwheel). Monitored quarterly by A&R and reported to Board six monthly. **Need to develop valuation of assets policy (Who and When)			
CONSEQUENCE: MAJOR		LIKELIHOOD: RARE	RISK RATING: HIGH

UYCE RISK RECORD

RISK TITLE: PROPERTY MAINTENANCE		Reviewed Nov '19	Risk ID: O6
EXPLANATION: UYCE properties not maintained			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: EO Branch Mgr	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Not understanding maintenance obligations Insufficient funds available to ensure maintenance is undertaken		POSSIBLE CONSEQUENCES: Breach of lease conditions Breach of franchise agreement conditions OH&S exposures Litigation	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: UYCE values its workforce and its assets. \$10,600 provision in annual budget		Negatives: No existing maintenance schedule.	
MITIGATING FACTORS: Refurbishment of front of house proposed for Feb 2021, currently negotiating 15 year lease renewal for Y/J. **Need to develop maintenance program for both facilities (Who and When)			
CONSEQUENCE: MINOR	LIKELIHOOD: RARE	RISK RATING: LOW	

UYCE RISK RECORD

RISK TITLE: SPONSORSHIP FUNDING		Reviewed Feb '20	Risk ID: O7
EXPLANATION: Funding given to sponsorship programs not seen as priorities by the community or fail to deliver expected benefits			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: No sponsorship guidelines Guidelines not followed Conflict of interest impacts projects selected No follow up on benefits delivered		POSSIBLE CONSEQUENCES: Loss of community support Reputation damage Lost opportunity to deliver better value	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Very few applications for funding are declined. Improved committee structure Recently reviewed model and decreased 'as of right' funds to increase options for return on investment.		Negatives: UYCE is not proactive in its community investment, it relies on community organisations to demonstrate need rather than creating solutions to gaps in community need. Greater pressure as CI funds reduce. from \$300k in 2017 to \$120k in 2020 Acquittal system is not working well	
MITIGATING FACTORS; Reviewed program in 2020 to achieve better reciprocal benefits, introduced new club support program Advertising each round to get greater exposure in the community, although 2020 significantly impacted by Covid.			
CONSEQUENCE: MODERATE	LIKELIHOOD: RARE	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: DIGITAL ASSETS		Reviewed ' Feb '20	Risk ID: O8
EXPLANATION: Digital assets not current and/or accurate			
BROAD RISK CATEGORY: ASSET MANAGEMENT		ACCOUNTABILITY: EO	
POSSIBLE CAUSES/CONTRIBUTING FACTORS:		POSSIBLE CONSEQUENCES:	
		Lose opportunity to be seen as professional in external communication Lose opportunity to communicate in a timely way with shareholders, potential employees and interested third parties Breach of competition and consumer laws	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE			
Positives: The website is highly regarded and acknowledged by BEN		Negatives: Maintenance of the website is labour intensive. It's purpose and value should be reviewed and appropriate resources funded to do it well or not at all.	
MITIGATING FACTORS: Major focus of marketing committee, upgraded website which was years out of date, engaged Lindy to boost exposure.			
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: STAFF PERFORMANCE		Reviewed ' Feb '20	Risk ID: O9
EXPLANATION: Inadequate standards of performance demonstrated by staff			
BROAD RISK CATEGORY: PEOPLE/ORGANISATION		ACCOUNTABILITY: EO Branch Mgr	
POSSIBLE CAUSES/CONTRIBUTING FACTORS:		POSSIBLE CONSEQUENCES: Poor quality of work delivered Missed opportunity to identify brand with consistent professional offering Unsettled/de-motivated team Lack of productivity Reputation damage	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEEKNESSES	
ACTUAL EXPERIENCE Positives: Staff performance is valued and well supported by UYCE Ben recently introduced comprehensive performance management and reward system Staff committee are very active and meet regularly		Negatives: The inherent need to trust BEN to monitor staff Corporate performance management systems With the number of staff/leadership changes recently it has put considerable pressure on staff Uncertainty in regard to the respective obligations and responsibilities of BEN and UYCE (both board and individual Directors) for ongoing breaches by staff of operational performance, procedure, and/or policy. (identified as a issue December 2020)	
