



## POLICY: RISK MANAGEMENT

<b>Policy No</b>	021			<b>Issue</b>	8
<b>Board Approval</b>	March 2024	<b>Review cycle</b>	2-yearly	<b>Next review</b>	March 2026

### Introduction

As the Sporting Organisation for dragon boating in South Australia, Dragon Boat South Australia (DBSA) has a leadership role in ensuring systematic risk management practices are developed and implemented to assist in the management of events in the State. This will allow the identification and management of risks to which it is exposed, enabling opportunities to be maximised and threats minimised, at strategic and operational levels.

### Policy Statement

DBSA Board and Board Sub Committees recognise that effective risk management is integral to its strategic focus areas of:

- Governance: Performance, People and Systems
- Business: Infrastructure, Communication and Events
- Membership: Member clubs and Participants

This Policy sets the framework to manage the risks associated with achieving these key strategic focus areas and is designed to identify, assess, monitor, manage, record and report on risk and is based on the process for risk management described in ISO 31000 Risk Management.

### Risk Responsibility

DBSA Board is responsible for overseeing the establishment and implementation of risk management and reviewing its effectiveness. The Board's role in relation to risk includes:

- setting the tone at the top for open communication around changes in identified and emerging risks (culture)
- providing a risk management model for the development of risk management policies and procedures, strategic and operational and the implementation and review of systematic practices
- overseeing the creation, implementation and maintenance of its risk management processes
- establishing a risk profile and setting out both financial and non-financial material and/or strategic risks
- reviewing risks on an as needs basis (but as a minimum annually) including identifying new risks, changes to existing risks and retirement of previously identified risks (through a formal process)
- determining who owns the risk management process in accordance with portfolio or expertise with regular reporting to the Board of the status of risks including relevant treatment(s)
- appraisal of risk owners' actions taken to manage risk and correct inappropriate performance
- incorporating risk management into its decision-making processes
- communication of the risk management policy

DBSA Board, Board Sub Committees, members of DBSA and volunteers and officials are responsible for managing risks in day to day paddling activities, organised events pertaining to DBSA or Clubs to ensure that risks within their control are managed according to the rules of the sport and best practice standards. This includes:

- reporting any perceived hazards, risks or issues of concern regarding safety in the sport through a SAFE365 incident report
- reporting all actual and near miss incidents/accidents through SAFE365 in a timely manner without delay
- where appropriate conduct or take part in risk assessments

### **Risk Identification**

Key risks, current and emergent will be identified and analysed by DBSA through adoption of the Principles and Guidelines within ISO31000 including:

- define risks in the context of strategic and operational objectives
- develop risk registers, including a description of the material risks, the risk level and actions used to mitigate the risk
- regularly review and update risk registers

### **Risk Culture**

To develop a culture of risk management, DBSA will determine appropriate responses to manage risk, including implementing risk action plans and a risk register. The Board will:

- implement a systematic process to identify, assess, treat and monitor risk(s)
- provide the necessary tools and resources to support the effective management of risks
- review and communicate risk management best practice on a regular basis
- undertake structured continuous improvement processes ensuring continual monitoring and review of risks, controls and mitigation strategies

### **Definitions**

In the context of this policy and associated documents the following definitions apply:

- *Risk* is the effect of uncertainty upon objectives. (Source ISO 31000, page 1) For more information about risk and risk management, including more detailed definitions and terminology, see ISO 31000:2018).
- *Risk management* is the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.

### **Related documents**

- Appendix 1 Risk Management Procedure
- Appendix 2 Risk Register

# Appendix 1 Risk Management Procedure

## Scope

This Procedure provides information for all members of the Dragon Boat Community in South Australia who are responsible for Risk Management and defines how to undertake the Risk Management process.

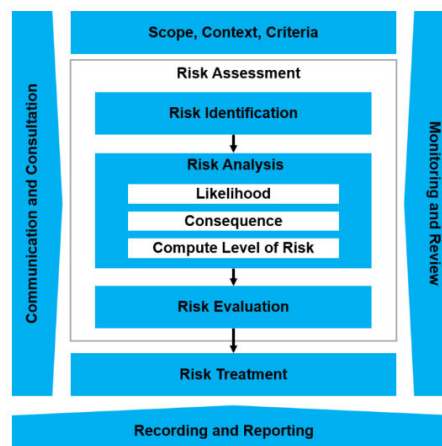
## Purpose

The objectives of the risk management process are to assist DBSA in achieving its objectives as outlined its Risk Management Policy.

