



Bowls WA Risk Management Plan

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Risk Management Plan

Risk management involves the culture, structures and processes that are directed towards identifying and realising potential opportunities whilst managing adverse effects.

The process of risk management is defined as the systematic application of policies, procedures and practices to the task of identifying, evaluating, treating and monitoring risk.

The key components of the BWA Risk Management Plan include:

- (a) Risk Management Policy - outlines the risk management culture of BWA and the commitment and expectations of the Board for the management of risk;
- (b) Risk Management Plan - designed to guide the implementation of the Risk Management Policy;
- (c) Risk Register - a risk reporting tool to centrally store all strategic and operational risk information; and
- (d) Risk monitoring and reviews - the ongoing assessment of the effectiveness of risk treatment measures, and periodic reviews of the risk management plan, including an annual review as part of the strategic planning process.

The BWA Risk Management Policy provides the plan for the development of this Risk Management Plan. Implementation of the Risk Management Policy, through this Plan will ensure management can demonstrate that risks are being identified and managed in a way that is appropriate for the business environment and BWA's goals and objectives.

Objectives

The Board's objectives in adopting a Risk Management Plan are to:

- (a) Allow the Board to proactively manage risks in a systematic and structured way and continually refine its approach to risk management;
- (b) Embed the risk management process to ensure it is an integral part of the BWA planning at a strategic and operational level;
- (c) Ensure that actual and potential risks are identified, understood and appropriately managed within available resources;
- (d) Help create a risk aware culture for the Board, staff and members from a strategic, operational and project perspective;
- (e) Clearly identify responsibilities and accountability for financial, operational and risk management issues; and
- (f) Protect the image of BWA as a professional, responsible and ethical organisation.

Overview

BWA has adopted a risk management plan designed to identify and assess the impact of any current or future risks that may have a material effect on the performance of BWA.

Processes

The BWA processes of risk management and internal control include:

- (a) Undertake an annual strategic planning process to establish the BWA strategies and objectives for the year ahead and strategic direction for the next three years;
- (b) Review in detail the success or otherwise of the previous strategic plan as part of the annual strategic planning process;
- (c) Monitor the outcomes of the strategies implemented against BWA's objectives;
- (d) Undertake internal and external environmental reviews to identify actual and potential risks that may materially impact the ability of BWA to carry out its strategies and achieve its objectives;
- (e) Monitor the environment regularly to assess the status of identified risks and any trends that may have significantly changed the nature or potential impact of those risks;
- (f) Design and implement appropriate risk management policies and internal controls; and
- (g) Assess the effectiveness of the risk management system and internal control mechanisms.

Risk Register

As part of the Risk Management Plan, management will develop a Risk Register to record the findings of the internal and external environmental reviews undertaken and actual and potential risks identified.

As part of the Risk Register process, management will develop appropriate mitigation strategies (as approved by the Board) and assign action plans to individuals within BWA to implement those strategies.

Role of the Board

The role of the Board in the BWA Risk Management Plan is to approve and monitor the effectiveness of the Risk Management Plan and assess whether the organisation has in place adequate risk management and control mechanisms.

The responsibility for undertaking risk reviews and designing and implementing appropriate risk management systems is delegated to the Chief Executive Officer. The Chief Executive Officer is ultimately responsible for the ongoing management of risk in the business and is required to advise the Board on matters of strategic and operational significance in relation to the identification and management of risk.