MITIGATING FACTORS: Extensive work being undertaken in 2020 through staff committee to address staffing issues BM currently having quarterly structured check-ins with all Bank staff, not previously completed. All Branch Audits reported and monitored by Board, current ongoing issue with Warburton Implemented performance management and reward system Currently liaising with Ben to clarify respective obligations in regards to ongoing audit breaches			
CONSEQUENCE: MINOR		LIKELIHOOD: MODERATE	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: BUDGET DELIVERY		Reviewed Nov '19	Risk ID: 010
EXPLANATION: Inability to deliver the budget			
BROAD RISK CATEGORY: FINANCIAL/COMMERCIAL		ACCOUNTABILITY: EO Branch Mgr	
POSSIBLE CAUSES:/CONTRIBUTORY FACTORS Budget not monitored Assumptions underpinning the budget compromised Unexpected external issues impact		POSSIBLE CONSEQUENCES: Decreased revenue Increased costs Loss of profitability Less money to community projects Less dividends to shareholders	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: UYCE places a high priority on budget setting and monitoring		Negatives: Changes to FTP is impacting, reduction of \$150k in 2018, further \$30k in 2019, reduction in MDF by \$50k in 2018 and ongoing reduction of MDF to \$0 by 2022.Little or ono processes for UYCP & Waterwheel	
MITIGATING FACTORS: Budget developed for both UYCP & Waterwheel Extensive monitoring of all 3 companies by Board each month. Audit & Rusk also reviewing all 3 companies on a regular basis and providing independent advice to Board.			
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: CASHFLOW MANAGEMENT		Risk ID: O11
EXPLANATION: Inability to maintain a positive cash flow position		
BROAD RISK CATEGORY:	ACCOUNTABILITY: EO Board	
POSSIBLE CAUSES: No accurate cash flow forecasting Lack of cash flow monitoring	POSSIBLE CONSEQUENCES: UYCE runs out of money Cannot pay its bills Increased risk of insolvency Creditors take action Director liability	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SATISFACTORY	
Positives: Sound budget setting and monitoring ensures problems with cash flow are identified early and responded to accordingly Focus on building Balance Sheet, recent transfer of \$300 to Sandhurst account Business Plan focuses on key priorities, including focus on strengthening Balance Sheet.	Negatives:	
CONSEQUENCE: MODERATE	LIKELIHOOD: RARE	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: FINANCIAL REPORTING		Risk ID: O12
EXPLANATION: Inability to provide timely and accurate financial reporting		
BROAD RISK CATEGORY:	ACCOUNTABILITY: EO Board	
POSSIBLE CAUSES: Poor reporting systems No reporting systems Data capture mechanism not easy to interrogate Time delays in obtaining information make information historical Lack of veracity in the reporting process No attention to reporting deadlines	POSSIBLE CONSEQUENCES: Incorrect reporting to regulators/shareholders/community Lack of confidence in the management of the organisation Reputation damage	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SATISFACTORY	
Positives: Effective financial controls and reporting are in place	Negatives:	
CONSEQUENCE: MINOR	LIKELIHOOD: RARE	RISK RATING: LOW

UYCE RISK RECORD

RISK TITLE: CONFIDENTIAL INFORMATION		Risk ID: O13
EXPLANATION: Breach of commercial-in -confidence confidential information		
BROAD RISK CATEGORY: FINANCIAL/COMMERCIAL	ACCOUNTABILITY: Board	
POSSIBLE CAUSES: Lack of understanding as to what constitutes confidential information Lack of understanding of director/staff responsibilities Deliberate breach	POSSIBLE CONSEQUENCES: Third party legal action taken Lost commercial opportunity Reputation damage	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SOME WEAKNESSES	
Positives:	Negatives: UYCE's inability to monitor customer and product information reduces its capacity to manage this risk.	
CONSEQUENCE: MODERATE	LIKELIHOOD: RARE	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: CONTRACT MANAGEMENT		Risk ID: 014
EXPLANATION: Non-compliance with contractual obligations (other than Franchise Agreement)		
BROAD RISK CATEGORY: FINANCIAL/COMMERCIAL		ACCOUNTABILITY: EO
POSSIBLE CAUSES: Poorly scoped contracts Poor selection of contract providers Contract provider unable to deliver products/services required Lack of contract management skills and experience Lack of legal input Lack of formal contract procedures Lack of performance management of contracts		POSSIBLE CONSEQUENCES: Financial cost Delay in project delivery Poor quality contracted services delivered Possible rework required
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY
Positives: Adequate resources are available to ensure contracts are adhered to.		Negatives:
CONSEQUENCE: LOW	LIKELIHOOD: RARE	RISK RATING: LOW

