

FRAMEWORK & POLICY: RISK MANAGEMENT

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Introduction

The Board is committed to risk management through the development and implementation of this Risk Management Policy that provides the necessary foundation and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management. This Policy aligns with the best practice guide AS/ NZS ISO 31000:2009 Risk Management Standard to integrate risk management into processes to assist in achieving business objectives. Risk management processes are designed in order to prevent injury or harm to individuals, to protect the assets and interests of the organisation well as the organisation's services, reputation and finances from unnecessary injury, loss or damage relating to the business and activities in which it is involved. and to limit the impact of any unavoidable risk.

As the State Sporting Organisation for dragon boating, Dragon Boat SA 'DBSA' has a leadership role in ensuring systematic risk management practices are developed statewide for the sport. DBSA will endeavour to minimise the risk any operation poses to our organisation, our volunteers, and the general public.

Purpose

The purpose of this policy is to affirm DBSA's commitment to providing safe sporting environments. DBSA recognises that risk management:

- is more than preventing physical harm and providing safe environments;
- encompasses due diligence processes which are fundamental to duty of care;
- includes systems and procedures to minimise financial, political, environmental, technological, legal, social and market risks;
- involves the implementation of systems and processes which aim to minimise losses and maximise quality outcomes;
- requires training of people to implement the systems and the allocation of appropriate resources;
- is central to good management practices;
- requires regular reviews to ensure systems are relevant and appropriate to the changing needs of the business of managing the sport.

Policy

Risk Management Defined

The AS/NZS ISO 31000:2009 Risk Management standard defines:

- Risk - as the effect of uncertainty on objectives.
- Risk management - as the coordination of activities to direct and control an organisation with regard to risk.

Risk and risk management are best explained in an organisational context. All activities in an organisation are targeted towards achieving our objectives that are reflected in strategic, operational, project and activity plans. The ability to achieve these objectives is affected by uncertain internal and external



factors, otherwise known as risks. Examples include standards, government policies, legislation, financial constraints and effectiveness of internal controls.

Management of risks requires a consistent process that involves establishing the context, identification, analysis, evaluation, treatment, monitoring and regular communication and consultation of risk with stakeholders. Not all risks have a negative impact. From time to time, internal and external factors may give rise to opportunities. From a “glass half empty” perspective, the risk comes from not taking advantage of arising opportunities. As objectives vary risk management should be context specific.

Benefits of Risk Management

Risk management when implemented effectively contributes to improved performance by:

- Encourages proactive rather than reactive management;
- Ensures compliance with relevant legal, regulatory, standards and requirements;
- Improves governance and controls;
- Establishes a reliable basis for decision making and planning;
- Effectively allocates and uses resources for risk treatment;
- Improves operational effectiveness and efficiency;
- Enhances health and safety performance as well as environmental protection;
- Improves loss prevention and incident management.

The policy for managing risk will form an overarching management foundation upon which other policies can be implemented, such as: planning, reporting and budgeting processes, programs.

Risk Culture

Risk culture refers to the behaviours that impact on how individuals within an organisation consider and manage risk. Developing a positive risk culture involves supporting employees to grow and increase their capability to make consistent and appropriate risk decisions. The 3 components for a positive risk culture are:

(1) Accountability

The Board takes leadership for risk management and how it is communicated and managed.

(2) Awareness

Risk management roles, responsibilities and ownership is understood and accepted.

(3) Attitudes

Risk management is viewed as ‘everyone’s responsibility and acknowledged for the value it creates for the organisation.

Risk Appetite Statement

The Board accepts that to be the progressive organisation a level of risk taking will be involved. Decisions at Board level will require measured risk taking and informed decision making within defined risk tolerance ranges.

Principles

Risk management is an ongoing process applied to all aspects of DBSA operations. Any new project, event or initiative will have a risk assessment completed and this will be an integral part of the evaluation process.



