

Guide to using SPARC's Risk Management Toolkit

Acknowledgements and disclaimer

SPARC's Risk Management Toolkit is based on Standards New Zealand's Guidelines for Risk Management in Sport and Recreation SNZ HB 8669:2004.

The information in the Risk Management Toolkit has been obtained from a variety of sources. While care has been taken in collecting and presenting the information, it is general by necessity. The Risk Management Toolkit is made available on the basis that the contributing organisations, SPARC, and any persons or entities acting for any of them, expressly exclude all liability for damages or loss arising from any use of, or reliance upon, any information in the Risk Management Toolkit.

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Introducing risk management

The sport and recreation sector is becoming more complex. Many professional administrators now manage sophisticated programmes, high annual turnovers, an unpredictable funding environment, and tricky legal and compliance issues. At the same time administrators also need to consider the requirements of members, constituents and stakeholders. This increasing complexity exposes organisations in the sector to greater risk, and heightens the need for effective risk management.

What is risk?

Risk is defined as 'the chance of something happening that will have an impact on objectives' (Standards New Zealand 2004). Risks, if they are realised, may prevent you from achieving a daily task, a project, or your organisation's objectives and goals. Risk is inherent in everything we do – though by managing risks you can reduce the chances of serious harm to your organisation and your community.

Risks can have positive outcomes, but for this toolkit we have focused on the risks that have negative outcomes.

What is risk management?

Risk management is a systematic way of identifying, assessing, treating and monitoring risks. Following a systematic process helps organisations to identify likely risks and to make plans to reduce the potential consequences.

Benefits of a risk management process

A systematic risk management process will help your organisation to:

- effectively manage assets, events, programmes and activities
- improve the way you meet the needs of members and other stakeholders
- enhance your image and reputation.

SPARC's Risk Management Toolkit

SPARC's Risk Management toolkit guides you through a five-step risk management process for managing organisational risk. The toolkit is designed to address risk across all areas of your operation. The toolkit is based on Standards New Zealand's Guidelines for Risk Management in Sport and Recreation SNZ HB 8669 2004 (PDF, 561 KB). Each step has supporting resources that can be customised to suit your needs.

The supporting resources include:

- the Guide to using the Risk Management Toolkit (this document)
- the Risk Calculator (Excel, 707 KB) and instructions for How to use the Risk Calculator (PDF, 575 KB)
- the Risk Templates for Sport and Recreation

Who should use the toolkit?

The toolkit is primarily for National Sport Organisations (NSOs), National Recreation Organisations (NROs) and Regional Sports Trusts (RSTs), although Regional Sports Organisations (RSOs) will also find it useful.

Event organisers looking for a guide to help with the event risk management should download SPARC's Risk Management of Events guide.

How to use the Risk Management Toolkit

We explain how to use the resources in the Risk Management Toolkit and what you need to do to complete the steps.

Using the resources in the toolkit

Each step of the Risk Management Toolkit has resources tailored specifically for the sport and recreation sector. You can download these resources from the website and adapt them to suit your organisation.

Before you begin the five steps

Before you begin working through the five steps, read through the next two sections about how to:

- involve your board
- communicate and consult about risk management.

The principles in these sections underpin all the steps in the toolkit.

Five steps in the Risk Management Toolkit

Following the instructions in each of the five steps below will help you to develop a comprehensive risk management plan for your organisation.

Step 1: Develop a risk management policy

In Step 1 you will document how your organisation will support a risk management process. On completing this step you will have a risk management policy.

Step 2: Establish your operating environment

In Step 2 you will identify the external and internal operating environment of your organisation so you can manage risks in your specific environment. On completing this step you will have a document that describes your organisation's overall operating environment.

Step 3: Assess your risks

In Step 3 you will assess the risks for your organisation based on your operating environment. On completing this step you will have a risk profile of your organisation's low, medium and high risks.

Step 4: Treat your risks

In Step 4 you will develop an action plan to manage the significant risks for your organisation. On completing this step you will have an action plan for treating each of your most highly ranked risks, including who is responsible for managing each risk.

Step 5: Monitor and review your risks

In Step 5 you will learn about monitoring and reviewing your progress in managing risk in your organisation. By implementing ongoing monitoring and reviewing you will ensure the risk management process is embedded in your organisation.

