

Risky Business

A club guide to risk management



A guide for sport and recreation clubs and associations in Western Australia.



Department of Sport and Recreation
Government of Western Australia

What is Risk Management?

The Australian/New Zealand Standard for Risk Management (AS/NZS 4360) defines risk management as:

“The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.”

What is Risk?

The Australian/New Zealand Standard for Risk Management (AS/NZS 4360) defines risk as:

“The chance of something happening that will have an impact upon objectives. It is measured in terms of likelihood and consequences.”

Risk reduction

The Australian/New Zealand Standard for Risk Management (AS/NZS 4360) defines risk reduction as:

“A selective application of appropriate techniques and management principles to reduce either likelihood of an occurrence or its consequence or both.”

Risk transfer

The Australian/New Zealand Standard for Risk Management (AS/NZS 4360) defines risk transfer as:

“Shifting responsibility or burden for loss to another party through legislation, contract, insurance or other means.”

Risk acceptance

The Australian/New Zealand Standard for Risk Management (AS/NZS 4360) defines risk acceptance as:

“An informed decision not to become involved in a risk situation.”

With Australian sport and recreation organisations facing the increasing risk of litigation many organisations are recognising the need to provide protection for their volunteers, members and participants.

Identifying potential risk and creating a risk management policy for your club, group or event can have a number of subsequent benefits. These can include:

- good business and management practice;
- assistance with strategic planning;
- reducing unexpected and costly surprises; and
- more effective and efficient allocation of resources.

Why do we need to manage risk?

- Helps you to clearly define insurance needs
- Compliance with regulatory requirements
- Assists in preparation for auditing
- Lessening risk may encourage more people to participate in your activity
- Better results from projects and programs
- Better information for decision making
- Balancing opportunity and risk.

When do we need to manage risks?

ALL THE TIME

Risk management is an ongoing process applied to all aspects of your operations. Any new project, event or competition should have a risk assessment completed. Risk management is a five step process

The five steps are:

- 1 Establishing the context
- 2 Identify risk
- 3 Assess risks
- 4 Treat risks
- 5 Ongoing monitoring and review.

1. Establishing the context

- The scope of risk management within your organisation
- The aims and objectives of your own risk management program in relation to your organisation
- The Who, What, When, How and of course – with what resources?
- Determine criteria for treating risks
- Define the extent and comprehensiveness of the risk management activities
- Define the project or activity for which you are going to identify risks
- Define your risk assessment criteria table
- Define your risk acceptance criteria.

2. Risk identification

Potential risks can be identified through various methods such as:

- Experience and records
- Brainstorming
- Systems analysis
- Personal reports
- Audit and other recommendations
- What can happen – list events that might happen
- How and why it can happen – list the possible causes and scenarios.

3. Risk assessment

To assess the likelihood of potential risks:

- Likelihood – used as a description of probability and frequency
- Consequence – the outcome of an event or situation could be a loss, injury, disadvantage or gain
- Look at the adequacy of existing risk management strategies
- How likely is an identified risk to occur
- What are the consequences if it occurs
- Decide which risks are to be treated or accepted.

The Risk Management Strategy Grid and Risk Assessment and Acceptance Table on page 5 and 7 may help you to determine the likelihood, possible consequences and levels of potential risks.

4. Risk treatment and control

To treat and control potential risks:

- Reduce the likelihood
- Reduce the consequences
- Transfer the risk i.e. use of insurance
- Accept the risk
- Avoid the risk.

The Risk Management Template and Action Plan on page 6 and 8 may help you develop a risk management action plan for your organisation.

5. Monitoring and review

Potential risks can be monitored and reviewed through:

- Risk reviews
- Claims performance reports
- Audits (internal and external) reporting
- Progress of the Risk Treatment Plan implementation.

What areas need to be treated by process?

Identify key function areas as:

STRATEGIC

Those risks associated with the high level goals, objectives, and strategies of the organisation and its divisions. These strategic risks are most relevant to associations or large clubs.