The AS/ NZS ISO 31000/2009 Risk Management Standard is the best practice guide for risk management. This standard is a generic principle based guide that requires risk practitioners to tailor the guidelines to suit the uniqueness of their organisations. While the adoption of this standard is not mandatory, DBSA has implemented the generic risk management processes outlined in the standard; however, we have established our own descriptor for likelihood, consequences and risk categories to best suit DBSA requirements. The following principles underpin all our activities:

- ✓ We will ensure risk management is an integral part of all our decision-making processes.
- ✓ Risk management strategies will be utilised to minimise reasonably foreseeable disruption to operations, harm to people and damage to the environment and property.
- ✓ Opportunities identified during our processes may also be developed while also minimising adverse effects.
- ✓ Training and professional development is essential and we will train staff, volunteers, participants and any other people to implement risk management effectively.
- ✓ Continuous improvement is highly valued and our risk management practices will be monitored and developed to meet the current, emerging and future requirements of our environment.

Responsibilities

The Board has overall responsibility and accountability to ensure DBSA risks are effectively managed, provide leadership, establish the risk appetite and foster a risk aware culture. Through its oversight function receives information and assurance that:

- The Risk Management Policy requirements are implemented and reviewed
- The necessary steps are taken to foster a risk aware culture across the organisation
- Risk Information is available for consideration in the decision making process

The Board and all committees of the Board, and members of DBSA are responsible for managing risks in their projects, activities and events with a responsibility to ensure that the risks within their control are managed according to the rules of the sport and standards.

All members, registered participants, volunteers, consultant, contractors

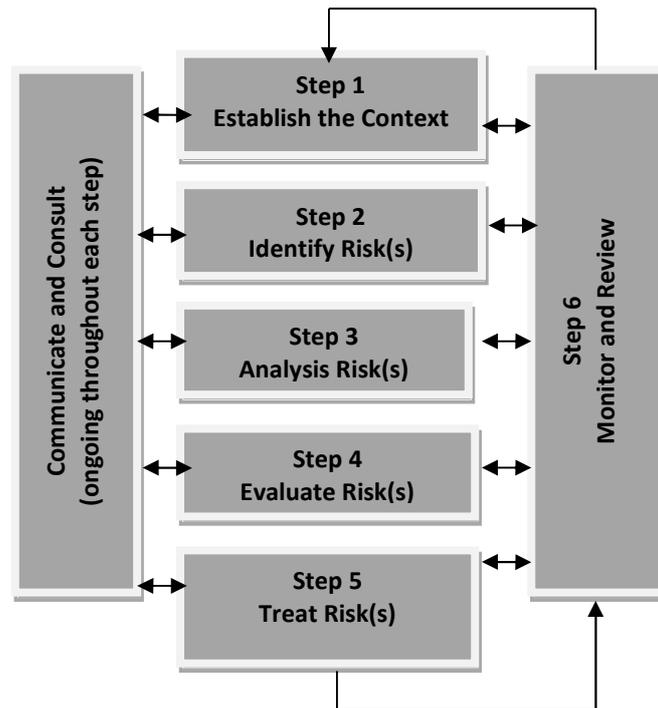
Risks should be considered in all activities conducted by volunteers, members and registered participants of DBSA, employees, consultant and contractors including:

- Reporting any perceived hazards, risks or issues of concern regarding safety in the sport
- Reporting all incidents/accidents and near misses using the recognised process
- Comply with all policies, procedures, regulations and instructions to protect the health, safety and welfare of anyone affected by the DBSA endorsed activities; and
- Where appropriate, take part in risk assessments.

The DBSA SA Risk Assessment process will be utilised to ensure compliance.

Process

The process has been established based on the Australian Standard AS/NZS ISO 3100:2009 Risk Management – Principles and Guidelines and is utilised for all events under the jurisdiction of DBSA.



There are six steps to the risk management process:

1. **Establishing context** – to gain an understanding of the factors that affect risk management, both inside and outside of the organisation – eg. Are we aware of everything that is involved with our sport?

- Strategic context – the environment within which the DBSA and its members operates
- Organisational context – the objectives, core activities and operations of DBSA, Members

2. **Risk identification** – identifying the risks that DBSA and its members are exposed to – e.g. What could go wrong (likelihood) when we hold our next event? and what is the consequence (loss or damage) of it occurring.

