Club Risk Management Information Document

CONTENTS PAGE

1.0 – OVERVIEW – RISK MANAGEMENT

1.1 What is a risk?

A risk is anything untoward happening that can affect your organisation's objectives and operations by creating exposure to potential loss or damage.

1.2 What is risk management?

Risk management is systematically identifying threats (risks) to your organisation and developing ways to minimise them. It helps to determine the most important risks to your organisation and to decide how you allocate resources to deal with them. The AS/NZS ISO 31000:2009 defines risk management as the 'co-ordinated activities to direct and control an organisation with regard to risk'.

1.3 Risk management can be simplified into four questions

1. What untoward things could happen?
2. What would be the impact?
3. What can the organisation do about it?
4. How do we communicate this to everyone involved?

1.4 Key stages of risk identification and management

Key stages of risk identification and management include **identification, assessment, analysis, evaluation** and **treatment**.

This means:

- Identifying what is the risk.
- Determining how it is best treated, which can involve:
    - Avoiding the risk (i.e. deciding not to commence or continue with the activity that results in the risk).
    - Removing the source of the risk
    - Changing the likelihood of the risk occurring
    - Changing the consequence of the risk on your organisation's goals
    - Sharing the risk with another party or parties
    - Retaining the risk by informed decision.
- Determining when is it best treated.

- Deciding who will manage the risk.

2.1 Establishing a risk management framework

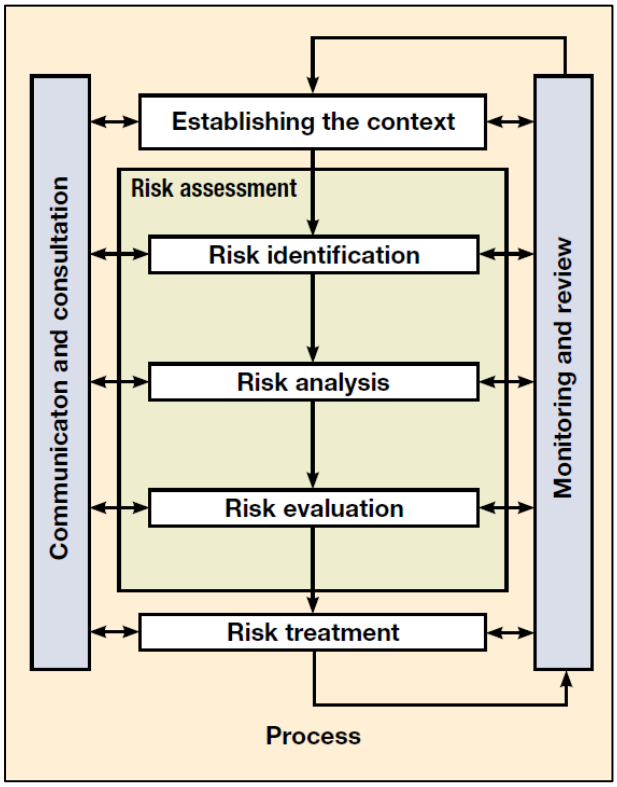
AS/NZS ISO 31000:2009 defines a risk management framework as a 'set of components that provide foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation where:

- The foundation includes the policy, objectives, mandate and commitment to manage risk.

- The organisational arrangements include plans, relationships, accountabilities, resources, processes and activities'.

- By establishing a risk management framework, your organisation can effectively manage the risks involved in all of its activities and achieve improved outcomes based on informed decision-making

Your risks will need to be managed within an overall risk management framework, which can be based on the process as outlined in AS/NZS ISO 31000:2009 and depicted below.



3.0 RISK MANAGEMENT PROCESS

3.1 Developing a risk management process

A suggested approach for developing a risk management process is to:

- Make a board commitment to risk management and appoint one member responsible for the process.
- Identify key people to be involved in the process (stakeholders, coaches, instructors, treasurer, staff, event coordinator, etc.).
- Set up a committee to undertake the risk management process and report to the board regularly.
- Communicate your risk management strategies to everyone in your organisation.
- Monitor and review your risk management plan regularly and at the board level.