UYCE RISK RECORD

RISK TITLE: REVENUE SHARE		Reviewed Nov '19	Risk ID: O15
EXPLANATION: Impact to UYCE of changes to revenue share arrangement with BEN			
BROAD RISK CATEGORY: Financial/commercial		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTORY FACTORS: Changes to BEN policy		POSSIBLE CONSEQUENCES: Financial loss	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT SATISFACTORY	
ACTUAK EXPERIENCE Positives: UYCE has limited ability to influence BEN policy		Negatives: Recent changes to funds transfer pricing have negatively impacted UYCE There have been three changes historically that have negatively impacted UYCE	
MITIGATING FACTORS Changes to FTP is impacting, reduction of \$150k in 2018, further \$30k in 2019, reduction in MDF by \$50k in 2018 and ongoing reduction of MDF to \$0 by 2022			
CONSEQUENCE: MODERATE	LIKELIHOOD: LIKELY	RISK RATING: HIGH	

UYCE RISK RECORD

RISK TITLE: BUSINESS CONTINUITY		Reviewed Nov '19	Risk ID: O16
EXPLANATION: Inability to continue the business in a crisis			
BROAD RISK CATEGORY: PRODUCT/SERVICE QUALITY		ACCOUNTABILITY: Board Bendigo Bank	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Key infrastructure not available due to natural disaster fire/ flood/ computer virus/hackers/etc. within required timeframe Major power outage NBN Outage Lack of appropriate business continuity planning Limited options for contingency available or too costly		POSSIBLE CONSEQUENCES: Business cannot continue to operate in the location affected Services disrupted Inconvenience to staff and customers Business closure	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: CHANGEABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKNESSES	
ACTUAL EXPERIENCE Positives: Outage is unlikely to be more than 1 or 2 days		Negatives: Management planning for these risks requires attention No CMP.	
MITIGATING FACTORS: Existing plan to shut down on code red days. Currently reviewing policy on Heat **Need to develop CMP and test(Who and When)			
CONSEQUENCE: MODERATE	LIKELIHOOD: MODERATE	RISK RATING: HIGH	

UYCE RISK RECORD

RISK TITLE: OPERATIONAL MANUALS		Risk ID: 017
EXPLANATION: Business not operated according to BB operational manual requirements		
BROAD RISK CATEGORY: PRODUCT/SERVICE QUALITY	ACCOUNTABILITY: Branch Mgr	
POSSIBLE CAUSES: Staff not trained Updated manuals not available Compliance not monitored	POSSIBLE CONSEQUENCES: Breach of Franchise Agreement Financial liability attributed to UYCE by BB Increased BB scrutiny	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SOME WEAKNESSES	
Positives: BEN has a good track record of managing staff operations that UYCE is not permitted to.	Negatives: UYCE’s inability to access these manuals is a weakness	
MITIGATING FACTORS: Full transparency between BM and Board in relation to Audits Numerous measures and monitoring put in place to minimise future audit risks Staff training to continue Accountability levels for Bank staff clearly set.		
CONSEQUENCE: MAJOR	LIKELIHOOD: UNLIKELY	RISK RATING: HIGH

UYCE RISK RECORD

RISK TITLE: PRIVACY LEGISLATION		Reviewed Nov '19	Risk ID: C1
EXPLANATION: Non-compliance with privacy legislation relating to staff and shareholders			
BROAD RISK CATEGORY:		ACCOUNTABILITY: Board	
POSSIBLE CAUSES/CONTRIBUTING FACTORS: Ignorance of requirements Insufficient focus Lack of resources System failure Inadequate policy		POSSIBLE CONSEQUENCES: Fines/Penalties Reputation Damage Breach of Franchise Agreement Director liability Regulator scrutiny	
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY	
ACTUAL EXPERIENCE Positives: The practices of the UYCE Share Registry Service provide reassurance that privacy is a high priority Biggest exposure here is around shareholder details		Negatives: From an operational perspective this is largely out of UYCE's control	
MITIGATING FACTORS: Ben has stability in systems, arms length from Board Have existing best practice approach to access of Share register.			
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE	

