

# RISK MANAGEMENT FRAMEWORK



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## 1. Introduction

The Western Australian Football Commission (WAFC) has developed this Risk Management Framework (RMF) to assist the Commission, the Executive, management and its staff to achieve legal compliance, improve operational efficiency, mitigate risks and capitalise on opportunities in pursuit of success.

WAFC's vision is:

*“Connecting and enhancing communities through our great game.”*

WAFC will work together with partners to identify and manage risks that impact upon Australian Rules Football (“Football”) in WA.

The Commission seeks to foster continuous improvement to ensure it meets or exceeds stakeholder expectations and enhances Football at every level.

This RMF provides a structured approach to managing risks by:

- Adopting an agreed set of Risk Management principles based upon best practice guidelines.
- Standardising the process of risk management.
- Using an agreed set of tools, processes and terminology; and
- Integrating risk management into our normal day to day business.

## 2. What is Risk?

The international standard for Risk Management (AS/NZS ISO 31000:2009 – Risk Management: Principals and Guidelines) sets out that:

*Risk is the effect of uncertainty on objectives*

That is, risks that affect WAFC in achieving its Vision and Objectives may have one or more consequences, (albeit positive or negative). This RMF shall help WAFC to understand and evaluate these risks, and to implement a response where appropriate.

## 3. WA Football Commission - Pillars

The WAFC's pillars are:

- Engagement: More people are engaged in footy than any other sport in WA.
- Talent: WA is recognised as best practice in talent identification and player development.
- Sustainability: WA clubs and competitions are well governed, operate with integrity and are sustainable.

## 4. Risk Policy And Appetite

To achieve these Objectives the WAFC must take measured risks and seize opportunities. However, we recognize that in some cases it may not be worth the potential negative consequences, and therefore actions that may threaten achievement of Objectives should be minimized or avoided. To do so, we will implement a risk management process across all parts of the organisation and be vigilant to changes that may affect such risks.

The Commission will apply a risk-based approach to support our decisions and actions to ensure foreseeable positive and negative outcomes are considered. It will seek to take advantage of opportunities presented based upon our risk appetite and apply a rigorous and ongoing risk management process across all parts of the organisation.

### 4.1 Desired Risk Management Principles

The following principles are indicative of good risk management and are those that the WAFC aims to achieve.<sup>1</sup> Our approach to risk management shall:

- Create and protect value across our deliverables and our assets.
- Maintain risk management as an integral part of WAFC's processes.
- Ensure risk management is a normal part of decision making.
- Use risk management to explicitly addresses uncertainty.
- Ensure a systematic, structured and timely approach to risk management.
- Use the best available information to help us assess risk.
- Tailor our management systems to WAFC's risk profile.
- Take human and cultural factors into account.
- Ensure we are transparent and inclusive of important stakeholders.
- Be dynamic, iterative and responsive to change.
- Facilitate continual improvement across the Commission.

### 4.2 Benefits of this Risk Management Framework

The benefits of applying this RMF include:

- Alignment of risk management activities with WAFC's strategic objectives.
- Better understanding of opportunities and threats.
- More informed decisions in climates of uncertainty.
- More effective allocation and use of resources.
- Improved stakeholder confidence and trust.
- Improved compliance with relevant risk-related legislation.
- Improved corporate governance.
- Improved incident management, and
- Potential reduction in loss.

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<sup>1</sup> AS/NZS ISO 31000:2009 - Risk Management – Principles & Guidelines



WAFC will strive to continually improve its risk management practices and performance in line with its strategic objectives, as well as creating a risk aware culture across all business activities.

### **4.3 Applying these Principles**

WAFC will apply these principles within the RMF by:

- Implementing a program of risk management.
- Identifying and evaluating significant risks to achieving strategic objectives.
- Setting boundaries for risk-taking.
- Identification of fit-for-purpose risk treatments.
- Ensuring all employees follow relevant WAFC policies, guidelines and standards.
- Reporting on the progress of implementing risk management.
- Monitoring the effectiveness of risk and internal control through auditing and assurance.

### **4.4 What Risks are we Prepared to Take?**

WAFC is prepared to take risks with:

- Our competition structure, the time we play and rules of the Game. We must continue to innovate the governance structure around our game and look for opportunities for continuous improvement.
- Building partnerships to collaborate with other organisations to achieve collective outcomes.
- Introducing agreed reforms that may occasionally be to the detriment of some stakeholder groups, but are for the greater good.
- In people and their skillsets – we need to recognise that other industry experience is good
- Aligns with our agreed strategic direction.
- Supports new ventures to increase net revenue and membership opportunities where there is a sound business case and a break-even or better, financial return
- Challenges existing norms and changes direction when circumstances warrant

### **4.5 What Risks are we Averse to?**

WAFC has NO appetite for risks which may:

- Compromise the safety and/or welfare of our staff or our players, officials, supporters or members of the community.
- Have a significant negative impact on the organisations long-term financial sustainability.
- Create a significant spending variance greater or less than 5% of budgeted items.
- Be of an unethical nature and/or have a negative impact on the reputation of the game.

## 5. Scope of Risk

W AFC understands that the scope of risk across our business is diverse. W AFC is committed to the development and implementation of strategies to address the risks identified in all these areas.



Figure 1 - Scope of Risk

### 5.1 Risk in Context

The RMF applies to all areas of W AFC's business. Risks can typically be associated with the following Areas of Focus:

- Strategic
- Operational
- Financial
- Compliance (externally & internally)

### 5.2 Where is Risk Best Managed?

W AFC adopts the principle that:

*Risk is best controlled centrally but managed locally*

W AFC will establish a control environment that is developed centrally through the W AFC Governance Unit to help implement this RMF with a suite of support tools and guidance materials. The Commission is committed to empowering, training and resourcing its staff to ensure they are competent, capable and accountable for mitigating risks within their area of control.

## 6. Roles and Responsibilities

### 6.1 Chief Executive Officer

The Chief Executive Officer (CEO) shall report to the WAFC Commissioners on a regular basis on:

- Significant risk exposures and incidents.
- Mitigation measures.
- Audit and assurance activities.
- Resourcing of the risk management program.

The CEO is:

- Accountable to the Commission for the implementation of the RMF and is ultimately responsible for the management of risks across the organisation.
- To actively oversee the internal reviews, audits and assurance investigations to ensure that the requirements of this RMF are being met.
- To be actively involved in Executive Management Team Management reviews of this Framework and other risk management support guides.
- Responsible for consulting and communicating with WAFC staff and the Commission (via the Risk & Governance Committee) on risk management issues.

