RISK MANAGEMENT FRAMEWORK

WEST AUSTRALIAN FOOTBALL COMMISSION INC.
ABN 51 167 923 136
("WA FOOTBALL")

TABLE OF CONTENTS

1. INTRODUCTION 5
2. WHAT IS RISK? 5
3. WA FOOTBALL STRATEGIC PILLARS 5
4. RISK POLICY AND APPETITE 6
Desired Risk Management Principles 6
Benefits of this Risk Management Framework 6
Applying these Principles 7
What Risks are we Prepared to Take? 7
What Risks are we Averse to? 7
5. SCOPE OF RISK 8
Risk in Context 8
Where is Risk Best Managed? 8
6. ROLES AND RESPONSIBILITIES 9
Chief Executive Officer 9
Executive Management Team 9
Risk & Governance Committee 10
Work Health & Safety Committee 10
Executive Manager, Operations & Capability 10
General Responsibilities - Top Down and Bottom Up 11
7. RISK MANAGEMENT PROCESS 12
8. RISK MANAGEMENT TOOLS 13
Risk Registers 13
Reports 14
8.1.1 Report Types 14
8.1.2 Reporting Structure and Frequency 13
Templates 14
Risk Assessment 'Bow-Tie' 14
Hierarchy of Controls 14
Health, Safety & Environment Framework 15
Emergency Management, Critical Incident Management, Business Continuity and Disaster Recovery 15
8.1.3 Emergency 15
8.1.4 Critical Incident Management 15
9. APPENDIX A – GLOSSARY 17
Audit 17
Duty of Care 17
Element 17
Hazard 17
Hierarchy of Control 17
Incident 18
Inherent Risk 18
Inspection 18
Issue 18
Responsibility 18
Risk 18
Risk Control Effectiveness 18
Risk Score 18
Procedure 18
10. APPENDIX B – RISK MANAGEMENT PROCESS (DETAILED) 19
Establish the Context 19
Identification of Risks 19
Analyse the Risks 19
Risk Evaluation and Tolerance 21
Risk Treatment 21
Terminate - Avoid the risk 21

Treat - Reduce the risk (Risk Controls) 21
Transfer - Contract and/or Insurance 21
Take - Retain the Risk 22
Risk Treatment Plans (See Risk Register) 22
Monitoring and Review 22
Incident Management 22
Auditing 22
Risk Reporting Levels 23
Communicate and Consult 23
Records 23
Risk Register 24
11. APPENDIX C – CONSEQUENCE & LIKELIHOOD DEFINITIONS 25

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1. Introduction

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

WAF's vision is:

"The game for all Western Australians."

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

The Board 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: Principles and Guidelines) sets out that:

Risk is the effect of uncertainty on objectives

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

3. WA Football Strategic Pillars

WAF's strategic pillars are:

- Club, Volunteer & Administrator Support
- Facilities & Infrastructure
- Participation, Development & Talent Pathways, & Competitions
- Brand, Audience & Engagement
- People & Organisation Capability

4. Risk Policy and Appetite

To achieve its objectives, WAF must take measured risks and seize opportunities. However, we recognise that in some cases it may not be worth the potential negative consequences, and therefore actions that may threaten achievement of objectives should be minimised 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.

WAF 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.

Desired Risk Management Principles

The following principles are indicative of good risk management and are those that WAF aims to achieve. [1] Our approach to risk management shall:

- Create and protect value across our deliverables and our assets.
- Maintain risk management as an integral part of WAF'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 WAF'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 WAF.

Benefits of this Risk Management Framework

The benefits of applying this RMF include:

- Alignment of risk management activities with WAF'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.
- Potential reduction in loss.

[1] AS/NZS ISO 31000:2009 - Risk Management - Principles & Guidelines

WAF 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.

Applying these Principles

WAF 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 WAF policies, guidelines and standards.
- Reporting on the progress of implementing risk management.
- Monitoring the effectiveness of risk and internal control through auditing and assurance.

What Risks are we Prepared to Take?

WAF 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.