Key questions to ask include:

- What can happen? List risks, incidents or accidents that might happen by systematically working through each competition, activity or stage of your event to identify what might happen at each stage.
- How and why it can happen? List the possible causes and scenarios or description of the risk, incident or accident.
- What is the likelihood of them happening?
- What will be the consequences if they do happen?



Risks can be physical, financial, ethical or legal

Physical risks are those involving personal injuries, environmental and weather conditions and the physical assets of DBSA such as property, buildings, equipment and vehicles / caravans / trailers.

Financial risks are those that involve the assets of DBSA and include theft, fraud, loans, license fees, attendances, membership fees, insurance costs, lease payments, pay-out of damages claims or penalties and fines by the government.

Ethical risks involve actual or potential harm to the reputation or beliefs of DBSA, while legal risks consist of responsibilities imposed on providers, members, participants and consumers arising from laws made by federal, state and local government authorities.

3. Risk Analysis

Analysing risks by considering sources of risk, existing controls, likelihood and consequences to determine the levels of risk that exist – eg. What will cause this risk? and deciding which risk factors will potentially have the greatest effect and should, therefore, receive priority with regard to how they will be managed.

The level of risk is analysed by combining estimates of likelihood (table 1) and consequences (table 2), to determine the priority level of the risk (table 3).

4. Risk Evaluation

The purpose of risk evaluation is to assist in making decisions, based on the outcome of the risk analysis (risk assessment), about which risks need treatment and the priority for treatment implementation. Risk evaluation involves comparing the level of risk found during the analysis process with previously established risk criteria, and deciding whether risks can be accepted. If the risk falls into the low or acceptable categories, they may be accepted with minimal further treatment. These risks should be monitored and periodically reviewed to ensure they remain acceptable. If risks do not fall into the low or acceptable category, they should be treated using one or more of the treatment options considered in step 4.



Criteria for evaluating risk

Table 1: Likelihood scale

What is the likelihood of the risk event/problem occurring in a year?

Rating	Likelihood
5	ALMOST CERTAIN: will probably occur, could occur several times per year
4	LIKELY: high probability, likely to arise once per year
3	POSSIBLE: reasonable likelihood that it may arise over a five-year period
2	UNLIKELY: plausible, could occur over a five to ten year period
1	RARE: very unlikely but not impossible, unlikely over a ten year period

Table 2: Loss or damage impact scale

What is the loss or damage impact (severity) if the risk event occurred?

Rating	Potential Impact
5	CATASTROPHIC: Most objectives may not be achieved, or several severely affected i.e. damage to major part of equipment stock / caravan inability to use impacting on the sport / death of participants at an event.
4	MAJOR: Most objectives threatened, or one severely affected i.e damage to equipment with inability to repair requiring replacement, significant injury of participant at an event.
3	MODERATE: Some objectives affected, considerable effort to rectify i.e. damage to equipment requiring major repairs / sport injury – requires medical attention and has some impact on participation in sport and/or other activity
2	MINOR: Easily remedied, with some effort the objectives can be achieved i.e. damage to equipment requiring minor repairs / sport injury requires first aid treatment and prevents immediate participation in sport and/or other activity
1	NEGLIGIBLE: Very small impact, rectified by normal processes i.e. sport injury that does not prevent participation

Risk priority

The **risk priority scale** determines the nature of the risk and the action required. They are indicators to assist in the decision making of what action is warranted for the risks.

Table 3 – Risk priority scale

What is the risk priority?