Involving your board

Boards and chief executives need to support their organisation to implement a risk management process, and take ownership of the risk management policy. Ultimately, boards are accountable for their organisation's performance.

Organisations need a risk management policy

A risk management policy helps boards understand the risks in the whole organisation's operating environment. Understanding this environment means boards can make sound decisions about their organisations' strategies, operations and finances.

Boards can structure their approach to risk management using the risk management policy. Boards can then take advantage of opportunities, minimise potential losses, and steer the organisation with a greater degree of certainty.

Board members set the tone for risk management

Board members are responsible for setting the tone of the risk management culture in their organisation.

To help build a positive risk management culture in an organisation, each board member should:

- understand the 'risk profile' of their organisation – that is, what are the key risks, what is the likelihood they will happen, and if they do happen, what is the potential consequence?
- participate in major decisions that affect the organisation's risk profile and exposure to risk
- monitor how significant risks are managed
- report annually to key stakeholders on the board's approach to risk management.

A risk committee can drive the risk management process

Using a risk committee with delegated board authority is a good way to drive the risk management process, and to take action on risks the organisation considers to be unacceptable.

SPARC's *Nine Steps to Effective Governance* has more information about how to develop a committee (available at www.sparc.govt.nz – publications).

Communicating and consulting about risk management

You need to involve your internal and external stakeholders in your risk management process. The best way to do this is to communicate and consult with stakeholders continually through the risk management process.

Your internal stakeholders include your board, staff and members. Your external stakeholders include participants, sponsors, funders and the community.

Integrating risk management into your organisation

Risk management is everyone's responsibility. Integrating risk management into internal planning and thinking at all levels of your organisation helps to create a risk management culture. Having a risk management culture means everyone in the organisation is aware of their roles and responsibilities, and the procedures for addressing risks.

Communicate your risk management process consistently

A consistent approach to communication provides stakeholders with confidence that your organisation is effectively managing organisational risk.

As you follow the steps through the Risk Management Toolkit we make suggestions for whom to communicate and consult with. In Step 1 you will develop a policy that documents your organisation's commitment to risk management.

Consulting with internal and external stakeholders

Bringing together the knowledge and perceptions of a range of people in and around the organisation helps you develop a comprehensive view of risk.

Ways to communicate and consult with your stakeholders

The way you communicate and consult with your stakeholders will vary depending on the stakeholder. Work out the best way to communicate your risk management process with your different stakeholders.

A formal approach may be used for communicating with sponsors, board and management. A less formal approach may be used for staff and volunteers.

Consider including information about your risk management process in annual reports and newsletters. To gather different points of view about risk in your organisation, you could have informal discussions, use questionnaires or run structured workshops.

More information about communicating and consulting with your stakeholders

The content of this page is summarised from Standards New Zealand's Guidelines for Risk Management in Sport and Recreation (available online at www.sparc.org.nz).

Step 1

Develop your risk management policy

A risk management policy is a brief document that explains the principles your organisation will follow for managing risk. The policy also outlines the process for managing risk, and who is responsible for the different aspects of risk management within your organisation.

Having a risk management policy is a formal way of showing that your organisation is committed to managing risk. You can refer to the policy whenever you have a question about the risk management process and responsibilities.

Review your risk management policy and update it regularly.

How to use the Risk Management Policy Template

The template already has content that relates to the sport and recreation sector. You can adapt the content so it is specific to your organisation.

Include this information about your organisation in the policy.

- What are your strategic objectives?
- How do you plan to achieve your objectives?
- What is your commitment to risk management?
- What is your risk tolerance?
- What is your risk management process?
- Who is responsible for risk management?
- What training will be provided for staff responsible for risk management?

Risk management policy template

This template can be downloaded in word format at:

www.sparc.org.nz/en-nz/our-partners/Developing-Capabilities/Online-Tools/Risk-Management-Toolkit/Step-1-Develop-your-risk-management-policy/

Introduction

[*Organisation name*] is fully committed to its overall strategic objectives of:

- supporting members, participants and stakeholders
- increasing participation in sport
- providing sufficient and quality coaching
- developing players to their fullest potential
- ensuring financial stability and generating revenue
- achieving excellence in managing competitions and events.

