



Due Care / Due Diligence Criteria

The relevant matters to take into account in considering the quality of management exercised center around key performance tests about your state of knowledge and its application. They focus on considerations around what you ought to know (or be reasonably expected to find out) about (a) risks and (b) their fixes.

In particular, these tests are about:

Assessing risk severity

- i) To what extent can and ought you reasonably be able to foresee the extent of harm likely to be caused.
- ii) How do you ensure that you exercise “sound” judgment around probability & consequence?

Maximizing intervention opportunities

- i) To what extent can and ought you have control over the things which are likely to give rise to the harm likely to be caused.
- ii) How do you consider the practical measures which can be taken to prevent, control, abate or mitigate the harm; how do you ensure that you exercise “sound” judgment around “cost effective” available capacity building options?

Figure: Duty of Care and Best Practice Framework

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| <p>1. State of Knowledge (This is about the risk and treatment options — What is a reasonable expectation one can hold of the person exercising the risk decision? What ought to have they known?)</p> | <p>Consider acceptability (in terms of both individual and societal tolerance). The scope of “community” / “stakeholder” participation.</p> |
| <p>2. Risk Severity (This is about how big / high is the risk — generally as a function of probability and consequence)</p> | <p>Determine significance of estimated risks (in absolute and comparative terms).</p> |
| <p>3. Cost of Fixes (This is about cost effectiveness and reasonableness — should you use a million dollar fix for a thousand dollar problem?)</p> | <p>Compare levels of risk found in analysis with established criteria. Examine costs and benefits of control for most serious risks. Study economic impact and funding options for response and recovery.</p> |
| <p>4. Availability & Suitability of Fixes (This is a benchmarking issue and is similar to the 'constructive knowledge' principle applied in the state of knowledge criterion.)</p> | <p>Decide whether risk can be accepted - decide to accept, reduce, or transfer risk. Produce a prioritized list of interventions for scheduled action.</p> |