What Risks are we Averse to?

WAF 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 organisation’s 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

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

Figure 1 - Scope of Risk

Risk in Context

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

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

Where is Risk Best Managed?

WAF adopts the principle that:

Risk is best controlled centrally but managed locally

WAF will establish a control environment that is developed centrally through the WAF Governance Unit to help implement this RMF with a suite of support tools and guidance materials. WAF 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

Chief Executive Officer

The Chief Executive Officer (CEO) shall report to the WAF Board 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 WAF Board 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 reviews of this RMF and other risk management support guides.
- Responsible for consulting and communicating with WAF staff and the WAF Board (via the Risk & Governance Committee) on risk management issues.

Executive Management Team

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

- Executive Manager, Football Operations & Strategy
- Executive Manager, Brand & Growth
- Executive Manager, Operations & Capability
- Executive Manager, Participation & Programs Strategy
- Executive Manager, Country Football, Facilities & Affiliates
- Executive Manager, Performance Pathways & Development.

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 WAF 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.

Risk & Governance Committee

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

- Review the WAF 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 WAF Constitution.
- Oversee responsibility for compliance by WAF 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 WAF and of the risk mitigation strategies adopted.
- Review and monitoring of significant claims lodged under WAF's insurance policies.
- Receive and review the monthly WH&S Report generated through the monthly WH&S Committee meetings.

Work Health & Safety Committee

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

The Committee meets on a monthly basis and is reponsible 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 WAF to reduce the risk of incident or injury in workplaces.
- Acting as a communication link between staff and management.

Executive Manager, Operations & Capability

The Executive Manager, Operations & Capability is required to:

- Establish, implement, monitor and review the RMF on behalf of WAF.
- 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 WAF.

- Provide assistance to other Managers regarding this RMF and related policies.

General Responsibilities - Top Down and Bottom Up

WAF'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 Committee are responsible for the identification, assessment and control of strategic, compliance-related and financial 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 WAF Board 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 in Appendix B.

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

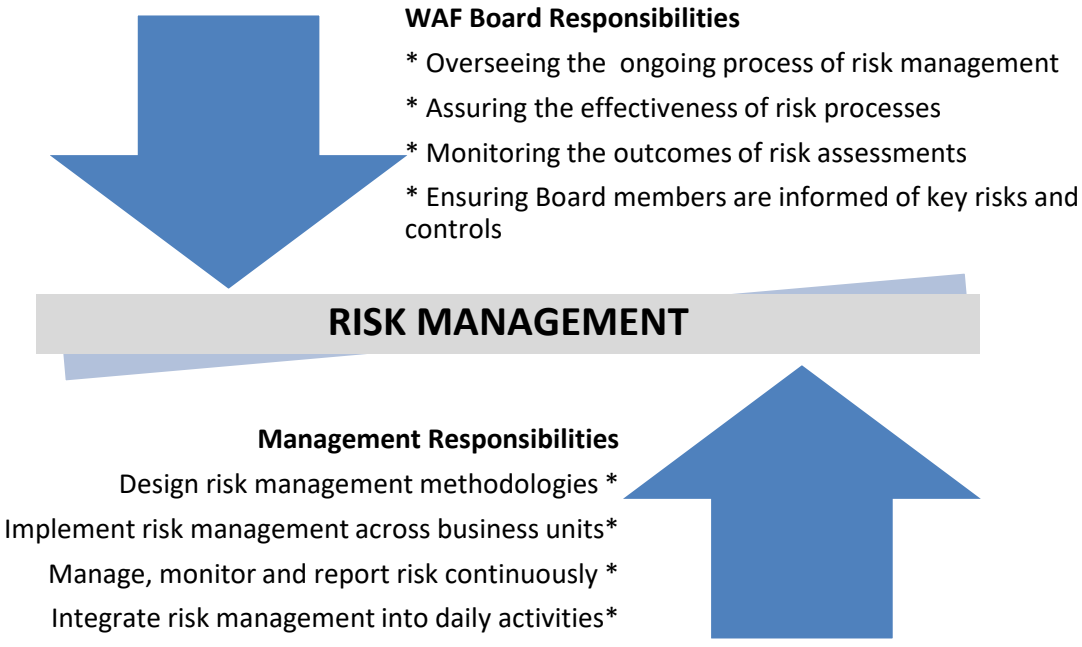


Figure 2 - Striking the Balance: Top Down and Bottom Up

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 WAF 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:

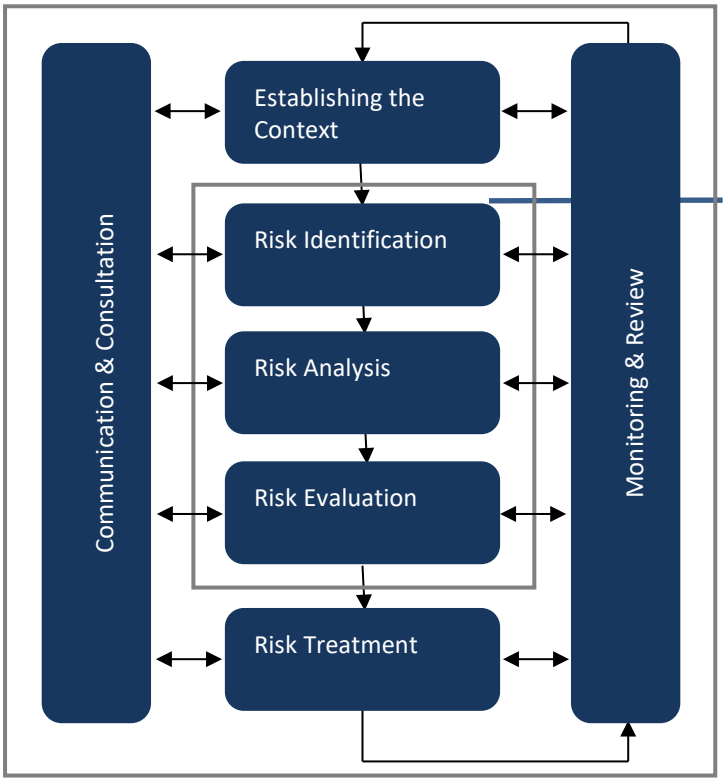


Figure 3 - Risk Management Process

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 WAF manages risk. WAF is using the Riskware software / online tool to support with risk management records and reports.

Risk Registers

Risk Registers are the key repository for holding information from risk assessments completed by WAF. 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
    - OP – Operational
- **Focus Area** – The area of WAF 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.
- **Last Review Date & Next Review Date**