We will achieve our strategic objectives by:

- providing outstanding leadership to members
- managing all our resources efficiently
- using our funds efficiently
- communicating effectively with our community and stakeholders
- making good decisions.

The Board fully endorses this risk management policy.

Risk management outcomes

We are committed to:

- developing a 'risk-aware' culture in which our people are encouraged to identify risks and respond to them quickly and effectively
- ensuring our key stakeholders recognise that we manage risks responsibly
- developing consistent risk management practices.

Risk tolerance

We operate as a [*for example, not for profit*] body representing [*name of sport or activity*] in New Zealand.

Our stance is risk-averse.

Risk management process

We will apply good risk management practices that are consistent with the current Standards New Zealand's Guidelines for Risk Management in Sport and Recreation SNZ HB 8669:2004

Roles and responsibilities

Board	<ul style="list-style-type: none">• Approving our governance policies• Approving our risk management policy statement• Approving our risk tolerance capacity• Ensuring strategic risks are identified, assessed, monitored and reported
Chief Executive	<ul style="list-style-type: none">• Effectively managing our strategic, operational and project risks (accountable to the Board)
Risk Manager	<ul style="list-style-type: none">• The designated person responsible to the Chief Executive for risk management at [<i>name of organisation</i>]
Management team	<ul style="list-style-type: none">• Identifying operational risks• Managing and monitoring activities within the team's control and reporting to the Chief Executive• Reporting monthly on the progress of risk management action plans for which team members are responsible
Staff	<ul style="list-style-type: none">• Participating in the process• Carrying out action plans and reporting
Members	<ul style="list-style-type: none">• Following our policies, codes, procedures and rules

Step 2

Establish your operating environment

You will already have a good understanding of your organisation and the environment it operates in.

'If you have recently completed a strategic planning process that included a situational analysis (such as SWOT or PEST), then your planning documents could be used instead of completing Step 2.

If this is the case, read through the rest of this step and decide whether your existing documents provide a sufficient understanding of your operating environment.

Otherwise you will need to work through this step.'

How to use the Operating Environment Template

Use the Operating Environment Template to help you describe your organisation's external environment, position, and business structure. This document outlines the boundaries within which your organisation will manage risk.

Examples are given in the template to guide your answers. Be as specific as you can in your answers; for example, list the names of all your sponsors.

Identify legislation that affects your organisation

Your organisation's environment is influenced by the laws that affect its day-to-day operations.

You will need to identify the specific legal risks for your organisation. Getting specific legal advice for any issues that may arise is a good way to ensure you and your organisation comply with any legal requirements.

Operating environment template

This template can be downloaded in word format at:

www.sparc.org.nz/en-nz/our-partners/Developing-Capabilities/Online-Tools/Risk-Management-Toolkit/Step-2-Establish-your-operating-environment/

The external environment
What environment do we operate in? <i>[Enter your details in the box below, e.g. New Zealand sport and recreation]</i>
<ul style="list-style-type: none">• [enter details here]• [enter details here]
Who are our stakeholders? <i>[Enter your details in the box below, e.g. clubs, the community, local government, sponsors, players and participants, spectators and families, volunteers, SPARC.]</i>
<ul style="list-style-type: none">• [enter details here]• [enter details here]
What are the factors that limit how we operate? <i>[Enter your details in the box below, e.g. sponsorship agreements, time constraints of volunteers, our relationship with clubs, complying with rules.]</i>
<ul style="list-style-type: none">• [enter details here]• [enter details here]
What are our opportunities? <i>[Enter your details in the box below, e.g. increasing interest in sport, an opportunity to host a major tournament, an increasing casual or 'pay for play' market.]</i>
<ul style="list-style-type: none">• [enter details here]• [enter details here]
What are the threats? <i>[Enter your details in the box below, e.g. Competing with other recreational opportunities, less time available for players and volunteers, sponsors require demonstrable return on investment.]</i>
<ul style="list-style-type: none">• [enter details here]• [enter details here]