1. Key Definitions

Definitions for the purpose of this Plan are:

Consequence: The outcome or impact of an event, expressed qualitatively or quantitatively

Controls: An existing policy, procedure, practice or process that minimises risk

Inherent Risk Rating: The combined likelihood and consequence rating, before consideration of controls that may be in place

Likelihood: A general description of probability or frequency

Residual Risk Rating: The level of risk that remains after consideration of controls that may be in place

Risk Analysis: The process of determining the likelihood and consequence of a risk occurring in the context of existing risk control measures, with a view to determining the level of risk

Risk Assessment: The overall process of risk analysis and evaluation

Risk Avoidance: An informed decision not to become involved in a risk situation

Risk Plan: The Policy and Plan used to embed the risk management process into strategic and operational activities

Risk Identification: The process of determining what, where, when, why and how something adverse could happen

Risk Management Plan: The product of documenting the steps and results of the risk management process

Risk Management Process: The systematic application of management policies, procedures and practices to the tasks of identifying, analysing, evaluating, treating and monitoring risk

Risk Treatment: Selection and implementation of appropriate options for dealing with risk

Risk: Possible outcomes that could materially impact on the achievement of specified objectives. It is measured in terms of consequences and likelihood

2. Risk Management Process

The BWA risk management process will involve the following steps:

(a) Communicate and consult

Communication and consultation with relevant internal and external stakeholders will occur as appropriate at each stage of the risk management process and for the process as a whole.

(b) Establish the context

Define the goals, objectives, strategies, scope and parameters of the activity, or part of the organisation to which the risk management process is being applied.

(c) Identify risks

There will be an identification of what, why, where, when and how events can impact on the achievement of the BWA objectives.

(d) Analyse risks

The existing controls will be determined and the risks will be analysed in terms of consequence and likelihood in the context of those controls. Consequences and likelihood will be combined to produce an estimated level of risk.

(e) Evaluate risks

The estimated levels of risk will be compared against pre-established criteria. This will enable risks to be ranked to identify management priorities.

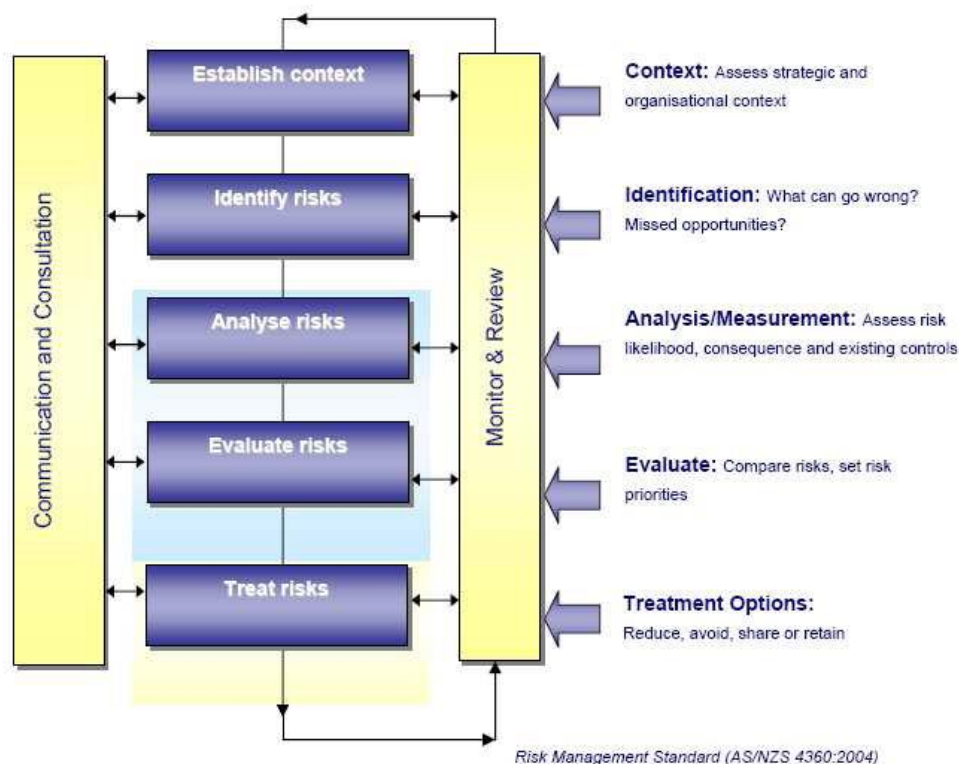
(f) Treat Risks

Specified action plans will be developed and implemented where required, and in accordance with available resources.