UYCE RISK RECORD

RISK TITLE: EMPLOYMENT RELATED LEGISLATION		Risk ID: C2
EXPLANATION: Non-compliance with employment related legislation		
BROAD RISK CATEGORY: PEOPLE/ORGANISATION	ACCOUNTABILITY: Board	
POSSIBLE CAUSES: Ignorance of obligations Ignorance of changes in requirements Resource restriction prevents compliance Deliberate breach Staff turnover Insufficient focus	POSSIBLE CONSEQUENCES: Fines Penalties Claims made by employees Reputation issue Increased regulator scrutiny Litigation Difficulty in attracting employees	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SATISFACTORY	
Positives: Both BEN and UYCE maintain sound knowledge of their obligations	Negatives:	
CONSEQUENCE: MINOR	LIKELIHOOD: RARE	RISK RATING: LOW

UYCE RISK RECORD

RISK TITLE: OH&S COMPLIANCE		Risk ID: C3
EXPLANATION: Inability to comply with OH&S legislation		
BROAD RISK CATEGORY: PEOPLE/ORGANISATION		ACCOUNTABILITY: Board
POSSIBLE CAUSES: Ignorant of requirements Ignorant of changes to requirements Lack of monitoring of key compliance areas Systems not in place Omission of procedures Lack of resources		POSSIBLE CONSEQUENCES: Death/injury to employee/contractor/customer/visitor Accident probability is increased Fines Regulator scrutiny Reputation damage Reparation costs Director/Officer liability Workers compensation costs
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE
MANAGEMENT SYSTEMS		ASSESSMENT: SATISFACTORY
Positives: Both BEN and UYCE maintain sound knowledge and monitoring of OH&S requirements.		Negatives:
CONSEQUENCE: MODERATE	LIKELIHOOD: RARE	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: ATO COMPLIANCE		Risk ID: C4
EXPLANATION: Non-compliance with ATO requirements		
BROAD RISK CATEGORY: FINANCIAL/COMMERCIAL	ACCOUNTABILITY: Board	
POSSIBLE CAUSES: Ignorance of obligations/ changes in requirements Resource restriction prevents compliance Deliberate breach BAS not submitted and/or incorrect Tax/superannuation payments not made	POSSIBLE CONSEQUENCES: Fines Penalties Increased regulator scrutiny Reputation damage Director liability	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SATISFACTORY	
Positives: UYCE's systems for ensuring compliance are sound	Negatives:	
CONSEQUENCE: MODERATE	LIKELIHOOD: RARE	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: LOW VOLUME MARKET		Risk ID: C5
EXPLANATION: Breach of low volume market rules		
BROAD RISK CATEGORY: FINANCIAL/COMMERCIAL	ACCOUNTABILITY: Board	
POSSIBLE CAUSES: Ignorance of obligations/ changes in requirements Resource restriction prevents compliance Deliberate breach	POSSIBLE CONSEQUENCES: Fines/Penalties Increased regulator scrutiny Reputation damage Director liability (?)	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SOME WEAKNESSES	
Positives:	Negatives: As with Shareholder relations, the LVM requires human input that should now be available following the Corporate HR changes.	
CONSEQUENCE: LOW	LIKELIHOOD: RARE	RISK RATING: LOW

