



## Risk Management Procedure

<b>Title</b>	Risk Management Procedure	<b>Policy No</b>	PN-0028
<b>Version</b>	2.1	<b>Date of Approval</b>	23/09/2021
<b>Pillar area</b>	Governance	<b>Schedule review date</b>	Sep 2022

### SCOPE:

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

### PURPOSE:

The objectives of this risk-based system of internal control are to assist AusDBF in achieving its objectives as outlined its **Risk Management Policy**

### Definitions

**Consequence:** 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, Eg. Maintenance, foreign currency conditions, failure to audit or inspection treatments or controls.

**Likelihood:** 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:** 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.

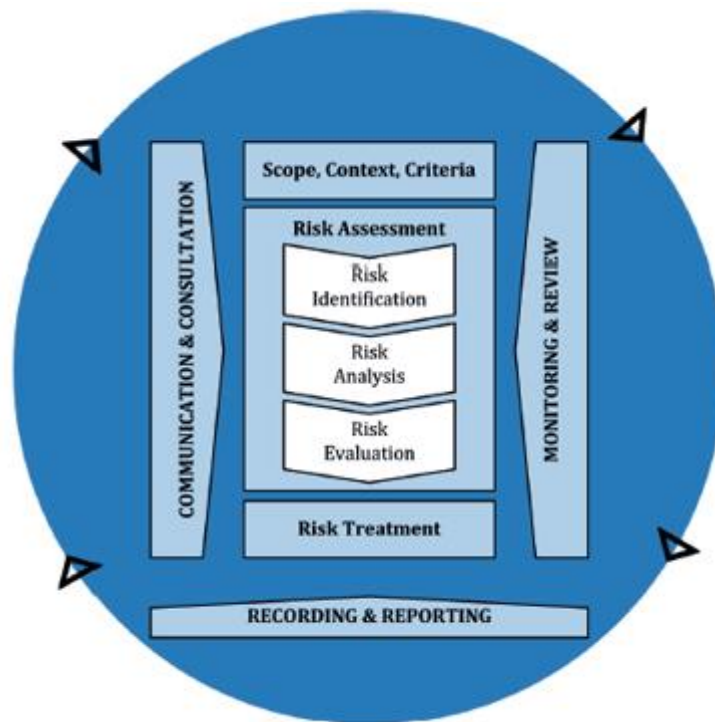
**Risk Treatment:** Measures that modify the characteristics of organizations, sources of risks, communities and environments to reduce risk. Controls that are proposed (i.e. not yet existing) to reduce or mitigate the likelihood or consequence of an event occurring, that is to reduce the residual risk.

**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.

### RESPONSIBILITIES

Risk management is a core management requirement and integral part of day-to-day operations. As individuals we all play our part in managing risk and Directors, Officers, Volunteers and Members at all levels are responsible for understanding and implementing AusDBF risk management principles and practices when in a space controlled by AusDBF or its members.



## 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 AusDBF 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

AusDBF Risks are identified on an ongoing basis and are documented in the AusDBF Risk Register. The register for the operation of the Annual AusChamps, and Aurora regattas and camps which will be done separately as they move from site to site.

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

In addition 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
- Details of any proposed controls, including due date for implementation
- The Residual Risk rating after consideration of the controls in place

### **3. Analyse the Risk**

Risk analysis should seek to identify potential causes and sources of Risk in order to analyse their consequence and the likelihood that the consequence will occur.

All Risks within AusDBF are assessed using the common scale that considers:

- The potential consequences if the risk were to occur
- The likelihood of AusDBF being impacted in that way

The consequence and likelihood are then used to rank the Risk in accordance with the following five categories:

1. Insignificant
2. Minor
3. Moderate
4. Major
5. Catastrophic

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

The rating of a risk is used to determine

- 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 high

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; and
- 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 Audit and Risk Committee and by them to the AusDBF Board. Outcomes are made available to Members where appropriate.

## Appendix:

## Risk Calculator

Consequence Descriptor	Detailed Description				
	Strategic (Stakeholder, reputation, organisation, governance)	Operational (Process, people & culture, legal)	Physical Assets (Damage, loss of use)	Financial (Gain or Loss) (Market, liquidity & credit, reporting)	Information (Information management, information systems, intellectual property)
Insignificant	No stakeholder or lack of public interest, Minor, non-deliberate, breach of procedure, contract or regulatory obligations, Little to no cost implications for AusDBF, 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.
Minor	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, Regulator imposing a low statutory penalty, Low cost implications for AusDBF .	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.
Moderate	Concerns expressed by stakeholders and/or public at a regional level and loss of trust and confidence in operations on a particular issue (non-life threatening, Action results from commercial loss (regulator imposing a moderate statutory penalty, moderate cost	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	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

	implications able to be absorbed by AusDBF, breach of Contract, regulatory or common law obligations that also includes a deliberate breach of a procedure, contract or regulatory obligation, moderate cost implications able to be absorbed by AusDBF, Moderate, temporary damage to habitat or environment, May incur cautionary notice or infringement notice.	existence is not threatened but could be subject to significant review/change to operations.			
<b>Major</b>	Concerns expressed by stakeholders and/or public at a national 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 ;not a class action, regulator imposing maximum statutory penalty, major cost implications that AusDBF will need to seek additional funding to meet, 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.	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 <30% 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>	Sustained and widespread concerns expressed by public or stakeholders and/or	Fatality of personnel, Protracted unavailability of critical skills/people, Critical failure(s)	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

	<p>including all levels of Government leading to a loss of trust and confidence</p> <p>impacting whole of operations, Actions resulting from an impact on the public (the public bringing class action, major cost implications unable to be met by AusDBF, major breach of contract, regulatory or common law obligations that impacts on a region of the community),</p> <p>Substantial permanent damage to habitat or environment,</p> <p>Serious or repeated breach of legislation or licence conditions,</p> <p>Cancellation of licence, Prosecution for serious infringement</p>	<p>preventing core activities from being performed, The impact threatens the survival of the project or AusDBF.</p>			
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Table 1- Consequence Matrix

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

Table 2- Likelihood Matrix

Likelihood	Consequences				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Medium 20	High 40	High 60	Critical 80	Critical 100
Likely	Low 16	Medium 32	High 48	High 64	Critical 80
Possible	Low 12	Low 24	Medium 36	High 48	High 60
Unlikely	Low 8	Low 16	Low 24	Medium 32	High 40
Rare	Low 4	Low 8	Low 12	Low 16	Medium 20

Table 3- Risk Matrix

Risk Level	Risk Acceptance/Tolerability	Strategic Action Plan/Risk Mitigation Strategy
Low (4-19)	Acceptable with periodic review	Manage with routine procedure
Medium 20-39)	Tolerable with periodic review	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. It would be appropriate that measures to achieve long term further reduction to the risk be considered.
High (40-59)	Tolerable with continual review	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. Risk controls must be applied as part of a documented risk management plan that is continuously reviewed.
High (60-79)	Intolerable without treatment	Exposure to risk should be discontinued to as soon as reasonably practicable. Risk controls must be applied as part of a documented risk management plan that is continuously monitored and reviewed.

<b>Critical (80-100)</b>	Intolerable	Exposure to this risk would normally be immediately discontinued except in extreme circumstances. 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.
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*Table 4- Risk Acceptance and Tolerability*