(g) Monitor and Review

The effectiveness of the risk management process and risk treatment measures will be monitored and reviewed to take account of changing circumstances.

Figure 1 – Risk Management Process



3. Risk Identification

The various risks inherent in the operations of BWA include those that may affect:

- (a) The reputation and image of members, staff and/or other stakeholders;
- (b) The relationship with members, government, corporate partners and other stakeholders;
- (c) The performance against strategic priorities;
- (d) The integrity of decisions and processes;
- (e) The safety, security and health of staff and visitors; and

(f) Assets and financial resources.

A Risk Identification Form will be completed for each identified risk (refer Appendix 1).

4. Commercial Risk

As well as the strategic and operational risks inherent in its work, BWA also enters into contracts of a commercial nature which may create additional financial, commercial and property risks.

5. Risk Analysis & Evaluation

Analysis of risks will be based on a combination of the impact on the association (consequences) and the likelihood of those consequences occurring. This will be considered in context with the activity, the association, and any existing controls or other factors that may modify the consequences or likelihood outcomes.

6. Consequence Ratings

A risk consequence is defined as the outcome or impact of an event expressed qualitatively or quantitatively. The following table provides broad descriptions used to support risk consequence ratings:

Table 1 – Consequence Ratings

| Level | Financial Impact | Injuries/Death | Reputation and Image | Activities/ Operations | Rating |
|---------------|----------------------|--|--|------------------------|----------|
| Insignificant | Less than \$1000 | No injuries | Unsubstantiated, low impact, low profile or no news item | Less than 1 hour | 1 |
| Minor | \$1000 - \$9,999 | First aid treatment | Substantiated, low impact, low news profile | 1 hour to 1 day | 2 |
| Moderate | \$10,000 - \$49,999 | Medical treatment required | Substantiated, public embarrassment, moderate impact, moderate news profile | 1 day to 1 week | 3 |
| Major | \$50,000 – \$149,999 | Death or extensive injury | Substantiated, public embarrassment, high impact, high news profile, third party actions | 1 week to 1 month | 4 |
| Catastrophic | \$150,000+ | Multiple deaths or severe permanent disablements | Substantiated, public embarrassment, very high multiple impacts, high widespread | More than 1 month | 5 |

| | | | | | |
|--|--|--|--|--|--|
| | | | multiple news profile, third party actions | | |
|--|--|--|--|--|--|

7. Likelihood Ratings

The following table provides broad descriptions used to support risk likelihood ratings:

Table 2 – Likelihood Ratings

| Level | Description | Frequency | Rating |
|----------------|---|----------------------------|--------|
| Rare | The event may occur only in exceptional circumstances | Less than once in 15 years | 1 |
| Unlikely | The event could occur at some time | At least once in 10 years | 2 |
| Moderate | The event should occur at some time | At least once in 3 years | 3 |
| Likely | The event will probably occur in most circumstances | At least once per year | 4 |
| Almost Certain | The event is expected to occur in most circumstances | More than once per year | 5 |

8. Mitigation Practices and Controls

Mitigation practices and controls include the existing policies, procedures, practices and processes which aim to provide reasonable assurance over the management of BWA's activities. Following evaluation, these practices and controls may reduce the likelihood or consequence of a risk. Adequate control does not exist, where mitigation practices and controls exist but are not being followed or monitored.

9. Level of Risk

The level of risk that remains after consideration of all existing mitigation practices and controls is the agreed risk rating and determines the level of management action and treatment required.

The diagram below indicates how the combination of risk likelihood and risk consequence ratings are used to establish the level of risk and subsequent management action and treatment required.

