Office of Sports NSW

SSO Risk Management: Simple ways to kick-start your SSO risk management planning

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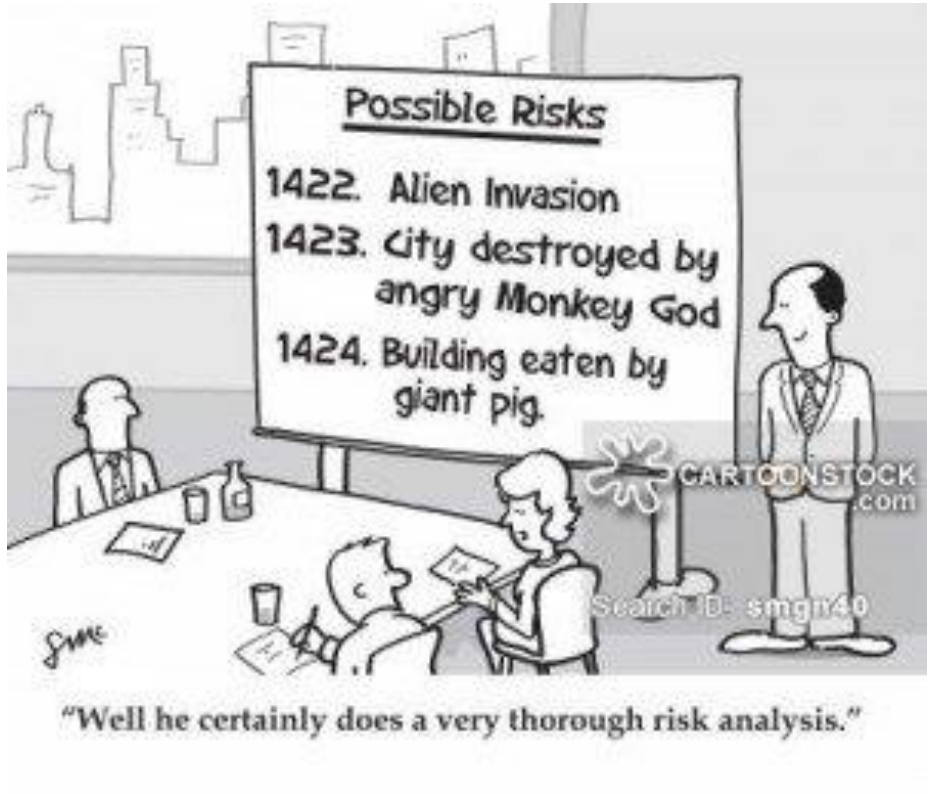
Board Matters

Risk – from one extreme…



"Well he certainly does a very thorough risk analysis."

Sport: A risk(y) business?

Risk management – benefits?

- Better sporting or recreational outcomes
- Improved safety for participants, officials, spectators and volunteers
- Lower costs and increased budget certainty
- More effective management of assets, events, programs and activities
- Improved compliance with the law, regulations and other formal requirements
- Enhanced image and reputation

Source: https://www.sport.nsw.gov.au/running-your-club/club-governance/risk-management

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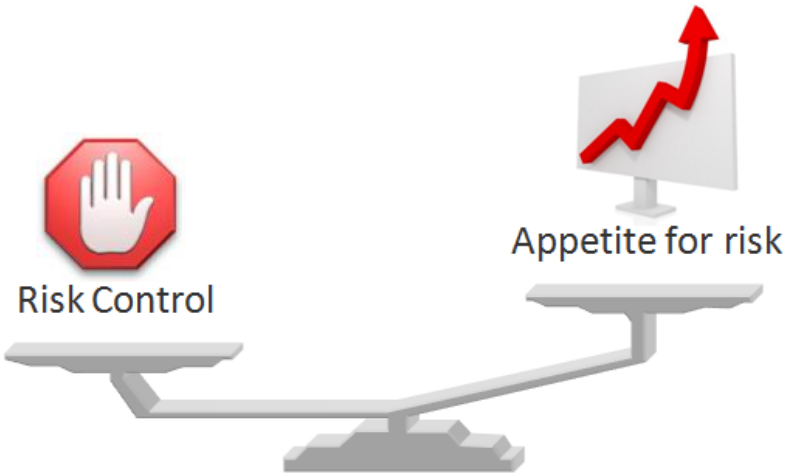
Let’s talk about risk!