UYCE RISK RECORD

RISK TITLE: FRANCHISE AGREEMENT – Delete Duplicate		Risk ID: C6
EXPLANATION: Non-compliance with Bendigo Bank Franchise agreement		
BROAD RISK CATEGORY: FINANCE/COMMERCIAL	ACCOUNTABILITY: Board	
POSSIBLE CAUSES: Not knowing/understanding what are the requirements Operating a business outside the franchise agreement Deliberate breach Staff not complying with policy	POSSIBLE CONSEQUENCES: Lose the franchise Financial cost of non-compliance Damage relationship with BB Reputation damage	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SATISFACTORY	
Positives: BB does twice yearly audits on compliance Bank Manager reports to the board monthly, and he is relied on to raise significant compliance issues Fulltime EO who assists with oversight	Negatives:	
CONSEQUENCE: CATASTROPHIC	LIKELIHOOD: RARE	RISK RATING: HIGH

UYCE RISK RECORD

RISK TITLE: APRA		Risk ID: C7
EXPLANATION: Non-compliance with APRA requirements		
BROAD RISK CATEGORY: PRODUCT/SERVICE QUALITY	ACCOUNTABILITY: Board Bendigo Bank	
POSSIBLE CAUSES: Ignorance of obligations/ changes in requirements Resource restriction prevents compliance Deliberate breach	POSSIBLE CONSEQUENCES: Fines Penalties Increased regulator scrutiny Reputation damage Director liability	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SOME WEAKESSES	
Positives: BEN takes responsibility for guiding UYCE to meet APRA regulations.	Negatives: Although reliance on BEN is inevitable, they have performed well to date. Uncertainty in regard to the respective obligations and responsibilities of BEN and UYCE (both board and individual Directors) for ongoing breaches by staff of operational performance, procedure, and/or policy. (identified as a issue December 2020)	
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: ASIC		Risk ID: C8
EXPLANATION: Non-compliance with ASIC requirements		
BROAD RISK CATEGORY: PRODUCT/SERVICE QUALITY		ACCOUNTABILITY: Board
POSSIBLE CAUSES: Ignorance of obligations/ changes in requirements Resource restriction prevents compliance Deliberate breach		POSSIBLE CONSEQUENCES: Fines Penalties Increased regulator scrutiny Reputation damage Director liability Director disqualification
EXTERNAL ENVIRONMENT DESCRIPTION		ASSESSMENT: STABLE
MANAGEMENT SYSTEMS		ASSESSMENT: SOME WEAKESSES
Positives: UYCE’s systems for ensuring compliance are sound		Negatives: Uncertainty in regard to the respective obligations and responsibilities of BEN and UYCE (both board and individual Directors) for ongoing breaches by staff of operational performance, procedure, and/or policy. (identified as a issue December 2020)
CONSEQUENCE: MODERATE	LIKELIHOOD: UNLIKELY	RISK RATING: MODERATE

UYCE RISK RECORD

RISK TITLE: CONSTITUTION		Risk ID: C9
EXPLANATION: Non-compliance with the UYCE constitution		
BROAD RISK CATEGORY: PRODUCT/SERVICE QUALITY	ACCOUNTABILITY: Board	
POSSIBLE CAUSES: Ignorance of requirements by staff or directors Deliberate breach Lack of resources	POSSIBLE CONSEQUENCES: Challenge to decisions made Regulator scrutiny Shareholder dissatisfaction Board embarrassed EGM required to 'fix'	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SATISFACTORY	
Positives: UYCE's systems for ensuring compliance are sound	Negatives:	
CONSEQUENCE: MINOR	LIKELIHOOD: RARE	RISK RATING: LOW

UYCE RISK RECORD

RISK TITLE: COMPETITION AND CONSUMER ACT		Risk ID: C10
EXPLANATION: Non-compliance with the Competition & Consumer Act 2010		
BROAD RISK CATEGORY: PRODUCT/SERVICE QUALITY	ACCOUNTABILITY: Board	
POSSIBLE CAUSES: Ignorance of obligations/ changes in requirements Resource restriction prevents compliance Deliberate breach	POSSIBLE CONSEQUENCES: Fines Penalties Increased regulator scrutiny Reputation damage Director liability	
EXTERNAL ENVIRONMENT DESCRIPTION	ASSESSMENT: STABLE	
MANAGEMENT SYSTEMS	ASSESSMENT: SATISFACTORY	
Positives:	Negatives: This is largely the responsibility of BEN, therefore trust required.	
CONSEQUENCE: MODERATE	LIKELIHOOD: RARE	RISK RATING: MODERATE