### 6.2 Executive Management Team

In addition to the CEO, the Executive Management Team consists of:

- Executive Manager, WAFL & Talent
- Executive Manager, Commercial Operations
- Executive Manager, Junior, Youth & Community
- Executive Manager, Country Football, Affiliates & Facilities.

Each shall report to the CEO regularly on key risks affecting their business units. The Executive Management Team is:

- Accountable for managing risks within their span of control and in compliance with WAFC policies and procedures.
- Responsible for reporting risk-related incidents to the CEO where required so that control weaknesses can be identified and corrective actions implemented.
- To actively oversee the implementation of any corrective actions identified for their business unit.
- Assist with reviews of procedures and structures where requested by the CEO.
- Consult and communicate with the CEO on risk management where required.

### 6.3 Risk & Governance Committee

In line with their Terms of Reference, the Risk & Governance Committee is required to:

- Review the WAFC Corporate Governance Charter annually and promote compliance with appropriate procedures for the WCE and FFC.
- Oversee and facilitate the provision of advice regarding the compliance with the WAFC Constitution.
- Oversee responsibility for compliance by WAFC with the statutory obligations of an incorporated association including (but not limited to) the execution of contracts, holding of the AGM and ensuring conformity of the Constitution to legislation.
- Oversee the risk monitoring processes of the WAFC and its entities and of the risk mitigation strategies adopted.
- Review and monitoring of claims lodged under the WAFC's insurance policies.
- Monitor compliance by the WAFC with the WA Occupational Safety & Health Act, relevant employment legislation and Environmental laws.

### 6.4 Executive Manager, Commercial Operations

The Executive Manager, Commercial Operations is required to:

- Establish, implement, monitor and review the RMF on behalf of WAFC.
- Assist with the development and distribution of risk assessment/management templates for implementation by all staff as required.
- Facilitate and make recommendations on appropriate systems and structures for compliance and management plans as well as providing direction on issues such as corporate governance, intellectual property, risk assessment, insurance and contracts.
- Notify Executive Management Team members promptly of any changes in the RMF, which could affect their operations.
- Coordinate the reporting process of risk management activities to the CEO and the Risk & Governance Committee in line with the agreed requirements.
- Oversee insurance placements and claims lodged under insurance policies carried by the WAFC.
- Provide assistance to other Managers regarding this RMF and policy.

### 6.5 Health, Safety & Environment Committee

The Health, Safety & Environment (HSE) Committee is the core consultative forum for health and safety issues across WAFC. It is made up of representatives from business units and work teams.

The Committee meets on a monthly basis and is responsible for:

- Discussing issues that are unresolved at the work-team level.
- Advising the Executive Management Team (monthly) and Risk & Governance Committee (bi-monthly) on recommended decisions regarding resolution of safety-related issues.
- Reviewing incidents and safety performance at the work team level.
- Reviewing incident, accident and near miss reports.
- Undertaking workplace inspections.
- Reviewing safety systems and procedures to assist WAFC to reduce the risk of incident or injury in workplaces.
- Acting as a communication link between staff and management.

The Committee operates under a Terms of Reference that sets out its operational parameters.

Minutes of each meeting are maintained by the Chair of the Committee.

## 6.6 General Responsibilities - Top Down and Bottom Up

W AFC’s focus for Risk Management is ‘top down’ for strategic, compliance-related and financial business risks, and ‘bottom up’ for operational risks.

The CEO and the Risk & Governance (CG) Committee are responsible for the identification, assessment and control of strategic, financial and compliance-related risks. The CEO and the Committee will also take an active interest in operational risks identified through the risk management process where the risk has been identified as ‘high’.

The CEO, the Risk & Governance Committee and the Commission will be involved in validating and monitoring all risks assessed with an inherent value as ‘high’ or ‘extreme’.

The Executive Management Team members are responsible for the identification, assessment and control of operational, strategic and financial risks applying to their business units or where risks are classified as ‘medium’.

Business unit managers will be involved in identifying, assessing and controlling all activities that have been identified as ‘low’ risks in their respective business units.

These monitoring and reporting responsibilities are located at ‘Appendix D – Evaluation & Risk Tolerance,’ of this RMF.

W AFC adopts a priority-based approach which helps direct resources toward risks that are deemed outside an acceptable risk criteria set by the organisation.