PROJECT/EVENT

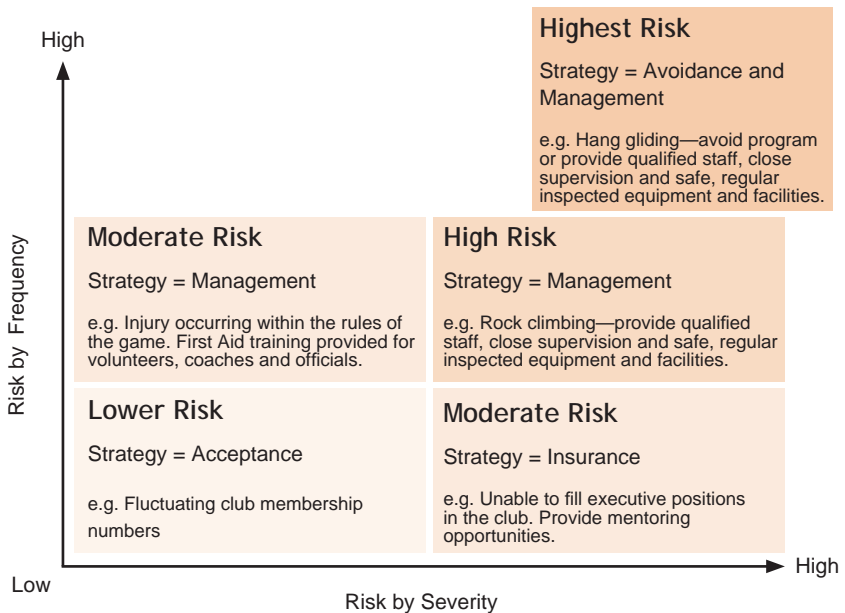
The risks associated with a specific project event or competition including all phases of the event. Safety, public liability, property loss/damage, competition/competitor services.

GOVERNANCE/OPERATIONAL

Those risks associated with the functions of the organisation performed on a daily basis. Finance, decision making, marketing and promotion and the administrative areas of your club or group.

In establishing the context of the risk review define the extent of the review, whether you want to limit it to certain aspects such as safety or public liability or conducting the review looking at the entire project, event or competition.

Risk Management Strategy Grid



Risk Management Template

<p>PROJECT:</p> <p>Describe the activity /function /strategy.</p> <p>e.g. Financial management processes for the Association</p>	
<p>THE RISK:</p> <p>What can happen?</p> <p>How it can happen?</p> <p>e.g. Inadequate financial management processes and the Association becomes insolvent</p>	
<p>CONTROLS:</p> <p>What controls will be used in this activity?</p> <p><input type="checkbox"/> Excellent</p> <p><input type="checkbox"/> Adequate</p> <p><input type="checkbox"/> Inadequate</p> <p>e.g. Monthly financial statements provided</p>	
<p>LIKELIHOOD:</p> <p>What is the likelihood of this event occurring?</p> <p>To rate, see Table D1 (over page)</p> <p>e.g. Likely</p>	
<p>CONSEQUENCES:</p> <p>What would be the consequences if the event occurred? To rate, see Table D2 (over page)</p> <p>e.g. High financial loss</p>	
<p>LEVEL OF RISK:</p> <p>What is the level of risk? To rate, see Table D3 e.g. Significant risk.</p> <p>Senior management action needed</p>	

Risk Assessment and Acceptance Table

LIKELIHOOD: What is the likelihood of potential risk occurring? TABLE D1

Descriptor	Description
<i>Rare</i>	The event may only occur in exceptional circumstances
<i>Unlikely</i>	The event could occur at some time
<i>Moderate</i>	The event will probably occur at some time
<i>Likely</i>	The event will probably occur in most circumstances
<i>Almost certain</i>	The event is expected to occur in most circumstances

CONSEQUENCES: What is the outcome of an event or situation? TABLE D2

Descriptor	Description
<i>Insignificant</i>	No injuries, low financial loss
<i>Minor</i>	First aid treatment, medium financial loss
<i>Moderate</i>	Medical treatment required, high financial loss
<i>Major</i>	Extensive injuries, major financial loss
<i>Catastrophic</i>	Death, huge financial loss