Our organisational position
<p>What is our purpose?</p> <p><i>[Enter your details in the box below, e.g. to provide opportunities for all people to participate in [name of sport or activity]]</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]
<p>What are our goals?</p> <p><i>[Enter your details in the box below, e.g. to help young people develop as far as they can, to win international events, to get more people involved in sport and recreation.]</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]
<p>What are our strengths?</p> <p><i>[Enter your details in the box below, e.g. a strong membership base, good people running our organisation.]</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]
<p>What are our weaknesses?</p> <p><i>[Enter your details in the box below, e.g. declining numbers of volunteers, difficulty in attracting and retaining the right people on the Board.]</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]
<p>What are our business objectives?</p> <p><i>[Enter your details in the box below, e.g. an operating surplus, a 40% increase in membership.]</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]
<p>What plans, policies and procedures do we have?</p> <p><i>[Enter your details in the box below, e.g. comprehensive financial plan, strategic plan (needing development), HR plan (needing further development).]</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]

Our organisational position
<p>What are our operational activities? <i>[Enter your details in the box below, e.g. coaching / training guidelines and resources, annual major events, capability support for Regional Sports Organisations and clubs.]</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]
<p>What are our internal business functions? <i>Enter your details in the box below, e.g. finance, employee management, volunteer management, coaching support, marketing.</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]
<p>How do we deliver these activities and functions? <i>Enter your details in the box below, e.g. paid staff, volunteers, Regional Sports Organisations, clubs</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]
<p>What is our structure? <i>Enter your details in the box below. To answer this, refer to your organisational chart.</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]
<p>What are our main business processes? <i>Enter your details in the box below, e.g. event planning, maintaining membership database, collecting revenue, paying accounts.</i></p>
<ul style="list-style-type: none"> • [enter details here] • [enter details here]

Step 3

Assess your risks

In this step you will assess your risks. You will use your risk management policy and your organisation's operating environment from the first two steps.

Before you begin this step

Organise a working group session to complete this step

To complete Step 3 you will need to work with a group of key people in your organisation. We suggest a group with a board member or two, the chief executive, and relevant managers. Using a team approach will give you a range of opinions, and will help you reach a shared agreement.

You will need about 3 hours to complete this step with your working group.

Have the following resources available at the session

Risk Templates for Sport and Recreation (printed and on a computer)

The Risk Templates describe 45 risks typical of an organisation in the sport and recreation sector. Each risk is documented in a template that also includes the controls that need to be in place to minimise the consequence of the risk (indicative controls). The template is used to record ratings of impact, control effectiveness and consequence of risks.

The risks in the template are divided into six categories. These six categories are consistent with those used for the SPARC Organisational Development Tool (ODT).

It may be useful for each person in your working group to have a hard copy of the risk templates to refer to and make notes on. Use the Word document to adapt the definitions and wording in the risk templates so they are more specific to your organisation. Remember to save your changes.

Guide to using the Risk Management Toolkit (this document)

This section of the document provides a ratings guide for consequence, control effectiveness and likelihood will be useful to refer to when completing this step. You may want to print out the ratings guide separately for each member of the group to refer to.

Risk Calculator

Download the calculator to your computer. The Risk Calculator already includes the 45 risks contained in the Risk Templates. Use the 'Risk Profiler' section of the calculator to develop your risk profile, by recording your results and updating the information to suit your organisation. To find out how to use the calculator, see the guide on How to use the Risk Calculator (PDF, 575 KB).

Running the working group session

Decide if the risk is relevant to your organisation?

With your working group look at each risk template in the Risk Templates document, then decide if the risk:

- is not relevant to your organisation; tick the 'not relevant' box
- is relevant to your organisation; tick the 'relevant' box
- is generally relevant to your organisation, though requires some amendment of the risk definition to better reflect your organisation

To update the definitions, change them in the Word version of the Risk Handbook.

Some of the risks covered in the template may not have been previously considered by your organisation. Ensure you allow enough time during the meeting with your working group to discuss each risk.

Rate the consequences, control effectiveness and likelihood of each risk

Use the Rating Guide to rate each of the risks in the Risk Templates for Sport and Recreation. Each of the risks has a risk template and is entered in the Risk Calculator.

Circle the relevant score for each risk in the Risk Handbook's risk template:

- the consequences for the organisation if the risk occurs
- the control effectiveness of your organisation
- the likelihood of the risk occurring.