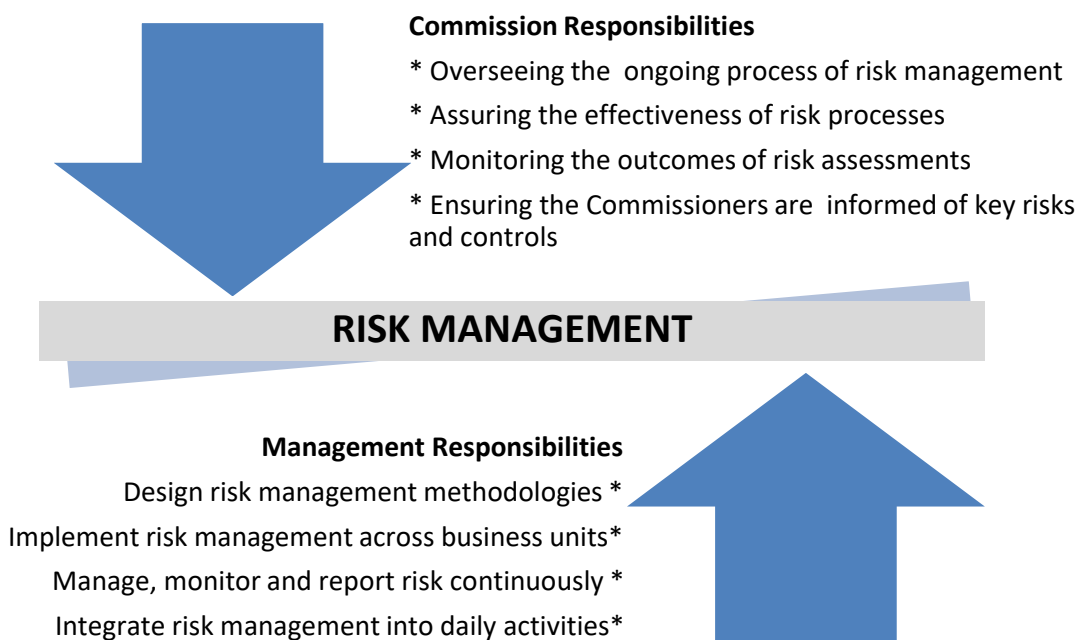


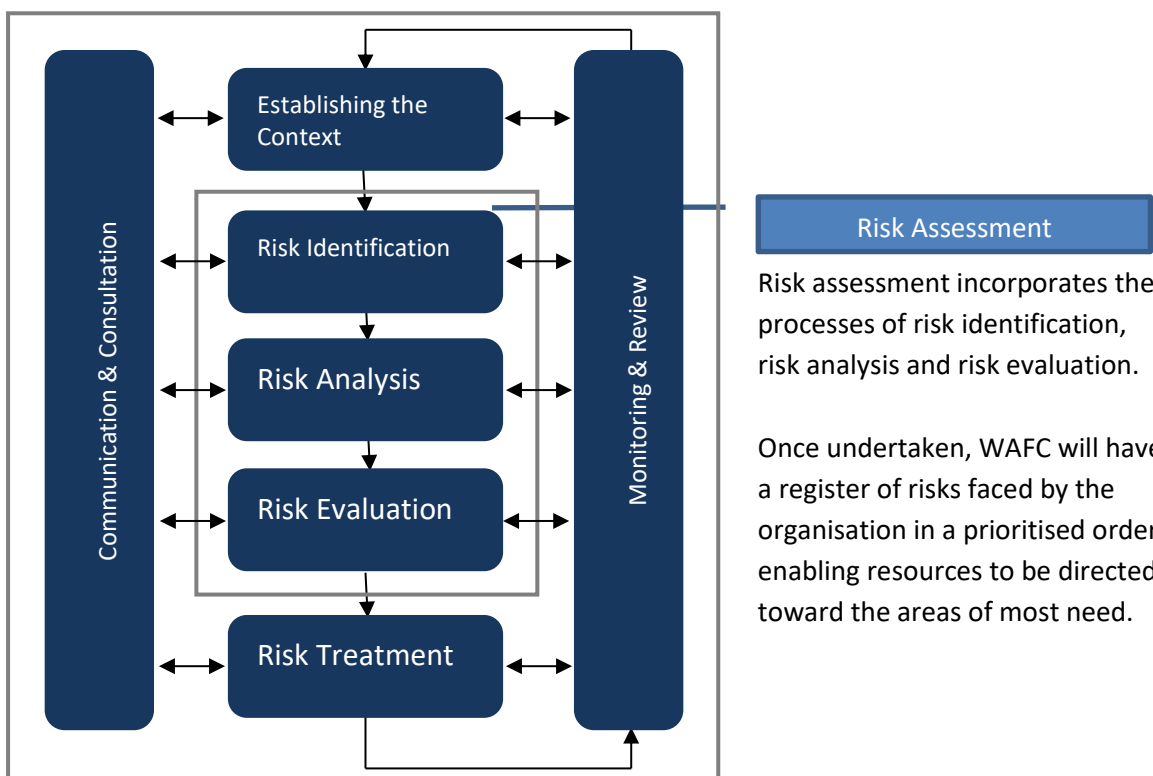
Figure 2 - Striking the Balance: Top Down and Bottom Up

## 7. Risk Management Process

Below describes the process for managing risk based on the Australian Standard for risk management - AS/NZS ISO 31000:2009:

1. **Establish the Context** - Understanding the context and environment in which WAFC operates and the risks to be assessed to understand the source of adverse events, whilst seizing upon potential opportunities.
2. **Identify the Risks** - The process of determining what, where, when, why and how something could happen.
3. **Analyse the Risks** - Understanding the impact/consequences and likelihood of the risk occurring.
4. **Evaluate the Risks** - Assessing the risk exposure against a defined set of criteria including a current control assessment.
5. **Treat the Risks** - Process of selection and implementation of measures to modify risk to an acceptable level.
6. **Monitor and Review** - To check, supervise, observe critically or measure the progress of an activity, action or system on a regular basis, in order to identify change from the performance level required or expected.
7. **Communicate and Consult** – Communicate and consult with stakeholders at each stage of the risk management process.

This process is illustrated below:



## 8. Risk Management Tools

The RMF is supported by a range of tools, records and reports that help ensure consistent documentation of risk assessment and control. This documentation, combined with a process of monitoring and review, encourages continuous improvement in the way WAFC manages risk.

### 8.1 Risk Registers

Risk Registers are the key repository for holding information from risk assessments completed by WAFC. They shall represent the outcomes of the risk management process and hold the following information:

- **Risk ID** – Each risk is given a unique Risk ID to ensure it can be appropriately tracked over time, should the Description of the risk change. A prefix naming convention for Risk ID is as follows:
  - ST – Strategic
  - FI – Finance
  - OP – Ops

Note: All risks are given a number after the prefix naming convention. Each number is assigned in consecutive order. I.e. OP1, OP2, ST3, FI4..... etc.

- **Focus Area** – The area of WAFC business that the risk relates to.
- **Risk Description** – A description of the threat or opportunity and the potential foreseeable consequence of that occurring.
- **Consequence Category** – The Consequence Category describes the consequence, (see Appendix C) that the risk assessor has applied. Most risks can have more than one consequence, so assessors should select the most foreseeable consequence.
- **\$ Loss** – Where a financial loss is foreseeable, an estimate of the size of the potential loss should be recorded.
- **Current Controls** – Current Controls describe the risk mitigation activities already in place to address that risk. They may be either preventative or preparedness in nature. Preparedness based controls will not stop the occurrence from taking place, but may reduce the impact of that occurrence.
- **Risk Screening** – Risk Screening is a legitimate method of prioritising risks based upon a perceived or real level of assessed importance. Often the risk screening method is used as a means of prioritising a long list of risks into a smaller list to which a more rigorous analysis of Consequence and Likelihood can be applied. Risk Screening options include: Extreme (E), High (H), Medium (M), Low (L).
- **Owner** – The Owner is the person or persons who ‘Owns’ responsibility for rectification of the risk controls.
- **Additional Controls** – Additional Controls describe any controls in addition to those already in place to address a particular risk.
- **Residual Consequence** – The Residual Consequence describes the level of severity of the consequence after current and additional controls have been put in place.
- **Residual Likelihood** – The chance that a risk accompanied by a particular consequence will occur.
- **Residual Risk** – The level of risk while taking into account the consequence and likelihood after all current and additional controls are in place.