LEVEL OF RISKS TABLE D3

Likelihood	Consequences				
	Insignificant	Minor	Moderate	Major	Catastrophic
<i>Rare</i>	L	L	M	S	S
<i>Unlikely</i>	L	L	M	S	H
<i>Moderate</i>	L	M	S	H	H
<i>Likely</i>	M	S	S	H	H
<i>Almost certain</i>	M	S	H	H	H

Legend

H	<i>High Risk</i>	Detailed research and management plan
S	<i>Significant Risk</i>	Senior management action needed
M	<i>Medium Risk</i>	Management responsibility must be specified
L	<i>Low Risk</i>	Manage by routine procedures

Risk Management Action Plan

Actions

Tasks to reduce your club's risk

When?

Set some dates

Who will do these tasks?

Comments

Other Resources and Training

Other resources and training workshops are also available for volunteers involved in the delivery of sport and recreation through the Active Australia Volunteer Management and Club/Association Management Program. Topics include:

Volunteer Management

- Recruiting Volunteers
- Retaining Volunteers
- Volunteer Management Policy
- The Volunteer Coordinator
- Managing Event Volunteers
- Volunteer Management: A guide to good practice

Club/Association Management

- Creating a Club
- Club Planning
- Financial Management
- Committee Management
- Conducting Meetings
- Event Management
- Promoting Sport and Recreation
- Sponsorship, Grants and Fundraising
- Legal Issues and Risk Management

Other Resources

This resource is part of the Club Development Scheme, which provides assistance to Western Australian sport and recreation clubs and organisations to become better managed, more sustainable and to provide good quality services to members and participants.

Other resources in the series include:

Clubhouse CD-ROM

- 1 Step by step... to starting a new club
- 2 Planning for your club – the future is in your hands
- 3 Taking the lead! A guide for Club Presidents
- 4 The key to efficiency – the Club Secretary
- 5 Show me the money – a guide for the Treasurer
- 6 Take the 'in' out of ineffective – ten steps to running successful meetings
- 7 Effective club meetings – a guide for the chairperson
- 8 Lighten the load and delegate – help for the overworked committee member
- 9 You have the answers – solving club problems
- 10 Marketing and promoting your club
- 11 Sponsorship – seeking and servicing a sponsor
- 12 Establishing your club constitution and becoming incorporated
- 13 Risky business – a club guide to risk management
- 14 Clubs' guide to volunteer management
- 15 Member protection for clubs
- 16 How to be more inclusive of people from diverse backgrounds
- 17 Passport into schools – linking sports with schools
- 18 Youth sport – junior sport policy
- 19 Long-term involvement – junior sport policy
- 20 Getting young people involved – junior sport policy
- 21 Physical growth and maturation – junior sport policy
- 22 Sport pathways – junior sport policy
- 23 Forming links – junior sport policy
- 24 People making it happen – junior sport policy
- 25 Quality coaching – junior sport policy
- 26 Making sport safe – junior sport policy
- 27 The law and sport – junior sport policy
- 28 Top 20 tips for officials
- 29 Top 20 tips for successful coaching

Find a Club

Find a Club is where you can register or update your club's details in our Find a Club database. It is an exciting new initiative designed to increase participation in sport and recreation and help your club recruit more members and volunteers.

Located within the Department of Sport and Recreation's website, Find a Club will be a comprehensive database of sporting and recreational clubs within Western Australia.

Visitors to the website can search for clubs in their local area and are provided with activities, contact details, venue details and even a street map showing them how to get there.

By registering or updating your club details you receive:

- Free listing of your club contact details and activities.
- Up-to-date industry news and funding opportunities for your club.

To register as a new club

Visit www.dsr.wa.gov.au and click on Find a Club.

To update your club information

If your club has previously registered your contact details with DSR, your nominated contact person will receive a login and password to enter and update your club information.