- The helpful and the unhelpful practices!

Risk Management
The unknown unknowns

“There are known knowns;
these are things we know we know.
We also know there are known unknowns; that is to say, we know there are some things we do not know.
But there are also unknown unknowns -
the ones we don’t know we don’t know.”

Defining “risk”

- “the chance of something happening that will have an impact on objectives”

AS4360:2004

- “effect of uncertainty on objectives”

AS/ISO 31000:2009

- “risk is a measure of the possibility that the future may be surprisingly different from what we expect”

Ready…or Not – a risk management guide for nonprofit executives

Risk management - context

- ‘Risk Management’ is not new!
- As an SSO grows, so do:
  - its opportunities & risks
  - the number of people making risk assessments to their own standards
  - the number of perspectives on what is the ‘right’ thing to do
- The point? Giving a basis for decisions that are taken across the company

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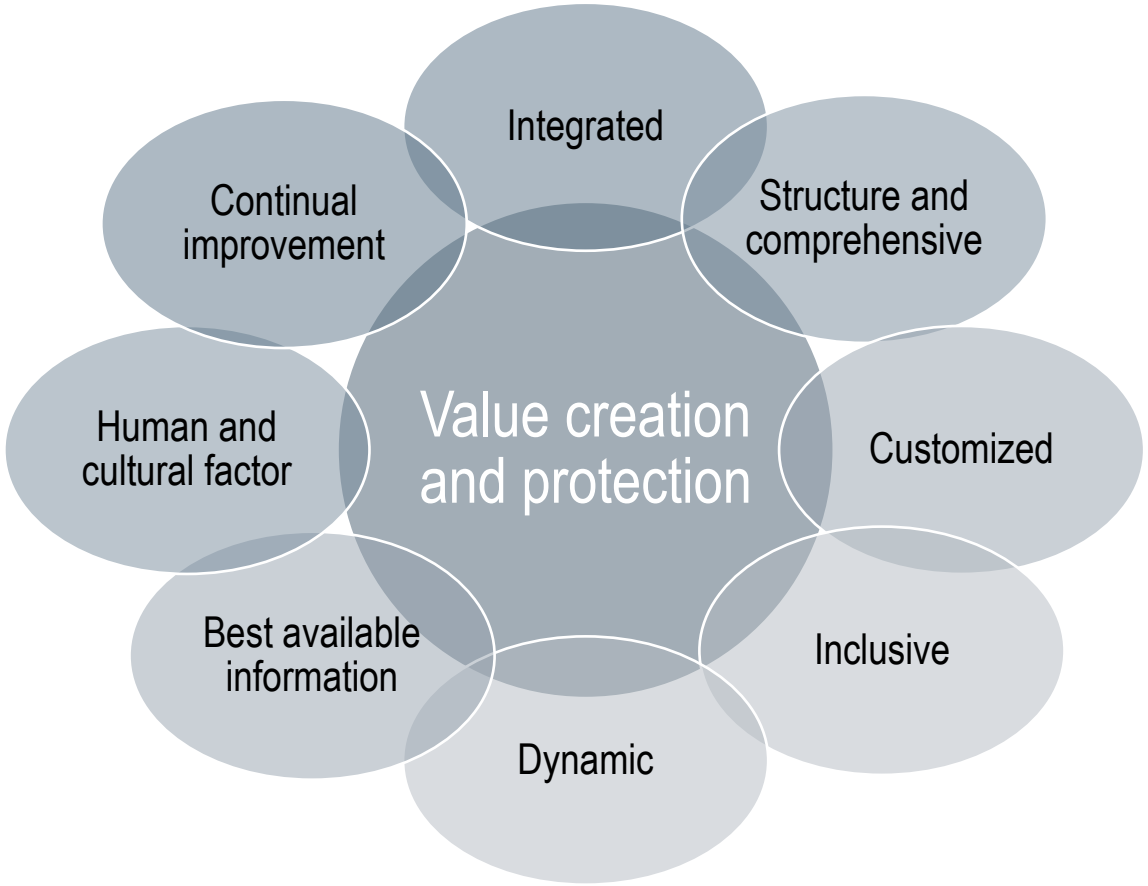
Principles of risk management