## Definitions

Consequence (Impact)	An outcome of an event, that can be certain or uncertain and can have positive or negative direct or indirect effects on objectives
Environment	Conditions or influences comprising built, physical and social elements, which surround or interact with stakeholders and communities
Escalation Factors	Conditions that lead to increased risk due to improvement or diminution of barriers or controls, for example: Maintenance of boats, foreign currency conditions when budgeting for replacement assets
Likelihood (Frequency)	The qualitative of semi-quantitative assessment or estimation of whether an event will occur. Used as a qualitative description of probability and frequency
Risk	The effect of uncertainty on objectives - an effect is a deviation from the expected. It can be positive or negative or both, and can address, create or result in opportunities and threats
Risk Level / Rating	The relative measure of risk as defined by the combination of likelihood and consequence
Risk Management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. The coordinated activities to direct and control an organization with regard to risk
Risk Treatment	Measures that modify the characteristics of organisations, sources of risks, communities and environments to reduce risk. Controls that are proposed (and not yet existing) to reduce or mitigate the likelihood or consequence of an event occurring, that is to reduce the residual risk
Source (of Risk)	A real or perceived event, situation or condition with a real or perceived potential to cause harm or loss to stakeholders, communities or environment
Vulnerability	The susceptibility of stakeholders, communities and environment to consequences of events

## Overarching Principles



[Source: ISO 31000:2018 Risk management process]

# Appendix 1 Risk Management Procedure

## Procedure

### 1. *Establish the Context:*

To determine the scope of a risk assessment, address the following:

- What is the scope and objective of the assessment
- What are DBSA members or visitors do at the area to be assessed
- Who could be affected by the decisions
- Identify the risk assessment team – who needs to be involved
- Identify relevant legislation, policy and procedures to be referenced

### 2. *Identify the Risk*

Risks are identified on an ongoing basis and are documented in the Risk Register. All identified risks are to be entered in in the relevant Register as part of the risk assessment. As a minimum, the following information must be included:

- The description of the Risk
- The causes and implications of the Risk
- The assigned Risk owner

If known the following information is to be included:

- Details of the existing controls in place to manage the risk
- The inherent risk rating determined from the assessment of the potential consequences and likelihood for the risk (Refer table 1 and 2)
- Details of any proposed controls, including due date for implementation
- The Residual Risk rating after consideration of the controls in place (Refer table 3)

### 3. *Analyse the Risk*

Risk analysis seeks to identify potential causes and sources of risk in order to analyse their consequence and the likelihood that the consequence will occur. All Risks are assessed using the common scale / criteria that considers:

- The potential consequences if the risk were to occur (Refer table 2)
- The likelihood of DBSA being impacted in that way (Refer table 1)

The consequence and likelihood are then used to rate the risk in accordance with the following five categories (refer table 3):

- Insignificant
- Minor
- Moderate
- Major
- Catastrophic

### 4. *Evaluate or Rate the Risk*

The rating of a risk is used to determine:

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- The urgency with which action should be undertaken
- The nature of the action that is required
- The reporting requirements for the risk
- How the risk is to be monitored

### 5. *Treat the Risk*

Controls and mitigating actions are required for all risks. Where treatment is required, it involves selecting one or more options for modification and implementing those options. Risk Treatment is required when the Residual Risk remains unacceptable / outside of tolerance (Refer table 4). Risk Treatment involves an iterative process of:

- Formulating and selecting risk treatment options
- Planning and implementing risk treatment
- Assessing the effectiveness of that treatment
- Deciding whether the remaining risk is acceptable
- If not acceptable, taking further treatment

Treatment options include Avoiding the Risk, Mitigation, Transfer the Risk or Accepting the Risk.

### 6. *Monitor and Review the Risk*

The Risk Management Process and its outcomes are reported to the Board at least annually. Outcomes are made available to Members where appropriate.

**Table 1: Likelihood Criteria**

Likelihood	Score	Detailed Description	
		Qualitative Likelihood	Ratio-based Likelihood
Rare	1	May occur only in exceptional circumstances	10 years
Unlikely	2	Could occur at some time	5 years
Possible	3	Might occur at some time	2 years
Likely	4	Will probably occur in most circumstances	Once per year
Almost Certain	5	Is expected to occur in most circumstances	Several times a year

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**Table 2: Consequence Criteria**