## **8.2 Reports**

### **8.2.1 Report Types**

Various reports are required to allow the Executive Management Team and Risk & Governance Committee to adequately monitor the status of risk management across WAFC. Key risk reports include:

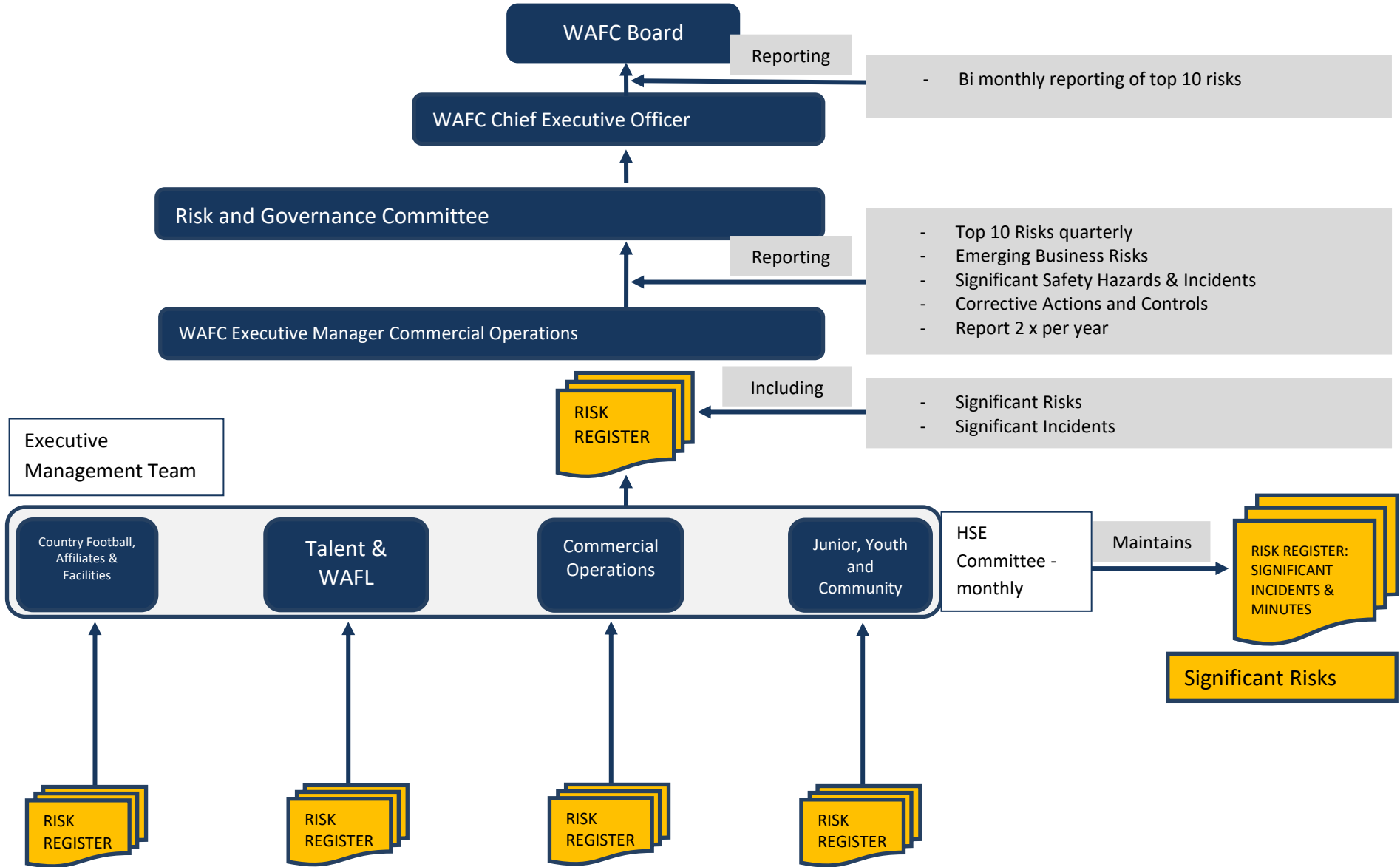
- Risk assessment reports
- Risk audit reports
- Incident reports
- Independent annual review

All reports are to be coordinated by the WAFC Executive Manager, Commercial Operations but will be the responsibility of the Functional Area Manager to produce.

Appendix E of this RMF includes a Board Reporting template.



### 8.2.2 Reporting Structure and Frequency



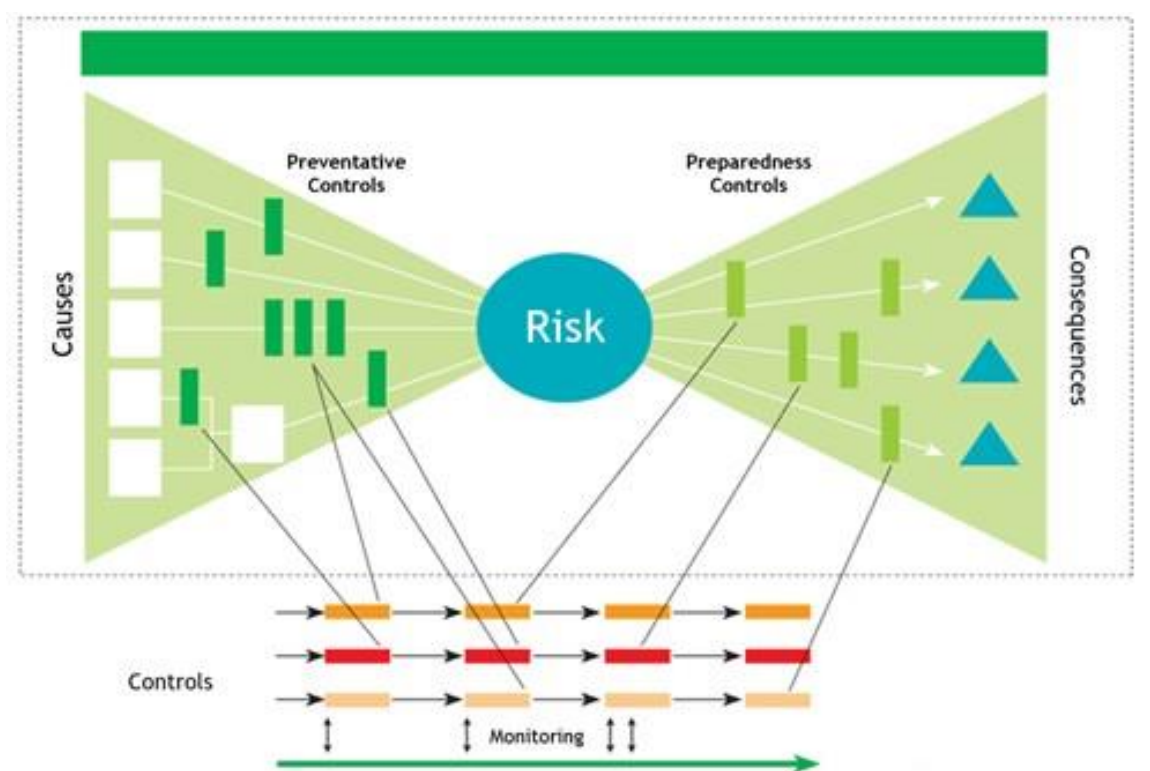
### 8.3 Templates

Templates may be used to guide the user in a pre-defined format or structure. Completed templates become useful records evidencing specific risk-related activities. Examples of risk-related templates used by WAFC include:

- Assessment Matrices (Appendix C)
- Risk Register (Excel Spreadsheet)
- Board Report Template (Appendix E)

### 8.4 Risk Assessment ‘Bow-Tie’

The ‘bow-tie’ approach to analyzing risks is one risk assessment method utilised by WAFC. Each risk identified has a range of causes (contributing factors) and one or more impacts (consequences). The process of causal and consequence mapping provides a powerful tool for establishing a clear understanding of a specific risk. This is generally a facilitated process and one that is typically applied to more significant risks.



Further risk controls identified are assigned and Action Plans generated to either prevent or reduce the likelihood of the risk from occurring (Preventative Controls), or mitigate the impact of the risk should it occur (Preparedness Controls).

### 8.5 Hierarchy of Controls

Risk treatments applied to health and safety hazards can use the hierarchy of controls to manage a risk. The hierarchy requires the application of the highest possible control strategy that is appropriate for the level of risk presented.

For a complete definition of the Hierarchy of Control, refer to the definition provided in the attached Glossary (Appendix A).

## **8.6 Health, Safety & Environment Framework**

The Health, Safety & Environment (HSE) Framework is an important feature of the WAFC Risk Management Framework.

WAFC is implementing a comprehensive Occupational Health & Safety Management System (OHSMS) in line with the requirements of the Australian/New Zealand Standard AS/NZS4801:2001.

## **8.7 Emergency Management, Critical Incident Management, Business Continuity and Disaster Recovery**

WAFC has comprehensive Emergency, Critical Incident, Business Continuity and Disaster Recovery Plans in place.

When a risk materialises, the approach undertaken at the time and in the ensuing time periods will largely determine the overall impact or loss experienced by WAFC. When critical business functions are affected, the ability of the WAFC may be severely hampered in the short term. In some cases, the Commission's brand, or the brand of Football in WA may also be at risk.

The WAFC is committed to ensuring an appropriate level of readiness through developing a range of plans to deal with emergencies, crisis and business continuity.

The organisation will regularly test and rehearse these plans to ensure the organisation is prepared for dealing with significant unforeseen incidents.

An indicative timeline relating to the response phases to incidents and the resumption of normal business and recoveries are shown in the diagram at Appendix E.

These are further explained below:

### **8.7.1 Emergency**

An emergency is a sudden, unexpected event that requires an immediate response from internal or external emergency services.

### **8.7.2 Critical Incident Management**

A Critical Incident is an adverse incident, or series of events that has the potential to seriously damage an organisation's people, operations and its reputation.

Critical Incident Management is the development of a process to minimise the impact of a Critical Incident on the WAFC's people, operations and reputation and to assist the WAFC to recover from such an event.

#### **8.7.2.1 Critical Incident Management and Disaster Recovery Team (CIMDRT)**

The Critical Incident Management and Disaster Recovery Team (CIMDRT) consists of the Executive Management Team plus additional subject matter experts, depending upon the nature of the crisis. Their role is to make decisions regarding the running of WAFC prior to, during and immediately after a Critical Incident. Their role includes communicating with key internal and external stakeholders and managing the WAFC's recovery process following a Critical Incident.

#### **8.7.2.2 Business Continuity Plan (BCP)**

The Business Continuity Plans (BCP) addresses WAFC's ability to maintain operations/services in the face of a disruptive event. It assumes that risk management (control) arrangements in place have failed and that an incident has occurred which has interrupted critical business functions to the extent that corrective action is required.

The BCP is a plan that describes a sequence of actions, and the parties responsible for carrying them out, in response to a series of identified risks, with the objective of restoring critical business functions as soon as possible.

### **8.7.2.3 Disaster Recovery Plans (DRP)**

Disaster Recovery Planning (DRP) is a proactive approach to getting the business back on its feet in the shortest possible time after an emergency/disaster; particularly areas dependent upon information technology.

WAFC will identify information technologically dependant processes and resources that are critical, and develop realistic recovery objectives and plans to ensure the organisation can continuity to operation in the event of loss of IT systems.

The DRP will demonstrate a clear understanding of WAFC's business's recovery objectives and reflect what the business needs, to continue.

## 9. Appendix A – Glossary

The following definitions apply in the context of risk management terminology used by WAFC.

### **Audit**

An audit is a systematic examination against pre-defined criteria to determine whether activities and related results conform to planned arrangements. It also establishes whether these arrangements are implemented effectively and are suitable to achieve the organisation's Risk Appetite Statement and objectives. Audit is an important tool in the risk management assurance process and helps to monitor continuous improvement.

### **Duty of Care**

The duty owed to an employee, contractor, and visitor to a WAFC managed or partially managed venue, or activity hosted by WAFC (as an employer); to provide safe premises, safe plant and equipment and safe systems of work. This duty is enshrined in the relevant OS&H legislation within which WAFC is operating and under common law. A similar duty is owed by all employees and contractors to work safely and follow authorised safe working policies, procedures and instructions within their job roles as competent persons.

### **Element**

An Element is set of specific business activities that relate to a particular feature within a Risk Management or Safety Management System. Several Elements can be clustered to form a Standard within the Management System. Each Element contains information on the purpose of the Element, the means by which the Element can be measured, and the linkages between it and other Elements within the Management System.

### **Hazard**

A source or cause of a situation with the potential for harm in terms of human injury or ill-health, damage to property, damage to the environment, or a combination of these.

### **Hierarchy of Control**

The hierarchy of control is a recognised prioritising process for mitigating safety risks based upon the significance of that risk. The higher a risk that a hazard creates, the higher the proposed level of control shall be drawn from the hierarchy. The risk assessor shall aim to achieve the highest level of control that is reasonably practicable.

The hierarchy of controls consists of:

- Eliminate the hazard;
- Substitute for a lesser hazard;
- Modify the work system or process;
- Isolate the hazard;
- Use engineering controls;
- Administrative controls; and
- Personal protective equipment (PPE).