Example of a Risk Template:

PM1: Staff Recruitment

Risk management objective					
We are able to recruit the right people for the right role at the right time.					
Notes					
Board and trustee appointments are included under 'Governance requirements'.					
What could go wrong?					
<ul style="list-style-type: none"> We are unable to fill key positions with people who have the skills to match the role. 					
Indicative controls					
<p>We:</p> <ul style="list-style-type: none"> offer attractive and rewarding working experiences identify and match the skills and attributes of applicants to the competencies required for the relevant positions tap into a large enough pool of potential applicants through appropriate recruitment strategies perform thorough reference checks before recruiting applicants. <p>We have:</p> <ul style="list-style-type: none"> a robust interview and selection process. 					
Relevant (circle one)		Consequence (circle one)			
Yes	No	High	Medium	Low	
Control effectiveness (circle one)			Likelihood (circle one)		
Good	Adequate	Poor	Likely	Possible	Unlikely
User comments					
<i>[In this field type any comments you may wish to make to explain how you arrived at your ratings]</i>					

Rate the consequences if the risk occurs

Think about what could go wrong. Disregard any existing controls like processes, policies or devices you already have in place to minimise the risk.

- Consider how serious the consequences would be. The consequence might be worse than you think, but consider only the consequence on your organisation. Risks may affect individuals or the community, but such consequences are not part of your assessment.

- Consider what the worst-case scenarios could be, but make sure they are credible. For example, a storm that washes out a 3-day event is a credible scenario. Bad weather that forces the cancellation of all planned events for a year is probably not a credible scenario.

Then choose the rating from the rating guide below that is the most appropriate consequence for that risk (High, Medium or Low). Circle the rating in your risk template.

Rating guide for risk consequence

Rating	Score	Guide
High	600	The consequence is severe enough to necessitate the board and chief executive taking urgent action to prevent the situation getting worse.
Medium	400	The consequence is sufficiently serious to require attention by the senior management team.
Low	200	The consequence is at a level that managers' delegations can deal with it.

An example of applying the rating guide for the risk consequence

Risk

SM3: Tagged Funding/Investment - Our funding received for specific projects is being spent in the right areas

Possible consequences of the risk

- Jeopardising future funding/investment from significant revenue sources
- Prosecution for fraudulent use of funds.

These consequences are severe enough for an organisation's board and chief executive to take urgent action.

Consequence rating

High

Rate the control effectiveness for the risk

Control effectiveness is a measure of how effective your organisation's current controls are for reducing the consequence and likelihood of a risk.

To rate the control effectiveness for each risk, compare the current controls your organisation has in place right now, with the indicative controls in the risk templates.

Your organisation might already have some controls in place, but there might be additional controls that need to be put in place (we look at this in Step 4: Treat your risks).

Choose the rating from the rating guide below that is the most appropriate consequence for that risk (Good, Adequate or Poor). Circle the rating in your risk template.

Rating guide for control effectiveness

Rating	Score	Guide
Good	80%	Our controls are comprehensive.
Adequate	70%	Our controls are sufficient.
Poor	40%	Our controls are deficient.

An example of applying the rating guide for control effectiveness –

Risk

SM3: Tagged Funding/Investment - Our funding received for specific projects is being spent in the right areas

Controls in place

- We have unique cost codes set up to account for expenditure of tagged funding/ investment.
- Our CEO and board regularly monitor performance against the objectives and measures of funding/investment
- Our internal checks of the cost codes to ensure money is being spent in the right areas could be tighter

Consequence rating

Adequate

Rate the likelihood of the risk occurring

Use the risk templates to assess the likelihood that the risk will occur, this time taking into account the effectiveness of your existing controls.

Then choose the rating from the guide below that is the most appropriate score (likely, possible or unlikely). Circle the rating in your risk template.

Rating guide for likelihood

Rating	Score	Guide
Likely	0.75	<ul style="list-style-type: none"> • There is a high exposure to the risk (frequency) and • There is low confidence in our controls to prevent the risk happening and • Our experience tells us that the risk will probably occur within the next three years cycle or • There are external influences that may make our control environment ineffective.
Possible	0.5	<ul style="list-style-type: none"> • There is an exposure to the risk (frequency) and • There is reasonable confidence in our controls to prevent the risk happening and • Our experience tells us that the risk could occur within the planning cycle or • There are external influences that may degrade our control environment.
Unlikely	0.3	<ul style="list-style-type: none"> • There is a low exposure to the risk (frequency) and • There is good confidence in our controls to prevent the risk happening and • Our experience tells us that the risk will probably not occur within the planning cycle or • There are few external influences outside our control.