Reports

8.1.1 Report Types

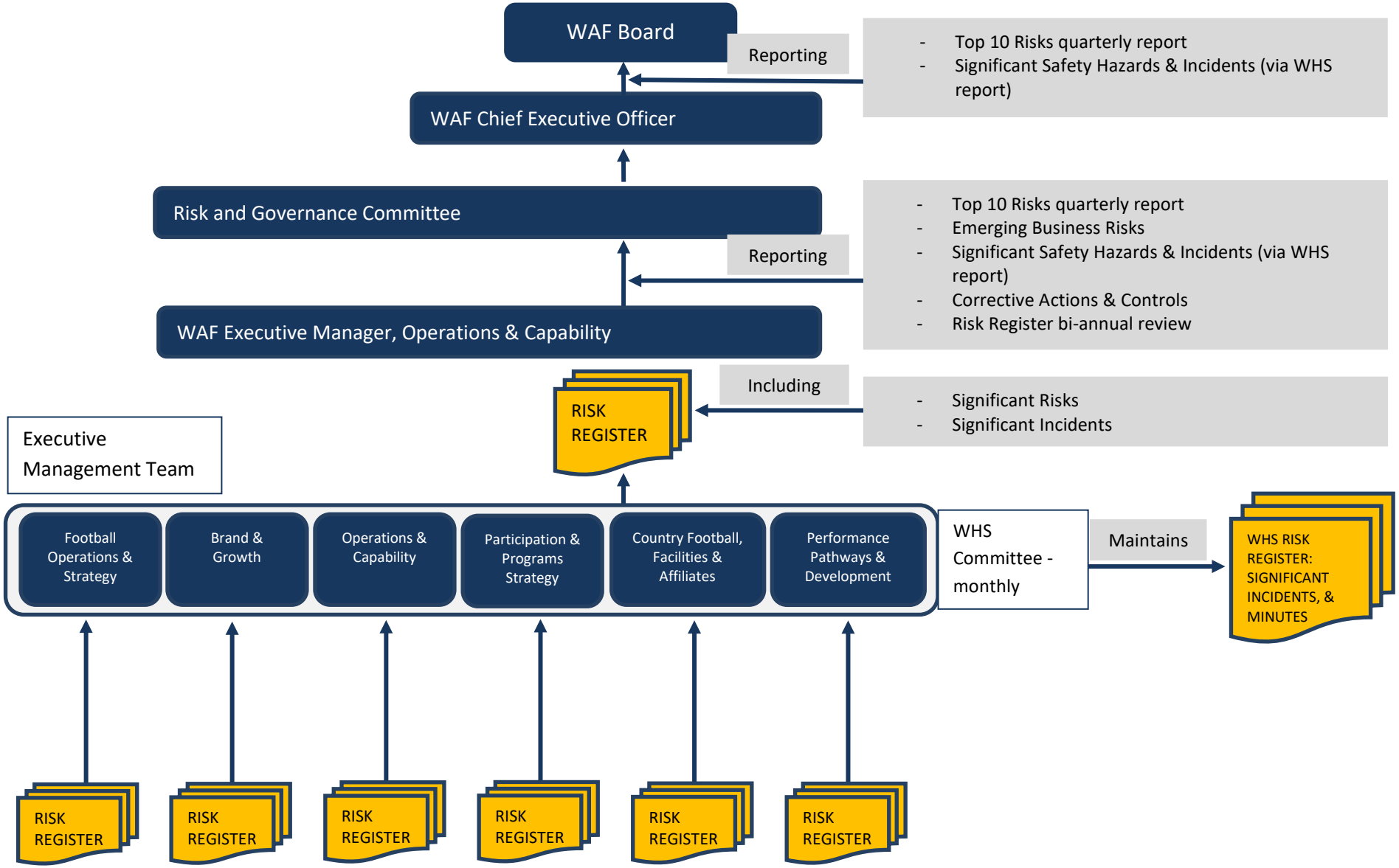
Various reports are required to allow the Executive Management Team and Risk & Governance Committee to adequately monitor the status of risk management across WAF. Key risk reports include:

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

All reports are to be coordinated by the WAF Executive Manager, Operations & Capability but will be the responsibility of the Executive Managers to produce.

WAF has implemented Riskware software to support the monitoring, tracking and reporting on the identified risks within the business. The Quarterly Strategic Risk Reports for the Risk & Governance Committee and Board are produced via Riskware.

8.1.2 Reporting Structure and Frequency



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 WAF include:

- Assessment Matrices (Appendices B and C)
- Risk Register (Excel Spreadsheet / Riskware)

Risk Assessment 'Bow-Tie'

The 'bow-tie' approach to analysing risks is one risk assessment method utilised by WAF. 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.