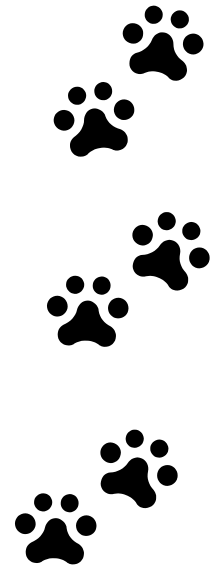
AS/ISO 31000:2018, SAI Global

Interface between Risk and Compliance

- Invariably one aspect identified in ***risk management*** review is risk of ***legal compliance*** failures
- Interface between Risk Management Standard (AS/NZS ISO 31000:2018) and Compliance Standard (AS/ISO 19600:2015) and
- Legal Compliance as a legal and ethical obligation is a function of a proper risk management framework

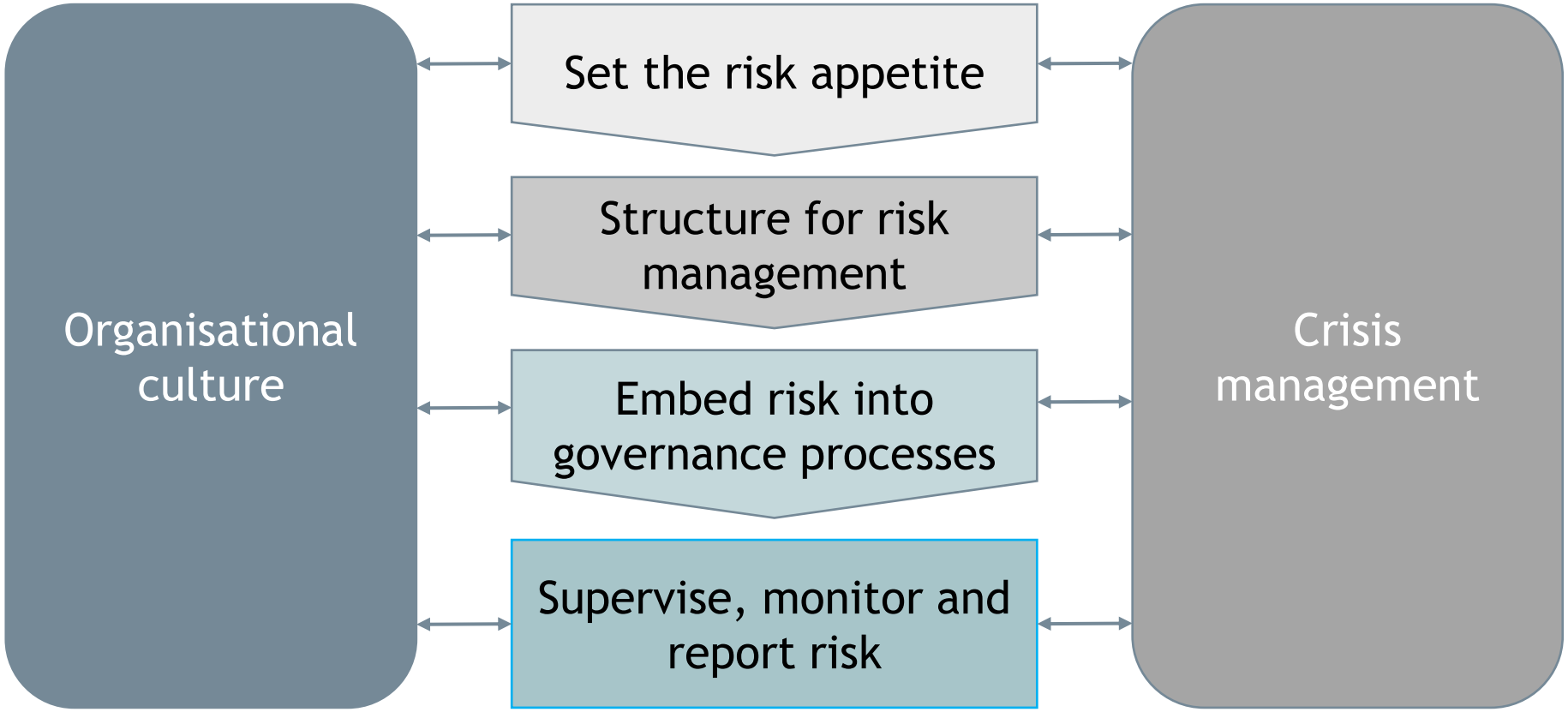
Risk – it's all about context

Your board context...



- ***Risk Management*** as a legal obligation is a function of Board's ***fiduciary*** and ***statutory*** duties (i.e. care, skill and diligence)