An example of applying the rating guide for risk likelihood

Risk

SM3: Tagged Funding/Investment - Our funding received for specific projects is being spent in the right areas

Likelihood of the risk occurring

- As we receive a number of different sources of tagged funding/investment we do have some exposure to this risk.
- We have good confidence in our internal controls.
- We are yet to experience any issues with the inappropriate spending of funding/investment.
- In all cases our staff members are accountable for the proper spend of funding and investment so there is little external influence for this risk.

Likelihood rating

Unlikely

Enter the ratings into the Risk Calculator

For each risk, enter the ratings for consequence, control effectiveness and likelihood into the Risk Profiler worksheet within the Risk Calculator.

The calculator will then score your risks by assigning 'low', 'medium' and 'high'. You will use these risk scores for **Step 4: Treat your risks**.

Once you have entered all the ratings for the risks in the Risk Profile, click on 'View Chart' to see your medium and high ranked risks displayed as a chart.

Risk Profiler						Edit	View Chart	View Action Plan	Clear Profiler
						Organisation Name Tiddleywinks NZ			
Risk	Category	Consequence	Control effectiveness	Likelihood	Risk score				
L1 Governance requirements	Leadership	Low	Poor	Possible	Medium	60			
L2 Trust deed / constitution	Leadership	Medium	Adequate	Likely	High	96			
L3 Strategic direction	Leadership	High	Good	Likely	High	96			
L4 Communications	Leadership								
P1 Annual planning	Planning								

Step 4

Treat your risks

In this step, you will treat your risks by taking action to reduce your high and medium risk values to acceptable levels. Once you have identified your high and medium risks in Step 3, everyone in the organisation needs to be involved in deciding what actions need to be taken.

Develop a Risk Action Plan for each risk

Now that you have scored your organisation's risks, you will need to develop a Risk Action Plan for each of the risks that have a score of medium or high (a risk value 60 or over).

Risks on the threshold level may or may not need action, depending on your tolerance of risk. Risks below the threshold can generally be considered acceptable and therefore do not require any action to be taken.

Using the Risk Action Plan in the calculator

Go to your risk action plan by clicking on the 'View Action Plan' button in the Risk Calculator. Next click on 'Fill Action Plan' to populate the action plan with your high and medium risks from your Risk Profile.

You will now need to work out what actions are required for each risk to reduce the risk scores to an acceptable level. The Risk Templates for Sport and Recreation includes typical controls for each risk. Use these as your starting points for developing your actions.

Enter the actions into the Risk Action Plan. Assign responsibility and time frames for the actions your organisation needs to take.

Risk Action Plan							
Edit View Chart View Action Plan Fill Action Plan							
Risk Title	Risk Management objective	Risk Assessment				Risk Improvement Actions	
		Consequences	Control Effectiveness	Likelihood	Risk Score	Actions	Review d.
PM8 People management	Our employee relations are conducted in good faith according to the law.	High	Good	Possible	60	Develop performance management system and add to HR Manual	30/06/1
SM16 Disaster recovery	Our organisation is well	High	Good	Possible	60		

An example of using your Risk Action Plan

Risk

CF2: Membership - Our membership offering meets the needs of all members across all levels of participation.

Current Risk Score

90 – High (with an ‘adequate’ rating for control effectiveness)

Actions required

We currently understand the needs of our members anecdotally; therefore require an objective and comprehensive method of surveying member’s needs. Therefore the first action required is the implementation of a member survey to better understand member needs and whether or not they are being met by our current products and services.