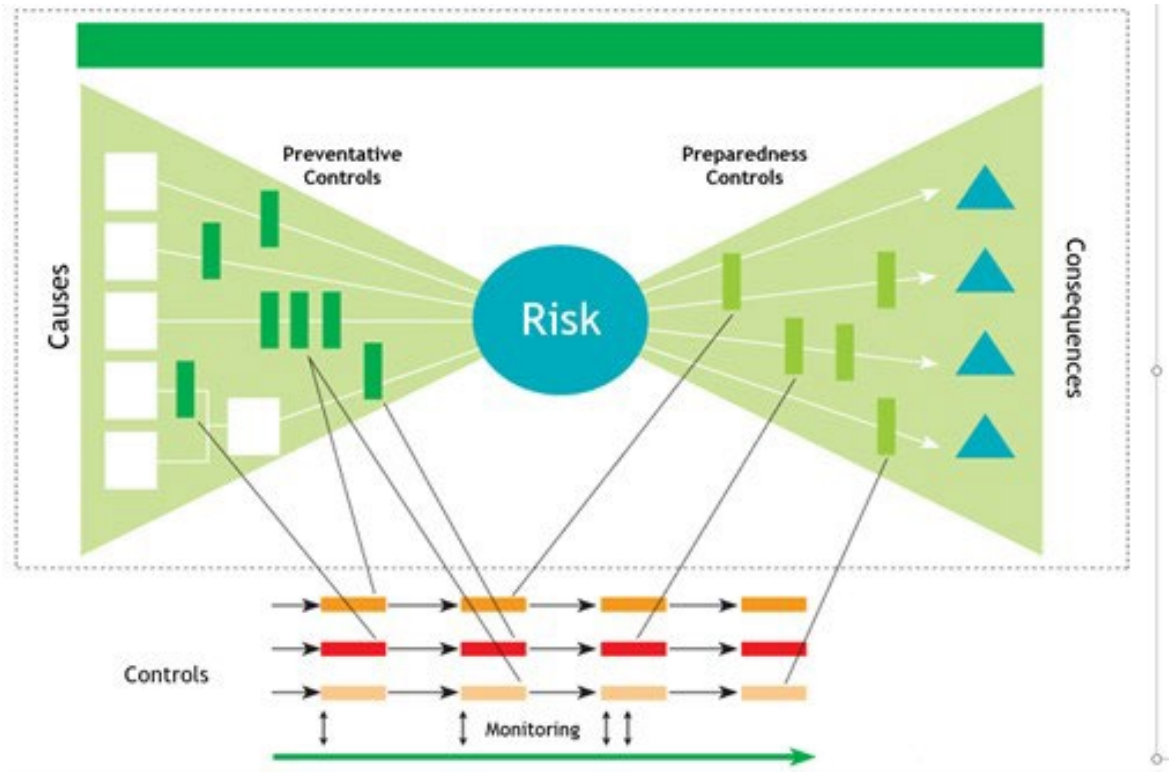


Figure 4 - Risk Assessment 'Bow-Tie'

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).

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).

Health, Safety & Environment Framework

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

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

Emergency Management, Critical Incident Management, Business Continuity and Disaster Recovery

WAF 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 WAF. When critical business functions are affected, the ability of WAF may be severely hampered in the short term. In some cases, WAF's brand, or the brand of Football in WA may also be at risk.

WAF 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.

These are further explained below:

8.1.3 Emergency

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

8.1.4 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 WAF's people, operations and reputation and to assist WAF to recover from such an event.

8.1.4.1 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 WAF prior to, during and immediately after a Critical Incident. Their role includes communicating with key internal and external stakeholders and managing WAF's recovery process following a Critical Incident.

8.1.4.2 Business Continuity Plan (BCP)

The Business Continuity Plans (BCP) addresses WAF'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 and incidents, with the objective of restoring critical business functions as soon as possible.

8.1.4.3 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.

WAF 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 WAF's business recovery objectives and reflect what the business needs to continue operations.

9. Appendix A – Glossary

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

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 WAF managed or partially managed venue, or activity hosted by WAF (as an employer); to provide safe premises, safe plant and equipment and safe systems of work. This duty is enshrined in the relevant WHS legislation within which WAF 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 WAF’s objectives.

Risk Control Effectiveness

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

Risk Score

Risk Score = Consequence Factor x Likelihood Factor.

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 WAF
- Relationships with and perceptions and values of external stakeholders.