Figure 2 –Risk Assessment Matrix

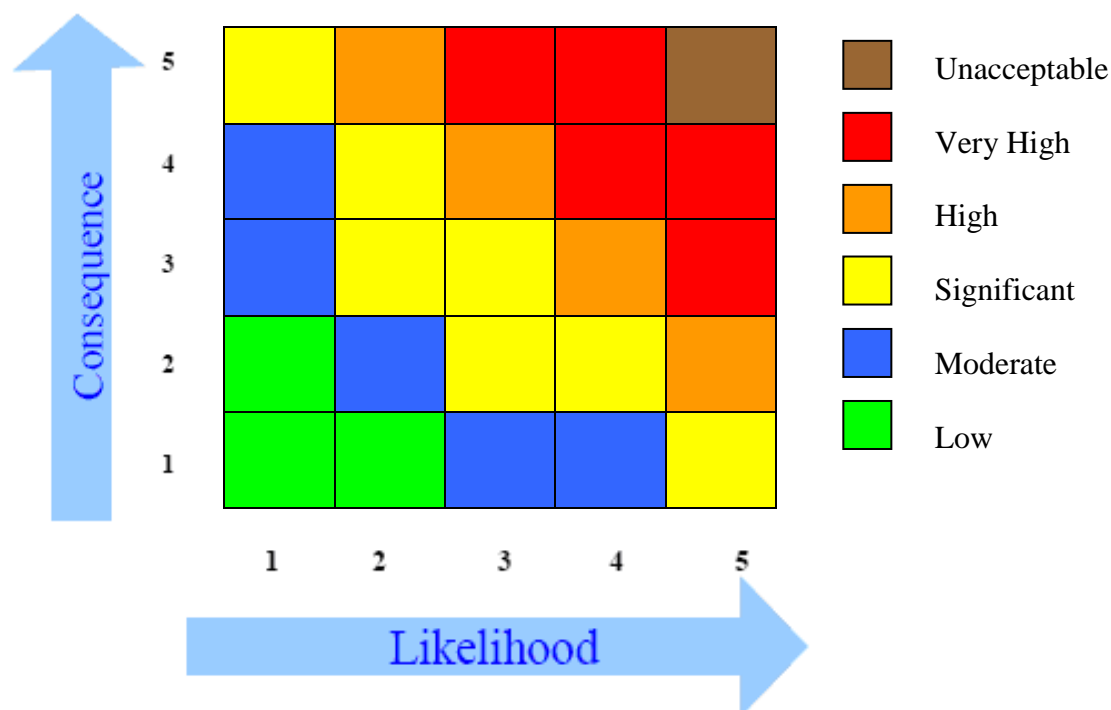


Table 3 – Management Action and Treatment

| | |
|---------------------|---|
| Low | Acceptable – Systems and processes managing the risks are adequate. |
| Moderate | Periodic Monitoring – Risk consequence should be monitored to ensure it does not increase over time. |
| Significant | Continuous Review – Continued monitoring to ensure controls remain adequate. |
| High | Active Management/Periodic Review – Requires active management and periodic review. |
| Very High | Active Management –Treatment options require immediate implementation. Active review and management are ongoing. |
| Unacceptable | Unacceptable - An informed decision should be made not to become involved in the risk situation. |

10. Risk Treatment

Risk treatment is the process of identifying the range of options for dealing with a given risk, evaluating those options, selecting the preferred treatment and preparing and implementing risk treatment plans. A Risk Treatment Plan (refer Appendix 1) will be prepared and provided to the Board for all risks with a high, very high or unacceptable risk rating.

Treatment will involve deciding what measures need to be put in place to minimise the threat posed by the identified risks. Treatment options include:

- (a) **Avoid** - measures aimed at avoiding the risk;
- (b) **Reduce** - measures to reduce the threat posed by the risk, either by reducing the likelihood of the risk and/or its consequences;
- (c) **Transfer** - transferring the threat by shifting the risk to another party (eg. Via contracts or insurance);
- (d) **Accept** – making an informed decision to accept the consequences and likelihood of a particular risk, but monitoring the risk and ensuring that BWA has the financial and other capacities to cover associated losses and disruptions.