In many cases, it will be necessary to use more than one control method.

### **Incident**

An unplanned occurrence resulting in or having the potential to cause injury, ill-health, damage or other loss to the business or personnel.

### **Inherent Risk**

The remaining level of risk before risk treatments have been undertaken.

### **Inspection**

A regular workplace observation to check equipment, working environment and practices, to identify hazards, deficiencies.

### **Issue**

An “issue” can be a situation that currently exists or requires action / decisions to resolve.

### **Responsibility**

Responsibility is assigned to a competent person for delivering specific risk-related tasks with accountability and obligations.

### **Risk**

Risk is a product of Consequence and Likelihood. It can be described as representing threats or opportunities to achieving WAFC’s pillars.

### **Risk Control Effectiveness**

Control effectiveness represents the efficacy of risk actions and controls that are implemented by WAFC to reduce risk to an acceptable level.

### **Risk Score**

Risk Score = Consequence Factor x Likelihood Factor

### **Policy**

A policy is a written document that defines why a risk management or operational risk or issue will be managed. The corporate Risk Management Policy defines the commitment from WAFC management for implementing the Risk Management Framework across the business. Other risk management policies are designed around specific strategic, operational or Event related risks. These are supported by corresponding standard operating procedures (SOP) that describe how the Policy will be implemented.

### **Procedure**

A procedure is a document which defines the method, activities and responsibilities associated with a work process and articulated in a policy. It defines the specific tasks required to implement policy.

## **10. Appendix B – Risk Management Process (Detailed)**

The Risk Management Process is described in more detail below:

### **Establish the Context**

Establishing the context is crucial to the risk assessment process. This defines both the external and internal considerations to be considered when managing risk.

The external environment considerations:

- The cultural, social, political, legal, regulatory, financial, technological, economic, natural and competitive environment, international, national and local implications
- Key issues and trends having an impact on the objectives of WAFC
- Relationships with and perceptions and values of external stakeholders

The internal environment considerations:

- Governance, WAFC structure, roles and responsibilities
- Policies, objectives and strategies to achieve
- WAFC's organisational capability
- Information systems, flows and decision-making processes (formal & informal)
- Internal relationships and stakeholders
- WAFC's culture

### **Identification of Risks**

Risk identification is the process of finding, recognising and describing risks. Risks can be identified through various means. These may include:

- Annual Reports
- Strategic plans
- WAFC-related projects
- Environmental scans
- Workshops
- Past incident reports
- Media reports
- Research and consultation
- Working groups
- Stakeholder feedback
- Competition experience (including data and trend analysis)
- Post Event debriefs

### **Analyse the Risks**

Proper analysis of the risks provides a process to comprehend the exact nature of the risk and to determine the actual level of risk. Risk is defined as the chance of something happening that will have an impact on objectives. It is measured in terms of consequence and likelihood. To better define those terms the following categories have been identified:

### Risk Consequence Categories (see Appendix C)

The following categories should not be read in isolation as each of these is associated with the business impact descriptions.

- Catastrophic
- Major
- Moderate
- Minor
- Insignificant

### Business Impact Descriptions (see Appendix C)

- Health and Safety
- Operational Disruption/Service Delivery
- Image & Reputation
- Stakeholder Relations
- Legal & Compliance
- Financial (Cost/Revenue)
- Talent
- Engagement

### Risk Likelihood Categories (see Appendix C)

- Almost Certain – The event is expected to occur
- Likely – Probably occur in most circumstances
- Possible – Occurrences have been recorded in the past 12 months
- Unlikely – Could occur at some point but not expected
- Rare – No recorded occurrences but could occur in exceptional circumstances

### Current Control Effectiveness Assessment

Many identified risks will have controls currently in place and to avoid misuse of resources; an analysis of the suitability of those controls must also be undertaken.

Categories of Controls may include:

- Hard controls: physical barriers, access controls (identity passes, passwords, security staff, keys etc.), cameras, gates, no-go zones, physical separation of duties
- Soft/Administrative controls: internal policies and procedures; financial/administrative delegations, position descriptions and performance reviews; crisis, contingency, emergency, strategic, business continuity and operational plans with associated performance measures; codes of conduct and associated values and ethics statements;

The following descriptors can be applied to that current control status:

- Poor - Controls do not exist or else are not operating effectively. Risk will either not be controlled or there is no guarantee of control. Reliant on the good will of individuals or informal controls
- Fair - Some risk management systems, process controls and procedures in place. Basic risks will be controlled most of the time. However, scope exists to improve controls.
- Good - Risk management systems, process controls and procedures in place and can be relied upon to mitigate or prevent risk materialising in most circumstances. Controls are reasonable, well balanced and effective.



## Risk Evaluation

Following the understanding of the Consequence and Likelihood, and effectiveness of current controls, a risk score range will have been determined. Once understood, the risk needs to be evaluated against the risk acceptance/risk tolerance criteria that WAFC has in place. The following table provides guidance on the recommended actions to be undertaken depending upon that risk score. Risk scores are the product of Consequence and Likelihood Factors. Each has a potential factor between 1-5 on each. These scores and definitions are for guidance purposes only and there may be occasions where further action and/or research is required:

Risk Definition	Risk Score Range	Risk Tolerability and Acceptance Levels	Recommended Actions
Extreme	20 to 25	Unacceptable	May require significant change of strategy, and increased resources to manage this risk. May require cessation of activities. Take action immediately.
High	15 to 19	Undesirable	Take action and attempt to reduce risk to less than 15. Requires single point accountability.
Medium	10 to 14	Tolerable	Managed within normal priorities. Still requires single point accountability of risk.
Low	1 to 9	Broadly Acceptable	Managed within routine procedures.

## Risk Treatment

Once the risk level has been established, where required, risk control plans should be devised and undertaken in accordance with the guidance listed above. Improving the control environment will have a resultant diminishing effect on the risk exposure, thus further protecting the business. The treatment plan must be linked to one of the following strategies:

### Terminate - Avoid the risk

By deciding not to start or continue with the activity that gives rise to the risk (where this is practicable). Risk avoidance can occur inappropriately if individuals or organizations are unnecessarily risk-averse. Inappropriate risk avoidance may increase the significance of other risks or may lead to the loss of opportunities for gain.

### Treat - Reduce the risk (Risk Controls)

Changing the likelihood (prevention) of the risk, to reduce the chance of an adverse event.

Changing the consequences (mitigation), to reduce the extent of the losses, should the event occur.