IMPACT

		5 Catastrophic	4 Major	3 Moderate	2 Minor	1 Negligible
LIKELIHOOD	5 Almost certain	Extreme (1)	Extreme (1)	Major (2)	Major (2)	Medium (3)
	4 Likely	Extreme (1)	Extreme (1)	Major (2)	Medium (3)	Minor (4)
	3 Possible	Extreme (1)	Major (2)	Major (2)	Medium (3)	Minor (4)
	2 Unlikely	Major (2)	Major (2)	Medium (3)	Minor (4)	Minor (4)
	1 Rare	Medium (3)	Medium (3)	Minor (4)	Minor (4)	Minor (4)

Risk Appetite

Key

1. Extreme	Extreme risks that are likely to arise and have potentially serious consequences requiring urgent attention
2. Major	Major risks that are likely to arise and have potentially serious consequences requiring urgent attention or investigation
3. Medium	Medium risks that are likely to arise or have serious consequences requiring attention
4. Minor	Minor risks and low consequences that may be managed by routine procedures



5. **Risk treatment** – involves selecting one or more options for modifying risks and implementing those options. Once implemented, treatments provide or modify the controls that we may or have put in place.– eg. What will we do to prevent this risk from occurring?

Treatment options

Options for treatment need to be proportionate to the significance of the risk, and the cost of treatment commensurate with the potential benefits of treatment.

- **Accepting the risk** – for example most people would consider minor injuries in participating in the sporting activity as being an inherent risk.
- **Avoiding the risk** is about deciding either not to proceed with an activity, or choosing an alternate activity with acceptable risk which meets the objects of DBSA or members. For example, a member club wishing to raise funds may decide that a come and try event without a properly trained and accredited sweep, or equipment etc may decide a safer way of raising funds.
- **Reducing the risk** likelihood or consequences or both is commonly practiced treatment of a risk within sport, for example use of footwear for participants.
- **Transferring the risk** in full or in part, will generally occur through contracts or notices for example insurance contract is perhaps the most commonly used risk transfer form used. Other examples include lease agreements, waivers, disclaimers, and warning signs.
- **Retaining the risk** is knowing that the risk treatment is not about risk elimination, rather it is about acknowledging the risk is an important part of the sport activity and some must be retained because of the inherent nature of the sport activity. It is important to consider the level of risk which is inherent and acceptable.
- **Financing the risk** means funding the consequences of risk i.e. providing funds to cover the costs of implementing the risk treatment. Most community non-profit sporting organisations would not consider this option.

Whichever option chosen to treat a risk, if the risk has rated highly it needs to be carefully considered have necessary policies, procedures and strategies to treat the risk. These will include:

- what is needed to treat the risk
- who has responsibility
- what is the timeframe
- how you will know when the risk has been successfully managed.

Also, seek independent advice from insurer, financial advisor, solicitor, Sport SA, Office of Recreation, Sport & Racing, other state bodies and AusDBF.



6. **Both Monitoring and review** – are part of the planned ongoing process of the risks and the plans, strategies, processes in place to deal with them – eg. How will we monitor this risk?

As with communication and consultation, monitoring and review is an ongoing part of risk management that is integral to every step of the process. Monitoring and review ensure that the important information generated by the risk management process is captured, used and maintained.

Few risks remain static. Factors that may affect the likelihood and consequences of an outcome may change, as may the factors that affect the suitability or cost of the various treatment options. Review is an integral part of the risk management treatment plan.

Risk management needs to be incorporated into the operational and management processes at every level of DBSA and members, driven from the top down.

Monitoring and Review

The Board will monitor *and review the implementation of the Risk Management Policy; and through the DBSA members will facilitate the adoption of the DBSA Risk Management approach across areas of our activities by:*

- Implementing the Risk Management Framework & Policy
- Sharing information with broad applicability across all areas

Risks recorded on the Strategic & Operational Risk Register will result from the Board risk assessments and risk workshop.

The Board will consider the review of the Risk Management Framework & Policy, after input from the members, taking into account the changes in the environment, stakeholders and other factors, as well as the plans and processes to manage risks.

Assurance Activities	Frequency
Member satisfaction survey	3 yearly
Policy review	3 yearly
Currency and adequacy of insurance cover	Annual
Compliance with contractual arrangements and funding agreements	Annual
Equipment maintenance	Ongoing
Site inspection and safety audit	Annual
Annual Performance – Training Programs	Annual
Compliance with regulatory body requirements	Upon request
Incident, near miss audits	Upon receipt