Generally, risk management tends to focus on what can go wrong, but it is important to remember that any event, circumstance or situation that occurs can also provide an opportunity for improvements.

3.2 The ten steps to risk assessment and developing action plan

Step 1) Make a commitment as an organisation to risk management.

This can be done through a **risk management policy,** which includes:

- A statement on the degree to which your organisation embraces a risk management culture (e.g. appointing a risk management officer, reviewing risk management reports at each board meeting)
- The identities of those responsible for risk management, who they report to, how and when reports are made.
- A summary of the risk management process your organisation is going to follow.

Once you have developed a policy, it should be endorsed by your board and distributed throughout your organisation as widely as possible.

Step 2) Identify possible threats and risks

The types of risks your organisation may face include:

1) Physical
    - Injury or damage to persons or property.

2) Legal
   - Breaching legal obligations.

3) Moral/ethical
   - Harm to your organisation's reputation.

4) Financial
   - Loss of the organisation's assets.

5) Human resource
   - A lack of requisite knowledge, skills and experiences among key personnel or board members could threaten the achievement of your organisation's objectives and goals.

6) Information technology
   - The risk that information technologies used in the organisation are not operating as intended or are compromising the integrity and reliability of data and information.

7) Social Media
   - Harm to an organisation's reputation.

You need to identify:

- The source of the risk.
- What is at risk?
- What the impact of the risk could be?

Example:

Source of Risk	What is at risk?	What the impact of the risk could be?
Rain is making the playing surface slippery	People (players, referees), assets, and reputation are at risk.	Injury or financial loss are possible outcomes.

From these three points, you can be more specific in defining the risks:

- There is a risk that slipping on the wet surface could injure players.
- There is a risk that litigation against the organisation (and subsequent financial loss) could result if a player is injured.

- There is a risk that the organisation's reputation will suffer if the problem is not managed.

Step 3) Assess the level of each risk

The next stage is to assess the level of risk. One way of doing this is to use something called a risk severity matrix. This helps you incorporate factors such as frequency (the likelihood of occurrence) and severity of impact (consequences for your organisation).

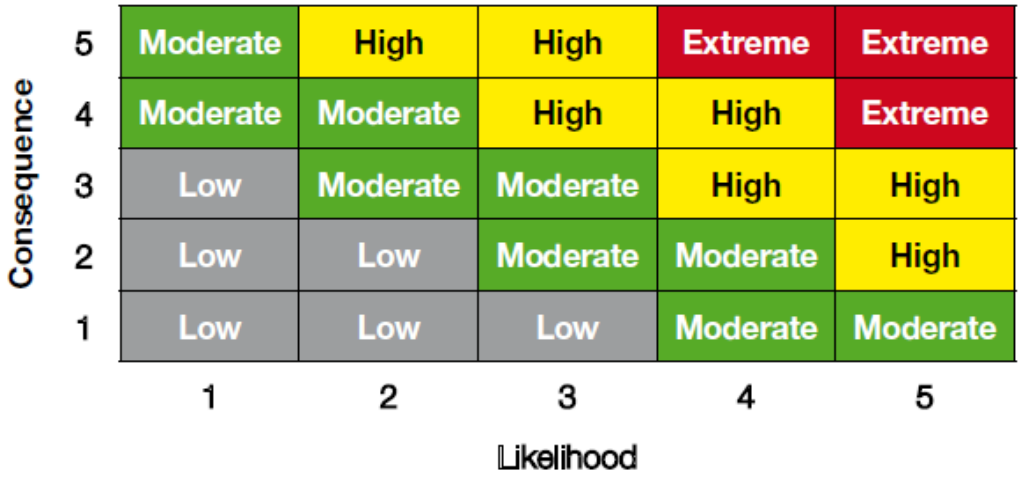
A risk matrix should combine the likelihood of the risk occurring and the consequence should such a risk occur. Combined, they result in the risk rating for treating and/or monitoring the risk. Parameters should be set for each **likelihood** and **consequence** in an organisation's risk matrix. For example, the *likelihood* of a risk occurring may be classified as unlikely on a simple matrix as follows:

Score	Liklehood	Definition/Parameter
5	**Almost Certain**	**Is expected to occur in most circumstances.**
4	**Likely**	**Will probably occur in most circumstances.**
3	**Possible**	**Might occur at some time.**
2	**Unlikely**	**Could occur at some time.**
1	**Rare**	**May occur in exceptional circumstances.**

The consequences of a risk occurring may be defined as follows:

5	**Catastrophic**	Financial	Revenue loss or increased expense >500k.
		Strategy	Significant number of major strategic plan objectives not achieved.
		Economic	Significant asset destruction or other financial/economic loss.
		Social/People	Long term workplace/community harm.
		Service Delivery	Cessation of multiple services or programs.
		Enivironmental	Permanent long-term envrionmental harm, loss of significant environmental assets.
		Reputation & Image	Long-term damage and loss of confidence by community.
4	**Major**	Financial	Revenue Loss or increased expense >200k but <500k.
		Strategy	A number of strategic objectives not achieved.
		Economic	Loss of asset or damage lasting many months or other major financial/economic loss.
		Social/People	Significant long-term workforce/community harm, industrial action during many months.
		Service Delivery	Cessation of some services or programs.
		Enivironmental	Significant long-term environmental harm, loss and damage of significant financial assets.
		Reputation & Image	Sustained damage and loss of confidence for many months.
3	**Medium**	Financial	Revenue loss or increased expense >50k but <200k.
		Strategy	Major components of strategic objectives not achieved.
		Economic	Loss of asset or damage lasting several months or some financial/economic loss.
		Social/People	Significant short-term workforce/community harm, short-term industrial action.
		Service Delivery	Disruption to some services or programs.
		Enivironmental	Significant release of pollutants with mid-term recovery, significant but tempory damage to environmental assets.
		Reputation & Image	Significant but short-term damage to reputation/image.
2	**Minor**	Financial	Revenue loss or increased expense >10k but <50k.
		Strategy	Minor parts of strategies not achieved.
		Economic	Loss of asset or damage lasting up to a month or minor financial/economic loss.
		Social/People	Minor transient workforce/community harm, threats of industrial action.
		Service Delivery	Some disruption of services or programs.
		Enivironmental	Minor transient environmental harm, minor temporary demage to environmental assets.
		Reputation & Image	Some negative mention of an agency or agencies in the press.
1	**Insignificant**	Financial	Financial Revenue loss or increased expense <10k.
		Strategy	No effect on strategies or objectives.
		Economic	Loss of assets or damage lasting days or insignificant financial or economic loss.
		Social/People	Incident without workforce or commnity harm, dialogue with industrial group.
		Service Delivery	No interruptions to services or programs.
		Enivironmental	No environmental damage or loss.
		Reputation & Image	No damage to reputation.

You need to ensure that all risks are analysed using the same risk criteria. An example matrix combining the scores of the likelihood and consequence tables above, can result in the following risk matrix:



The following table provides an example of a definition for each risk rating and the actions to be undertaken.

Risk Rating	Required action
Low	**Acceptable:** Unlikely to require specific application of resources; manage by routine procedures. Monitor and review.
Moderate	**Moderate Generally not acceptable:** Likely to cause some damage, disruption or breach of controls. Board attention needed and officer/management responsibility specified. Treatment plans to be developed and endorsed by the board.
High	**Generally not acceptable:** Likely to cause some damage, disruption or breach of controls. Board attention needed and officer/management responsibility specified. Treatment plans to be developed and endorsed by the board.
Extreme	**Not acceptable:** Likely to threaten the survival or continued effective functioning of the program or the organisation, either financially or politically. Immediate action required; must be managed by a designated officer of the organisation and a detailed treatment plan reported to the board.