### Transfer - Contract and/or Insurance

This involves another party or parties bearing or sharing some part of the risk, preferably by mutual consent. Mechanisms include the use of contracts, insurance arrangements and organisational structures such as partnerships and joint ventures to spread responsibility and liability.

Generally, there is some financial cost or benefit associated with sharing part of the risk with another organisation, such as the premium paid for insurance. Where risks are shared in whole or in part, the organisation transferring the risk has acquired a new risk, in that the organization to which the risk has been transferred may not manage the risk effectively.

#### **Take - Retain the Risk**

After risks, have been changed or shared, there will be residual risks that are retained. Risks can also be retained by default, e.g. when there is a failure to identify or appropriately share or otherwise treat risks.

#### **Risk Treatment Plans (See Risk Register)**

Action Plans are generated at the completion of the risk assessment and a decision on the risk treatment strategy. They define specific actions, activities, policies, procedures or other controls that are required to manage the risk or seize the opportunity. The Risk Register can be used to monitor the status of any Action Plans. The Action Plans nominate a risk owner who is the person responsible for implementing the actions.

#### **Monitoring and Review**

It is the responsibility of WAFC to develop and implement a robust monitor and review program. This may include audits (internal and external), workshops, training sessions, scheduling of review programs and control self-assessments.

#### **Incident Management**

In addition, incident management processes will capture risk control failures and/or weaknesses following an incident. Corrective actions should be identified and the responsible person to undertake and report on actions.

Management reports will be produced to reflect the risk profile and status of the organisation's significant exposure areas and provided to the Executive Management Team on a regular basis.

#### **Auditing**

Auditing is a pro-active means of identifying control weaknesses and/or non-compliances across the business. Audit is used to test the current control environment and to provide assurance to the CG Committee and the Commission that the control environment is both implemented and effective.

### Risk Reporting Levels (see Appendix C)

To ensure accountability for risk management, assessed risks are to be reported to the identified audience in accordance with the following table:

Risk Definition	Risk Score Range	Risk Tolerability and Acceptance Levels	Recommended Actions	Reporting
Extreme	20 to 25	Unacceptable	<p>May require significant change of strategy, and increased resources to manage this risk.</p> <p>May require cessation of activities.</p> <p>Act immediately.</p>	<p>WAFC Board, Risk &amp; Governance Committee, Executive and CEO</p>
High	15 to 19	Undesirable	<p>Take action and attempt to reduce risk to less than 15.</p> <p>Requires single point accountability.</p>	<p>Risk &amp; Governance Committee, Executive Management Team and CEO, Business Unit Managers</p>
Medium	10 to 14	Tolerable	<p>Managed within normal priorities.</p> <p>Still requires single point accountability of risk.</p>	<p>WAFC Board, Executive Management Team and CEO, Business Unit Managers</p>
Low	1 to 9	Broadly Acceptable	<p>Managed within routine procedures.</p>	<p>Business Unit Managers</p>

### Communicate and Consult

Communication and consultation are important considerations at each step of the risk management process. This should involve a dialogue with stakeholders with efforts focused on consultation rather than a one-way flow of information from the decision maker to other stakeholders.

It is important to develop a communication plan for both internal and external stakeholders at the earliest stage of the process. This plan should address issues relating to both the risk itself and the process to manage it.

### Records

Decisions concerning the making and capture of records should take into account:

- the legal and business needs for records
- the cost of creating and maintaining records; and
- the benefits of re-using information.

## **Risk Register**

A Risk Register is WAFC's repository for recording the identified risks. The Register records any risk action plans developed to address strategic, operational and project risks.

Risks on the Risk Register will be reviewed at least twice annually by the CEO and the Risk & Governance Committee and in line with the planning cycle of each functional area.

Use of the WAFC Enterprise Risk Management Framework ensures that common approach and language is used to describe risks across the organisation.

Each stage of the risk management process should be recorded appropriately. Assumptions, methods, data sources, analyses, results and reasons for decisions should all be recorded. The records of such processes are an important record of good corporate governance.

Complex or comprehensive risk issues may require more detailed plans and will be dependent upon the circumstances. On the occasions where there are unusual circumstances or where detailed assessment is required the Risk Management representative is to be consulted.

These plans may be presented to the Commission when required or requested.

## 11. Appendix C - Consequence & Likelihood Definitions

CONSEQUENCE DEFINITIONS									
Severity	Sustainability						Talent	Engagement	Factor
	Health and Safety	Operational Disruption/ Service Delivery	Image & Reputation	Stakeholder Relations	Legal & Compliance	Financial (Cost/ Revenue)			
Catastrophic	Multiple fatalities or significant irreversible effects to many people	Unable to service clients or stakeholders. Business ceases to operate.	Prolonged national media attention. Multiple major sponsor embarrassment. Serious long term damage to the sport of AFL nationally.	Long term irreversible damage to stakeholder relations. Unrecoverable sponsor and/or State Government relations.	Potential jail terms. Substantial fines. Major litigation.	Approx \$1.5m+	No players drafted into the AFL from WA in consecutive years	<50% reduction in registrations or Catastrophic decline in participation levels compromising achievement of core participation objectives	5
Major	Single fatality or severe irreversible effects to one or more people	Major disruptions and delays to business operations.	One-off national media attention. Serious short term damage to the sport of AFL nationally.	Major serious damage to stakeholder relations. Single major sponsor and/or State Government embarrassment.	Significant prosecution and fines. Serious litigation.	Approx \$750k	No players drafted into the AFL from WA	<40% reduction in registrations or Major decline in participation levels	4
Moderate	Moderate reversible effects or temporary impairment to one or more persons	Moderate delays and impact on business operations.	Perth media attention. Some impact on reputation. Moderate damage to the sport of AFL Football in WA.	Moderate short term impact on stakeholder relations. Sponsor and/or State Government raises major concerns.	Serious breach of regulation. Prosecution and and/or moderate fine possible. Legal proceedings.	Approx \$250k	50% reduction in year in year numbers of draft picks into the AFL from WA	<20% reduction in registrations or A plateau of participation levels	3
Minor	Reversible injury or illness requiring first aid treatment	Contained on site. Minor disruption to business operations.	Local media attention. Minor impact on the game of AFL in WA.	Minor short term damage to stakeholder relations. Sponsor and/or State Government raises minor concerns.	Minor legal issues. Minor non-compliance or regulatory breaches.	Approx \$100k	10% reduction in year on year numbers of draft picks into the AFL from WA	<10% reduction in registrations or Minor reduction in participation growth forecast	2