- ***Risk Management*** also as part of our ethical responsibility as Directors and Managers for the assets & resources under our stewardship
- ***Legal Compliance*** as a legal and ethical obligation is a function of a proper risk management framework

Key risk role of Board



Board and Management's Role: Managing Risk

Board's responsibility:

- Develop and approve risk management framework
- Set risk appetite and policy
- Monitor:
  - strategic risks
  - inherent "red" risks
  - any other risks identified by Board
- Governance risk register
- Review annually

Management Team's responsibility:

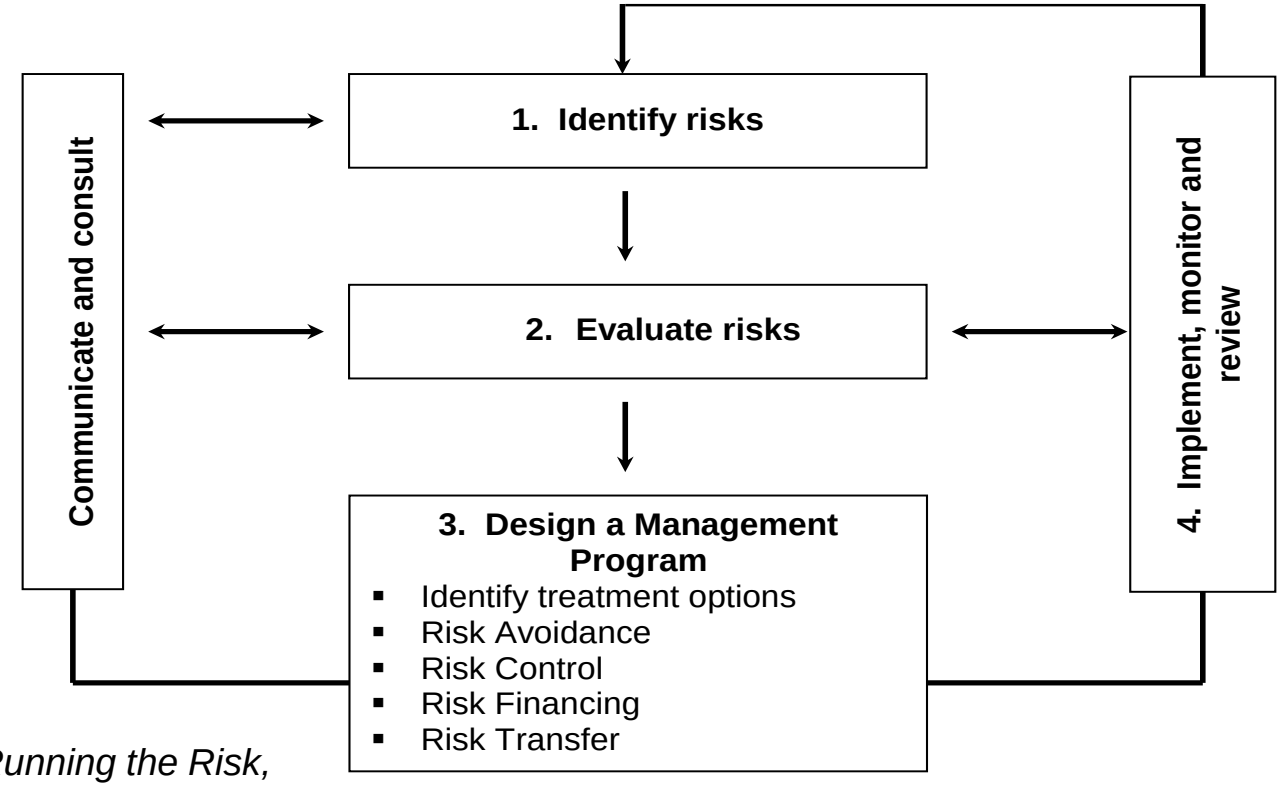
- Report to Board on risks as required
- Monitor and manage risk for the organisation
- Develop risk registers and review regularly