Completing the action plan

Risk Action Plan									
Edit View Chart View Action Plan Fill Action Plan									
Risk Title	Risk Management objective	Consequences	Risk Assessment			Risk Improvement Actions			
			Control Effectiveness	Likelihood	Risk Score	Actions	Review date	Completion date	Name
CF2 Membership	Our membership offering meets the needs of all members across all levels of participation.	High	Adequate	Possible	90	Develop and administer a membership survey	31/07/10	30/08/10	Mktg Mgr
L2 Trust deed / constitution	Our activities comply with the terms of our trust deed /	Low	Poor	Possible	60				

Step 5

Monitor and review your risks

Monitoring and reviewing your risks is an important part of the risk management process. Regular monitoring will help to ensure your actions are effectively managing your risks, and help to integrate risk management into day-to-day operations. Consistently reviewing your process and outputs will make sure your risk management is continually improved to best meet your specific needs.

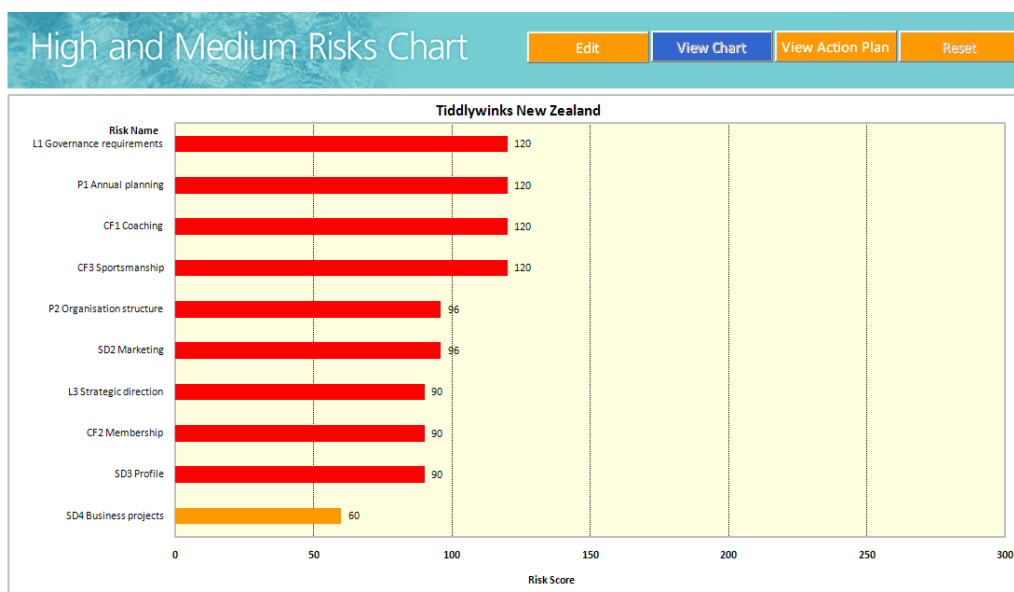
Monitoring your actions

Regularly monitor your Risk Action Plan

- Monitor your Risk Action Plan to make sure you are making progress with your actions
- Ensure actions in your Risk Action Plan are transferred into annual plans and individual staff performance plans.
- Report progress against your Risk Action Plan as part of management and board reporting
- Review your risk profile if your business changes significantly.

Making risk management 'business as usual'

- Include environmental scanning and risk identification in strategic plans and annual business plans.
- Monitor and report key milestones in work programmes and project plans every month.
- Include key milestones in staff performance agreements, where appropriate.
- Include a printout from the Risk Calculator in which risks, likelihood, consequence, and treating are part of the monthly reports from management to the chief executive. The graph showing your organisation's profile for high and medium risks (see example below) can also be used in monthly reports.



Reviewing your progress

Annually review your high and medium risks

- Consider if your actions for each risk were effective. Focus mainly on high and medium risks.
- The consequence of the risk might not have changed, but your control effectiveness and your likelihood should have improved from your risk treatment.
- Reassess only those risks where there was an event during the year that could change their status.
- Use the Risk Calculator to score the results.
- Generate a new risk profile.

Every 4 years – re-evaluate all your risks

Use the Risk Management Toolkit to update your risk management plan by repeating Steps 3 to 5. Reassess all the risks – you might need to add, remove or update your risk templates in the handbook.

- Use the Risk Calculator to score the results.
- Generate a new Risk Profile.

If your organisation has changed substantially in 4 years, you may need to reassess your policy and your operating environment.

Risk profile update

Use this outline as the basis for your risk reporting to your board and stakeholders.