CONSEQUENCE DEFINITIONS									
Severity	Sustainability						Talent	Engagement	Factor
	Health and Safety	Operational Disruption/ Service Delivery	Image & Reputation	Stakeholder Relations	Legal & Compliance	Financial (Cost/ Revenue)			
Insignificant	No medical treatment required.	Minimal disruption to business operations.	Little media concern. Little impact on the game of AFL in WA.	Little impact on stakeholder relations  Few sponsor/State Government issues.	Low level legal issue.	Approx \$10k or less	No reduction in year on year numbers of draft picks into the AFL from WA	<5% reduction in registrations Or Negligible fall in participation growth forecast	1
LIKELIHOOD DEFINITIONS									
Likelihood	Description								Factor
Almost Certain	Is expected to occur								5
Likely	Probably occur in most circumstances								4
Possible	Occurrences have been recorded in a 12 month period								3
Unlikely	Could occur at some time								2
Rare	May occur only in exceptional circumstances								1

## 12. Appendix D – Evaluation and Tolerance Matrix

The risk score ranges and recommended actions are outlined below in Table 3:

Risk Definition	Risk Score Range	Risk Tolerability and Acceptance Levels	Recommended Actions	Reporting
Extreme	20 to 25	Unacceptable	<p>May require significant change of strategy, and increased resources to manage this risk.</p> <p>May require cessation of activities.</p> <p>Take action immediately.</p>	WAFC Board, Risk & Governance Committee, Executive and CEO
High	15 to 19	Undesirable	<p>Take action and attempt to reduce risk to less than 15.</p> <p>Requires single point accountability.</p>	Risk & Governance Committee, Executive and CEO, Business Unit Managers
Medium	10 to 14	Tolerable	<p>Managed within normal priorities.</p> <p>Still requires single point accountability of risk.</p>	WAFC Board, Risk & Governance Committee, Executive and CEO, Business Unit Managers
Low	1 to 9	Broadly Acceptable	<p>Managed within routine procedures.</p>	Business Unit Managers

### 13. Appendix E – Board Report Template

Western Australian Football Commission – Board Report

Date: \_\_\_\_\_

**Top 10 Risks**

Risk ID	Focus Area	Risk Description	Consequence Category	\$ Loss	Current Controls	Risk Screening (E,H,M,L)	Owner	Additional Controls	Residual Consequence	Residual Likelihood	Residual Risk

**Emerging Risks**



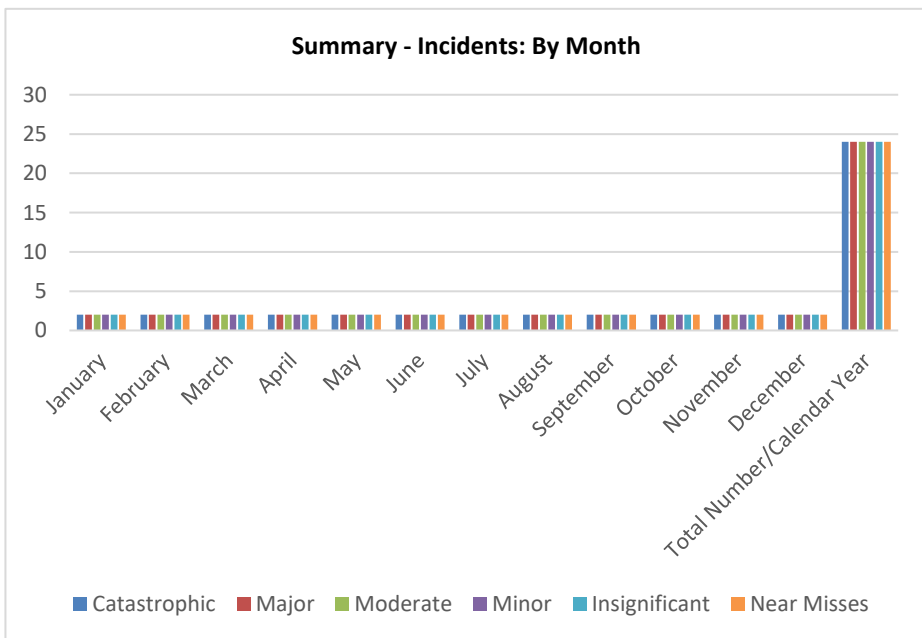
**Incidents: By Month**

	Catastrophic	Major	Moderate	Insignificant	Near Misses	Monthly Total
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						

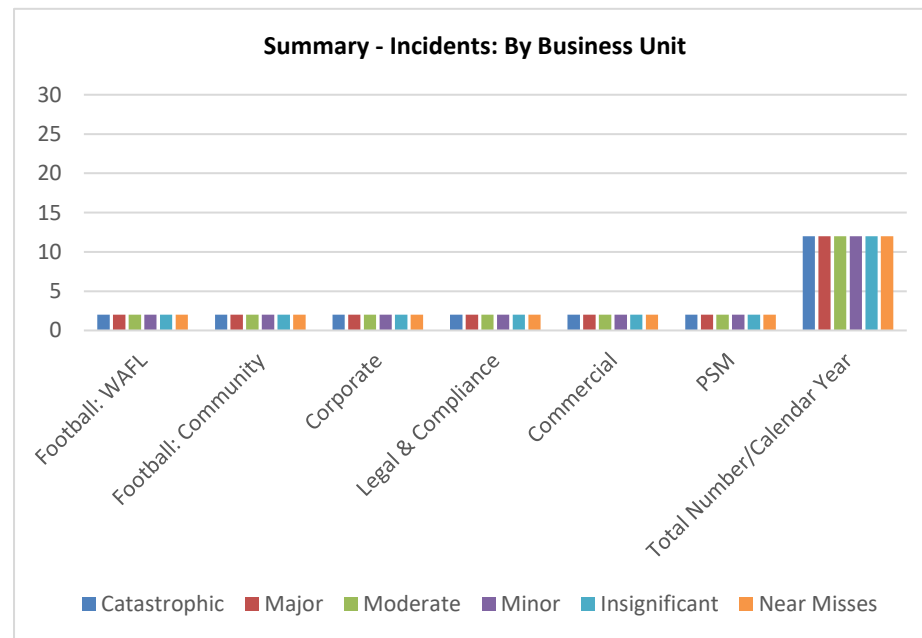
**Incidents: By Business Unit**

	Catastrophic	Major	Moderate	Insignificant	Near Misses	Monthly Total
Football: WAFL						
Football: Community						
Corporate						
Legal & Compliance						
Commercial						
PSM						

**Summary - Incidents: By Month**



**Summary - Incidents: By Business Unit**



Add Incident Reports