What are the tools to convert risk mayhem into risk management?

- Risk standards:
  - ISO AS/NZS 31000: 2018
- Compliance standard:
  - AS/ISO 19600:2015
- On-line:
  - Office of Sports NSW

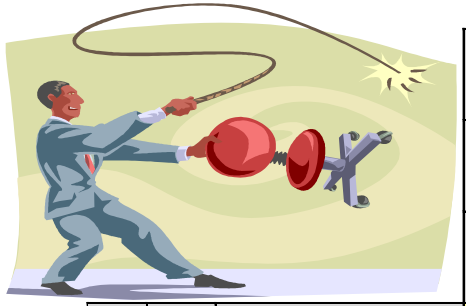
  https://www.sport.nsw.gov.au/running-your-club/club-governance/risk-management

Framework of risk management



Volunteering Australia, *Running the Risk,*
www.volunteeringaustralia.org based on AS4360

Evaluating risk - example



			CONSEQUENCE				
			1	2	3	4	5
			Trivial	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	A	(almost certain)	L	M	H	E	E
	B	(probable)	L	M	H	E	E
	C	(possible)	L	M	H	H	E
	D	(unlikely)	L	L	M	H	H
	E	(rare)	L	L	L	M	H

Evaluating risk - example

Risk Rating		Action Required
L	Low Risk	• No further action is needed at present, but monitoring will be necessary to ensure that controls are maintained. • Manage by Routine Procedures
M	Medium Risk	• Efforts must be made to reduce the risk, but the costs of doing so need to be carefully considered. • Approval required from relevant Executive, notification to CEO
H	High Risk	• The activity should be halted until the risk has been reduced or sufficient control measures are in place. • Approval required from CEO, notified to Board (at CEO, discretion on immediacy of notifying the Board).
E	Extreme Risk	• The activity that gives rise to the risk should be prohibited. • Approval required from Board to proceed with it.

Taming the risk beasts

- What are your risk **drivers**?
- Risk and compliance ***policies***?
- ***Culture*** of risk and compliance awareness
- Starts with capturing ***staff*** knowledge and commitment:
  - Staff are aware and share our commitment to compliance?
  - Staff understand their obligations and are accountable?
  - Staff have adequate resources and support?
  - Staff have a link to the Board re: risk/compliance?