Here is an example of what risk rating could look like for some risks related to a cycling event being conducted in winter. Remember, this is a guide only and what may be a low risk in this context could very well be high risk in another situation.

Consequence	Likelihood - unlikely	Likelihood - likely
Risks	Unlikely 'likelihood' score = 2	Likely 'likelihood' score = 4
Minor consequence for the organisation	Sponsor pulls out of the event.	Cash-flow problems arise because participants don't register in advance.
Consequence score assessed as 2	Risk Rating = Low Risk	Risk Rating = Moderate Risk
Medium consequence for the organisation	Electronic timing system fails and competition results are unable to be used for qualifying for national titles.	Rain occurs on the morning of the event making the surface slippery and an accident occurs.
Consequence score assessed as 3	Risk Rating = Moderate Risk	Risk Rating = High Risk

Step 4) Decide to accept or treat each risk

The second part of the assessment stage is an evaluation of each risk to decide whether it is acceptable or Unacceptable. Some risks are acceptable simply because the level of risk and/or the consequences are so low that it does not justify any specific further action.

For example, the risk of running out of sausages if there is a large crowd attending the game may have little impact. Once you have prioritised all the risks, you can then look at the appropriate way of dealing with each one, starting with the highest risk.

Step 5) Determine treatment options for all unacceptable risks

If you have identified risks that are unacceptable, you need to determine what action you need to take to address each risk. Treatment options may include:

- Avoiding the risk – you might decide not to go ahead with an activity that is considered a high risk.

- Reducing the risk – this is a common course of action that may include strategies like changes to rules or equipment.
    - Firstly, consider solutions not reliant on human behaviour (such as selecting the best playing surface) and then consider administrative solutions such as rules, policies, training and emergency planning.
    - Finally, look at personal protective equipment such as mouthguards, helmets, eyewear, etc.
- Transferring the risk – purchase insurance and use waivers, warnings and release forms
- Retaining the risk – there are some risks that are acceptable and part of most sport and recreation activities such as minor injuries in contact sports.

Step 6) Formalise your risk management plan

1) Document the plan.
    - Create an official document that includes a risk register, readily available for all members.
2) Appoint a risk management officer.
    - Within your existing executive committee, appoint an individual that is responsible for risk management.
3) Make a standing agenda item.
    - Make the risk management process an item that is discussed at all committee meetings, in greater detail including action plans, newly identified risks and process updates at each annual general meeting.

Step 7) Implement your treatment options

For each risk that needs treatment/addressing, you need to answer the following questions.

- What is to be done?
- What resources are required?
- Who is responsible for doing it?
- When should it be completed?
- When should it be reviewed?

Treating/Addressing may include:

- Implementing policies.
- Erecting signs.

- Providing training.
- Replacing equipment.
- Purchasing insurance.
- Scheduling regular reports on the strategy associated with the management of the risk.

Step 8) Communicate Information to everyone effected

Communication is arguably the single most important factor in the successful implementation of risk management. You need it to gather the relevant information, make judgements about the level of risk and decide on options for treating it. Feedback about whether risk minimisation strategies are working is also essential.

Once your risk management plan and risk register is endorsed by the board, consider telling stakeholders/members etc., about your risk management process via newsletters, minutes and websites so everyone affected is clear about their role and responsibilities.

Step 9) Reviewing your risk management plan

Once you have developed your risk management action plan, you need to continually monitor your risks and review the plan regularly. It is a good idea to check your progress each month in the early stages of your plan formulation and then at agreed intervals (for example quarterly) to see whether you are achieving your aims. You may need to determine if you have allocated enough resources to complete the tasks in the timeframe.

Step 10) Identify any new risks and update your action plan

The one constant thing in life is change – circumstances and situations are constantly varying. Once you commence the process of risk management, there is no doubt new risks will emerge. You need to be able to deal with them when they arise and incorporate them into the organisation's risk management plan so it remains up-to date. As new risks are always emerging, risk identification should be a continuous process.