Consequence Descriptor	Score	Detailed Description				
		Strategic	Operational	Physical Assets	Financial (Gain or Loss)	Information
		<i>(Stakeholder, reputation, organisation, governance)</i>	<i>(Process, people &amp; culture, legal)</i>	<i>(Damage, loss of use)</i>	<i>(Market, liquidity &amp; credit, reporting)</i>	<i>(Information management, information systems, intellectual property)</i>
<b>Insignificant</b>	1	No stakeholder or lack of public interest; Minor, non-deliberate breach of procedure, contract or regulatory obligations; Little to no cost implications for DBSA; No or minimal impact on the environment; No reporting required	Injury requiring first aid, Minor skills impact, Minor damage or vandalism to asset, Minimal impact on noncore business operations. The impact can be dealt with by routine operations, corrective action, and training.	Limited damage or loss	Minor impact on project budget or <\$1,000	Compromise of information otherwise available in the public domain.
<b>Minor</b>	2	Public and stakeholders uninterested or undecided but accepting of information/ decisions; Moderate, non-deliberate breach of procedure, contract or regulatory obligations; Minimal site impact easily containable; Environmental impact report is required; Authorities imposing a low penalty; Low cost implications for DBSA	Injury or illness requiring medical treatment or becomes a Lost Time Injury, Minor impact to capability, Some impact on business areas in terms of delays, systems quality but able to be dealt with at operational level, process modification and skills development	Minor damage or loss <2.5% of total assets	2.5% Annual Budget or between \$1,000.00 and \$5,000.00	Minor compromise of information sensitive to internal departments or business units.
<b>Moderate</b>	3	Concerns expressed by stakeholders and/or public at a local level and loss of trust and confidence in operations on a particular issue; Breach of Contract, regulatory or common law obligations that also includes a deliberate breach of a procedure, contract or regulatory obligation; Moderate, temporary damage to habitat or environment; May incur cautionary notice or infringement notice; Moderate cost implications able to be absorbed by DBSA	Injury requiring hospitalisation or an incident requiring specialist medical treatment (organisation personnel), Unavailability of core skills affecting services, Impact on AusDBF resulting in reduced performance such that targets are not met. The organisation's existence is not threatened but could be subject to significant review/change to operations.	Damage or loss of <12.5% of total assets	12.5% Annual Budget or between \$5,000.00 and \$25,000.00	Compromise of information sensitive to AusDBF's operations
<b>Major</b>	4	Concerns expressed by stakeholders and/or public at a local level by public and loss of trust and confidence in operations on a particular issue; Actions resulting from an impact on the public (the public bringing legal action; Authority imposing maximum statutory penalty; Major breach of Contract, regulatory or common law obligations that impacts on an individual / discrete organisation of the community); Long term or permanent damage to habitat or environment; Penalties or compliance order incurred; Prosecution for minor infringements; Major cost implications that DBSA will need to seek additional funding to meet	Multiple serious injuries of personnel, Unavailability of critical skills of personnel, Breakdown of key activities leading to reduction on performance, Survival of the project/activity or organisation is threatened.	Extensive damage or loss <50% of total assets	37.5% Annual Budget, or between \$25,000.00 and \$75,000.00	Compromise of information sensitive to AusDBF's interests
<b>Catastrophic</b>	5	Sustained and widespread concerns expressed by public or stakeholders and/or including levels of Government leading to a loss of trust and confidence impacting whole of operations; Actions resulting from an impact on the public (the public bringing class action, major breach of contract, regulatory or common law obligations that impacts on a region of the community); Substantial permanent damage to habitat or environment; Serious or repeated breach of legislation or licence conditions; Cancellation of licence; Prosecution for serious infringement; Major cost implications unable to be met by DBSA	Fatality of personnel, Protracted unavailability of critical skills/people, Critical failure(s) preventing core activities from being performed, The impact threatens the survival of the project or AusDBF.	Destruction or complete loss of >50% of asset	Exceeds 37.5% Annual Budget or greater than \$75,000.00	Compromise of information significant ongoing impact

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**Table 3: Risk Matrix**

Likelihood	Consequences				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Medium 5	High 10	High 15	Critical 20	Critical 25
Likely	Low 4	Medium 8	High 12	High 16	Critical 20
Possible	Low 3	Medium 6	Medium 9	High 12	High 15
Unlikely	Low 2	Low 4	Medium 6	Medium 8	High 10
Rare	Low 1	Low 2	Low 3	Low 4	Medium 5

**Table 4: Risk Acceptance / Tolerance**

Risk Level	Risk Acceptance/Tolerability	Strategic Action Plan/Risk Mitigation Strategy
Low (1-4)	Acceptable with periodic review	Manage with routine procedure
Medium (5-9)	Tolerable with periodic review	<ul style="list-style-type: none"> <li>Exposure to risk may continue provided it has been appropriately assessed, has been mitigated to "So Far As Reasonably Practicable", and is subject to periodic review to ensure that risk does not increase.</li> <li>It would be appropriate that measures to achieve long term further reduction to the risk be considered.</li> </ul>
High (10-14)	Tolerable with continual review	<ul style="list-style-type: none"> <li>Unnecessary exposure to the risk must be discontinued as soon as it is reasonably practicable and continued exposure would only be considered in exceptional circumstances.</li> <li>Risk controls must be applied as part of a documented risk management plan that is continuously reviewed.</li> </ul>
High (15-19)	Intolerable without treatment	<ul style="list-style-type: none"> <li>Exposure to risk should be discontinued to as soon as reasonably practicable.</li> <li>Risk controls must be applied as part of a documented risk management plan that is continuously monitored and reviewed.</li> </ul>
Critical (20-25)	Intolerable	<ul style="list-style-type: none"> <li>Exposure to this risk would normally be immediately discontinued except in extreme circumstances.</li> <li>The decision to tolerate risk must be made by the Executive Leadership Group/Board after being subjected to as much risk management rigour as practical, unless dire operational needs preclude so.</li> </ul>

## **Appendix 1 Risk Management Procedure**