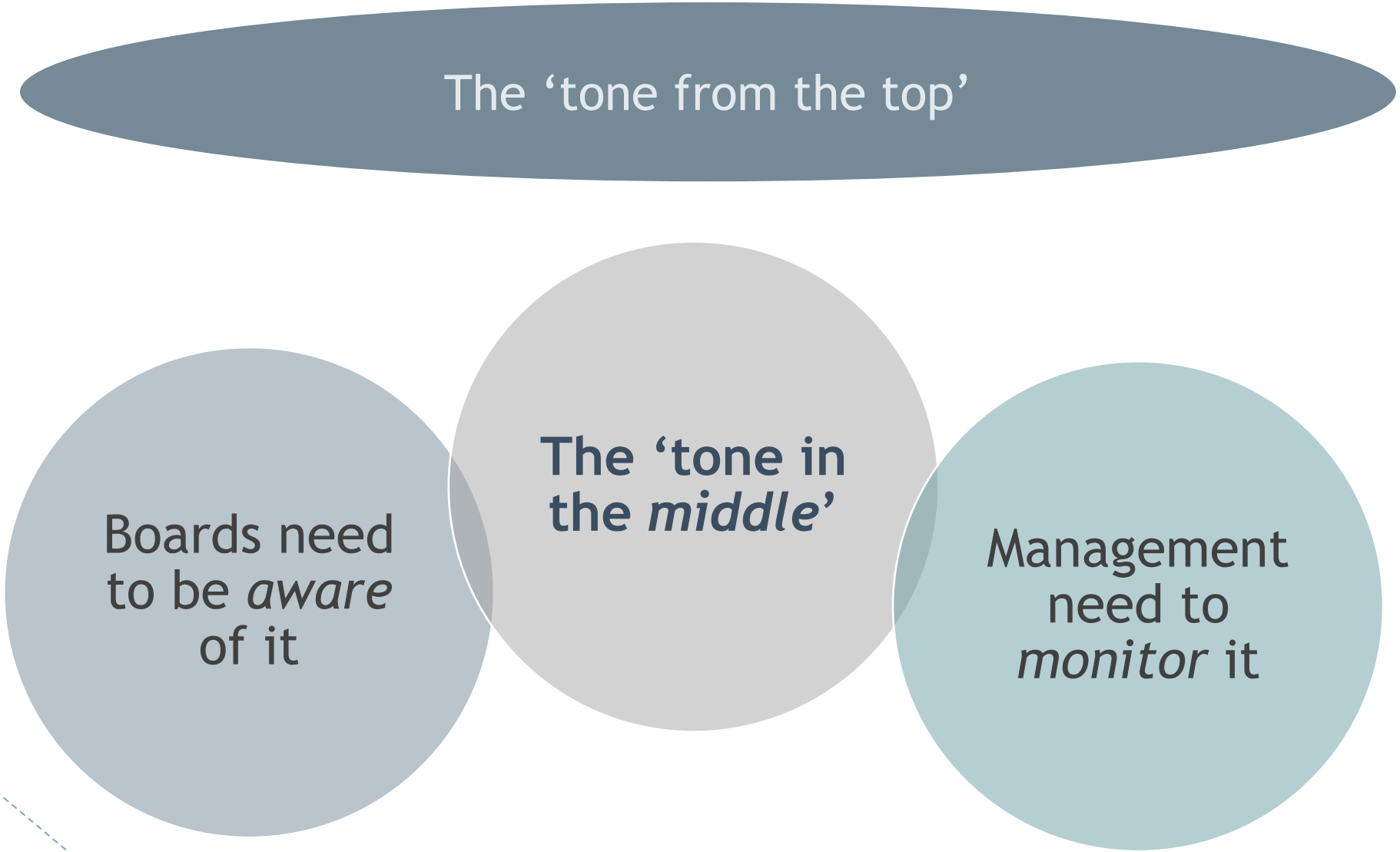
Managing the mayhem…

- ***Risk and compliance*** as a standing item to the Board agenda
- ***Identify*** and ***list*** risks and compliance obligations
- ***Annual calendar*** include risk and compliance reporting
- Find multiple sources of ***information***
- ***Training***, training, training
- ***Communication***, communication etc…
- ***Monitor*** and ***review*** (and remember the 2 are different)

Record keeping

- What risk occurred?
- When the risk occurred?
- Who identified the risk?
- Were the organisation’s policies and procedures followed?
- What were the steps taken by the organisation?
- Were any stakeholders informed?
- Was the insurance company notified?
- Did there organisation make a public statement?

Boards and their risk oversight role



The 4 O's of risk

4 The optimisers

Board (and Committees)