Risk management objectives

The principal objectives of the risk management process are to:

- provide an assurance that risk controls are in proportion to the potential consequence of the risk
- identify unacceptable risks and refer them to management for action
- raise the level of awareness of risks throughout *[the organisation]*.

Our risk management process

We met our risk management objectives at a meeting on *[date]*, where we assessed a range of risks and considered:

- the potential consequence of a credible worst-case scenario without controls
- the effectiveness of existing controls
- the likelihood of the risk happening.

Using the risk assessment scales, we have established a risk threshold value of 60.

- Risks above the threshold should be considered for an action plan.
- Risks at the threshold level may or may not need an action plan, depending on management's tolerance of risk.
- Risks below the threshold can generally be considered acceptable.

We have prepared action plan templates to document specific information about the high and medium risk exposures (those with risk values above 60).

Update meeting

An update meeting was held on *[date]*. The focus of the meeting was to review the risks that we had identified as having a high risk exposure, and to consider any changes since the last assessment. We also assessed emerging or new risks at the meeting.

Latest risk profile

[Copy the risk profile graph from the Risk Calculator to here.]

Glossary

Control	A control is an existing process, policy, device or action that minimises negative risk (or enhances opportunity).
Control effectiveness	How effective your organisation's current controls are in reducing the consequence and likelihood of a risk. This resource grades control effectiveness as Good, Adequate or Poor.
Consequence	If a risk becomes a reality, the result could be positive or negative. Examples of negative consequences include loss of funding, prosecution, damaged relationships or loss of reputation. A positive consequence could be an opportunity. This resource rates consequences as High, Medium or Low.
Hazard	A hazard is a source of risk. For example, loose carpet on a stairway is a hazard. The possibility of injury is a risk of this hazard.
Indicative controls	In an ideal situation these are the controls you should have in place for your organisation. The Risk Templates have a list of indicative controls for each risk.
Likelihood	Likelihood measures the probability that a risk will have a particular consequence. This resource rates likelihood as Likely, Possible or Unlikely.
Loss	A loss is any negative consequence, financial or otherwise.
Risk	Risk is the chance of an event that will have a consequence on objectives.
Risk assessment	Risk assessment is the process of identifying, analysing and evaluating risk.
Risk profile	A risk profile shows risks sorted from high to low. The Risk Calculator uses a bar chart, rather than the matrix some people are familiar with.
Risk score	Scores that the risk management Risk Calculator assigns to the descriptors of consequence, control effectiveness and likelihood.
Risk threshold	The overall risk value (established by the board and documented in the risk management policy) beyond which a risk is considered unacceptable. This toolkit recommends a risk threshold of 60.
Risk value	The overall value assigned to a risk; it is calculated using the scores of consequence, control effectiveness and likelihood. Risk value = potential consequence x (100% – effectiveness of controls) x likelihood

Appendix 1: Legislation affecting the sport and recreation sector

Some of the Acts that affect organisations in the sports and recreation sector in New Zealand are listed below.

The list is a guide only – some of the laws affect all sport and recreation organisations, while others have a lesser impact. You should obtain legal advice to help you identify the specific legal risks for your organisation.

We also recommend you check with the Department of Labour, Inland Revenue Department and other agencies to find out about how the law affects your organisation.

Acts relating to the sports and recreation sector

Structure of entity

- Incorporated Societies Act 1908
- Charitable Trusts Act 1957
- Companies Act 1993
- Charities Act 2005

Tax

- Income Tax Act 2004
- Goods and Services Tax Act 1985

Employment

- Employment Relations Act 2003
- Holidays Act 2003
- Parental Leave and Employment Protection Act 1987
- Minimum Wage Act 1983
- Equal Pay Act 1972
- Fair Trading Act 1986
- KiwiSaver Act 2006

Premises

- Building Act 2004
- Smoke-free Environments Act 1990
- Health and Safety in Employment Act 1992
- Health and Safety in Employment Amendment Act 2002
- Sale of Liquor Act 1989

General

- Injury Prevention, Rehabilitation, and Compensation Act 2001
- Privacy Act 1993
- Human Rights Act 1993
- Land Transport Act 1998
- Trade Marks Act 2002
- Sports Anti-Doping Act 2006
- Minors' Contracts Act 1969
- Gambling Act 2003
- Boxing and Wrestling Act 1981