Selecting the most appropriate risk treatment option will be made by considering the following issues:

- (a) The cost of managing the risk balanced against the benefits obtained;
- (b) The extent of risk reduction or mitigation gained;
- (c) The extent to which there is an ethical or legal duty to implement a risk treatment option which may override any cost/benefit analysis; and
- (d) The impact of the risk on the image and reputation of BWA; this may warrant implementing costly actions.

11. Acceptance of Risk

Determining that a risk is acceptable does not imply that the risk is insignificant. A risk may be considered to be accepted because:

- (a) The threat posed is assessed to be so low (eg. because the likelihood of occurrence is rare) that specific treatment is not necessary;
- (b) The risk is such that BWA has no available treatment;
- (c) The cost of treating the risk is so high compared to the benefit from successful treatment; or
- (d) The opportunities presented outweigh the threats to such an extent that the risk is justified.

12. Risk Register

BWA will maintain an electronic Risk Register that records the description, risk assessment, existing controls, proposed actions, and revised risk rating.

The Risk Register will be reviewed and updated bi-annually.

13. Accountability and Responsibility

13.1 Board

The Board is responsible for:

- (a) Approving and monitoring the effectiveness of the Risk Management Plan and assessing whether the organisation has in place adequate risk management and internal control mechanisms;

- (b) The annual review of the company's financial capacity to absorb risks and approval of appropriate exposure limits; and
- (c) Reviewing management reports on performance of systems used to identify and control risks.
- (d) Providing information to its members on their responsibility to undertake risk management planning.

13.2 Finance and Governance Committee

The Finance and Governance Committee is accountable for oversighting of the processes for the identification and assessment of risks, reviewing the outcomes of risk management processes and for advising the Board as required.

13.3 Chief Executive Officer

The CEO is responsible for the implementation of the Risk Management Plan and ultimately responsible for the management of risks of the Association. The CEO will ensure that:

- (a) Appropriate systems and procedures are in place for the identification, monitoring, reporting and control of all material risks, including the development of risk treatment plans;
- (b) A risk register is developed and maintained, using a risk assessment matrix for the prioritisation of risks for treatment;
- (c) The Board is advised on matters of strategic and operational significance in relation to the identification and management of risk;
- (d) Regular reports are presented to the Board and/or Finance and Governance Committee on performance in relation to identification and control of risks;
- (e) Staff understand their responsibilities with respect to risk management.

The risk management process will form part of the annual CEO performance appraisal.

13.4 Employees and Individual Members

Employees and Individual Members are responsible for:

- (a) Identifying potential risks and for the effective management of risk within their operational areas.

As such they will have access to information regarding the BWA Risk Management Plan and the identified risks in their area of responsibility as detailed in the Risk Register; and

- (b) Reporting through the Chief Executive Officer any incidents that may result in unacceptable levels of risk, or non-compliance with established procedures for measuring and reporting risks.



RISK IDENTIFICATION FORM

| | | |
|--------------------------|------------------------|---|
| Reference No: | Area of Impact: | Financial/Injuries or Death/Reputation/Operations |
| Risk Description: | | |
| Date: | | |

| RISK ASSESSMENT | | | |
|--|--|---------------------------|--|
| Consequences: | | | |
| | | | |
| Current Controls/Mitigation Practices: | | | |
| | | | |
| Consequence Rating: | | Likelihood Rating: | |
| RISK RATING: Unacceptable/Very High/High/Significant/Moderate/Low | | | |
| NB: risk Treatment Plan to be submitted to Board if risk rating is high, very high or unacceptable | | | |
| Comments on adequacy of existing controls: | | | |
| | | | |
| RISK TREATMENT OPTION/S: Eg. Accept, Avoid, Transfer, Reduce | | | |

| RISK TREATMENT PLAN | | |
|-------------------------|-----------------|-----------------|
| Description of Activity | Completion Date | Status/Comments |
| | | |
| | | |
| | | |

| Level of risk after implementation of actions: | | | | | |
|--|--|---------------------------|--|------------------------------|--|
| Consequence Rating: | | Likelihood Rating: | | Residual Risk Rating: | |
| Board Resolution: | | | | | |