The internal environment considerations:

- Governance, WAF structure, roles and responsibilities
- Policies, objectives and strategies to achieve
- WAF's organisational capability
- Information systems, flows and decision-making processes (formal & informal)
- Internal relationships and stakeholders
- WAF'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
- WAF-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 (factor score 5)
- Major (factor score 4)
- Moderate (factor score 3)
- Minor (factor score 2)
- Insignificant (factor score 1)

Business Impact Descriptions (see Appendix C)

- Health & 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 (factor score 5)
- Likely – Probably occur in most circumstances (factor score 4)
- Possible – Occurrences have been recorded in the past 12 months (factor score 3)
- Unlikely – Could occur at some point but not expected (factor score 2)
- Rare – No recorded occurrences but could occur in exceptional circumstances (factor score 1)

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 and Tolerance

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 WAF 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 (see Appendix C for definitions). Each has a potential factor between 1-5. 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 (Consequence Factor x Likelihood Factor)	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 organisations 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 organisation 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 WAF 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 Risk & Governance Committee and the WAF Board that the control environment is both implemented and effective.

Risk Reporting Levels

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	May require significant change of strategy, and increased resources to manage this risk. May require cessation of activities. Act immediately.	WAF Board, Risk & Governance Committee, CEO and Executive Team
High	15 to 19	Undesirable	Take action and attempt to reduce risk to less than 15. Requires single point accountability.	WAF Board, Risk & Governance Committee, CEO and Executive Team, Business Unit Managers
Medium	10 to 14	Tolerable	Managed within normal priorities. Still requires single point accountability of risk.	Risk & Governance Committee, CEO and Executive Team, Business Unit Managers
Low	1 to 9	Broadly Acceptable	Managed within routine procedures.	Business Unit Managers

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 WAF'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 WAF 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 WAF Board when required or requested.

11. Appendix C – Consequence & Likelihood Definitions

CONSEQUENCE DEFINTIONS									
Severity	Sustainability						Talent	Engagement	Factor
	Health & Safety	Operational Disruption/ Service Delivery	Image & Reputation	Stakeholder Relations	Legal & Compliance	Financial (Cost/ Revenue)			
Catastrophic	Multiple fatalities or significant irreversible effects to many people.	The business is unable to operate or unable to service clients or stakeholders for an extended period during the football season.	Prolonged national media attention. WAF causes multiple major sponsor embarrassment or serious long term damage to the sport of Australian Rules Football nationally.	Long term irreversible damage to stakeholder relations. Unrecoverable multiple sponsor and/or State Government relations.	Due to a breach WAF Board members or Executive could receive potential jail terms. WAF, Board members or Executive required to pay substantial fines. Major litigation or a class action is brought forward to WAF.	Approx $10M as a once-off amount.	0% of drafted players in the AFL are from WA (in 1 year).	<20% 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. WAF causes one major sponsor embarrassment. Serious short term damage to the sport of Australian Rules Football nationally.	Major serious damage to stakeholder relations. Single major sponsor and/or State Government embarrassment.	Due to a breach WAF Board members or Executive face significant prosecution and fines. Serious litigation.	Approx $5M as a once-off amount.	Less than 5% of drafted players in the AFL are from WA (in 1 year).	<15% 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.	Statewide media attention. Some impact on reputation. Moderate damage to the sport of Australian Rules Football in WA.	Moderate short term impact on stakeholder relations. Sponsor and/or State Government raises major concerns.	Serious breach of regulation. Prosecution and/or moderate fine possible. Legal proceedings.	Approx $500k to discretionary funds.	Less than 8% of drafted players in the AFL are from WA (in 1 year).	<10% 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 Australian Rules Football 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 $250k to discretionary funds.	Less than 10% of drafted players in the AFL are from WA (in 1 year).	<5% reduction in registrations or Minor reduction in participation growth forecast.	2

CONSEQUENCE DEFINTIONS									
Severity	Sustainability						Talent	Engagement	Factor
	Health & 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 Australian Rules Football in WA.	Little impact on stakeholder relations. Few sponsor/State Government issues.	Low level legal issue.	Approx $100k or less to discretionary funds.	Less than 15% of drafted players in the AFL are from WA (in 1 year).	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 but not expected	2
Rare	May occur only in exceptional circumstances; currently no recorded occurrences	1