- Risk governance
- Risk strategy and appetite

1 The operations

Work

- System and processes
- Priorities and focus areas

2 The operators

Staff & Executives

- Risk identification
- Management controls
- Management assurance

3 The overseers

Audit

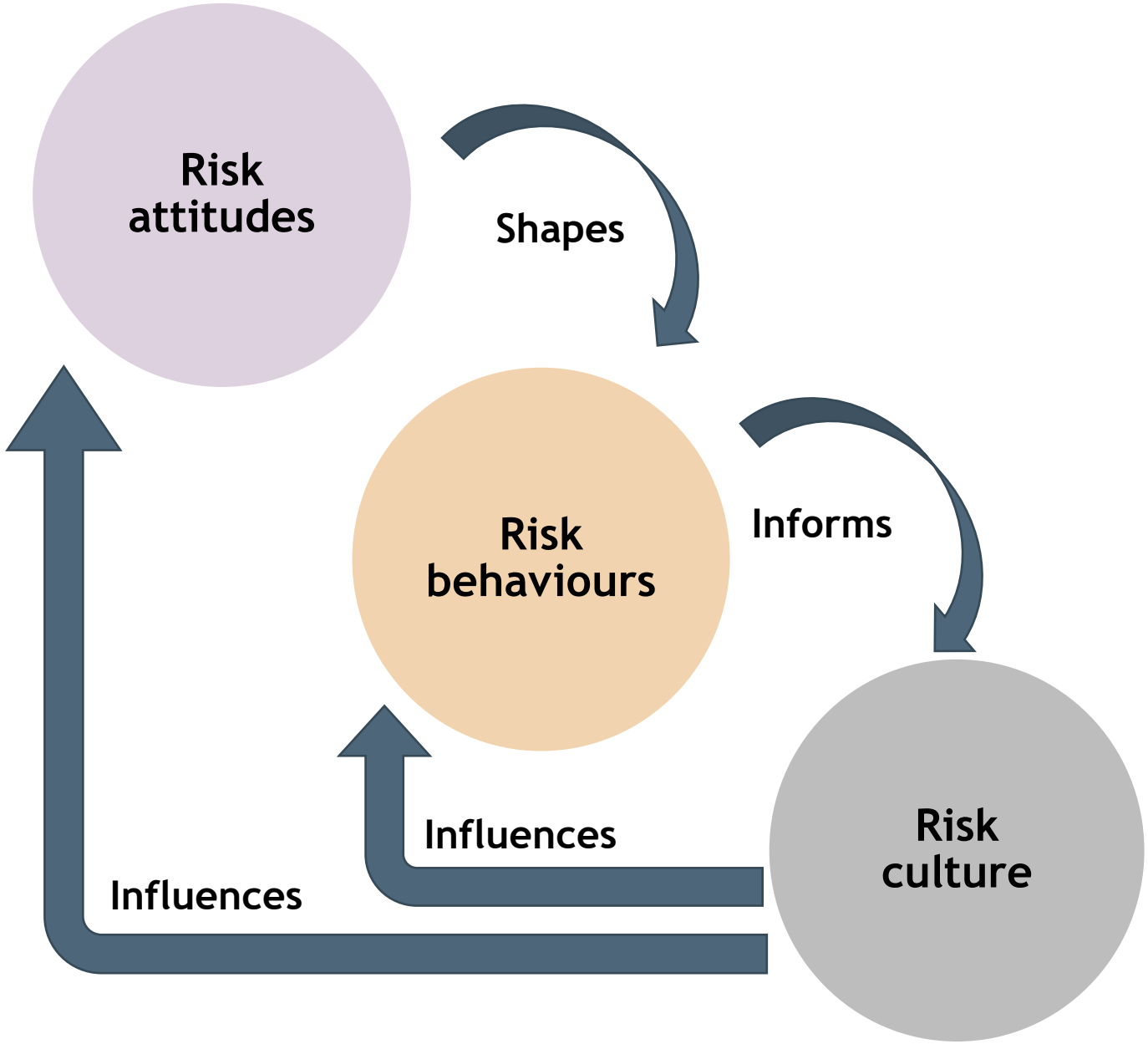
- Assurance
- Advice
- Anticipation

Risk monitoring

Conformance monitoring

Performance monitoring

Understanding risk culture



And finally, a few ‘takeaways’…

- AS/NZS ISO 31000:2018 is not law – not ‘compulsory’
- AS/NZS ISO 31000:2018 is a ‘standard’ and ought to be interpreted in context
- You can have a low or high risk appetite
- Risk and compliance ARE NOT the same
- Art not a science
- Treat it as part of your stewardship role
- Reality test your risk management – does it deal with the things that keep you up at night?

…sleeping well at night knowing the wild things are tamed!

Questions?

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Thank You!

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