

## Factsheet

# Risk Management

### Introduction

Risks are inherent in every element of community sport and Football specifically, and we recognize the role of appropriate Risk Management at Club level as essential to providing football activities to Club members in a safe and controlled manner.

All Football Club Committees should be acutely aware of the different types of risks faced by their Club. By actively monitoring and mitigating these risks you will be able to secure the immediate and long-term future of your Club's activities and plans.

### Why Do We Monitor Risk?

Monitoring and managing risk is a fundamental piece of sound management practice. As there is a direct relationship between risk and opportunity in all Club activities, your Club needs to be able to identify, evaluate and manage its risks to capitalize on those opportunities and achieve its goals and objectives.

Risk Management is the practice of identifying and understanding risks, such as the potential of committee members resigning or the club encountering financial trouble, and then putting processes in place to manage them. It allows your club to be pro-active rather than reactive, which in turn creates a safer environment for your members.

By having a structured approach to risk management, your club could witness the following outcomes:

- 1) More effective decision making and increased transparency making those decisions
- 2) Effective delivery of programs and activities
- 3) High standards of service and safety for participants, coaches, officials, spectators, and volunteers
- 4) Effective allocation and use of resources – lower costs and increased budget certainty
- 5) High standards of accountability
- 6) Consideration of legal issues and improved compliance with the law, regulations and other formal requirements.

To be most effective, risk management should be driven from the top down, as everyone's responsibility to become part of your Club culture, and should be integrated into your philosophy, practices, and business plans rather than being done in isolation.

## Identifying Types of Risk

Risks can assume many forms and may arise in any area of your Club operations. They may be physical, financial, ethical, or legal.

**Physical Risks** are those involving personal injuries, environmental and weather conditions, and the physical assets of the Club such as property, buildings, equipment, grounds, etc. This could include injuries to players or Club members, as well as the gear and equipment the Club owns.

**Financial Risks** are those that involve the assets of the Club and include theft, fraud, membership fees, insurance costs, and penalties and fines by the government. This might also be the risk of losing a sponsor or making a loss on events in your Club environment.

**Ethical Risks** involve actual or potential harm to the reputation or beliefs of your Club. This might be seen in the loss of the organization or individual's good name by acquiring a negative image, or community outrage over excess alcohol consumption, drugs, or poor behaviour at your Club.

**Legal Risks** consist of the responsibilities imposed on providers, participants and consumers arising from laws made by federal, state, and local government authorities. This could include the risk of not complying with Child Protection legislation or having a Member Protection Officer.

It is important to acknowledge that your Club may not always have enough information or the resources to manage every risk. However, a good risk management plan will allow you to change your approach if it is not working, or when unexpected risk happens.

## How to Deal with Risk

The Risk Management practice and dealing with risk within your Club can be viewed as a six-step process:

Step 1 – Establish the Context

Step 2 – Identify the Risks

Step 3 – Analyse the Risks

Step 4 – Evaluate the Risks

Step 5 – Treat the Risks

Step 6 – Monitor & Review the Risks

As you and your Club progress through each step it is vitally important that there is dialogue and consultation with all relevant and/or effected stakeholders in your Club's functions, programs, and activities.

For example, coaches and players may be in a better position than the treasurer to identify risk associated with training sessions, facilities, and equipment. While the treasurer will be far better placed to highlight financial risks than a junior coach might be.

### **Step 1 – Establish the Context**

Before your Club can deal with any risks that may be faced, it is essential to understand the context around that risk and each Club's operations so the boundaries for dealing with the risk are clearly defined.

You can establish the Risk Management context, structure, and criteria by considering:

- The strategic context –the environment within which the organization operates
- The organizational context - the core activities, operations, and objectives of the Club

### **Step 2 – Identify the Risks**

The purpose of this step is to identify what could go wrong and the consequences of it occurring. Key questions that your Club might ask include:

- 1) What could happen? List risks, incidents or accidents that might happen by systematically working through each competition, activity, or stage of your event/club operations to identify what might happen at each stage.
- 2) How and why could it happen? List the possible causes and scenarios or description of the risk, incident, or accident.
- 3) What is the likelihood of the risk/incident/accident occurring?
- 4) What will be the consequences if the risk, incident, or accident occurs?

As highlighted above, there are many different categories and kinds of risks that your club may encounter. There are several ways that your club can identify sources of risk. Approaches used to identify risk include checklists, incident reviews, site visits, judgements based on previous experience and records, brainstorming, etc. The approach you might use to identify risk will depend on the activities under review and the types of risk.

Good risk identification involves examining all sources of risk – such as activities, program supervision, facilities, treatment of injuries, etc, and the perspective of all stakeholders (including children, where relevant), both internal and external.

### **Step 3 - Analyze the Risks**

This step involves analyzing the likelihood and possible loss or damage impact of each risk and determining which risk factors might have the greatest effect and should, therefore, receive priority regarding their management. The level of risk is analyzed by combining estimates of likelihood (what is the probability), and the possible loss or damage impact (extent of harm), to determine the priority level of the risk.



**Table 1: Likelihood Scale**

What is the likelihood of the risk event/problem occurring in a year?

RATING	LIKELIHOOD
5	ALMOST CERTAIN: will probably occur, could occur several times per year
4	LIKELY: high probability, likely to arise once per year
3	POSSIBLE: reasonable likelihood that it may arise over a five-year period
2	UNLIKELY: plausible, could occur over a five to ten year period
1	RARE: very unlikely but not impossible, unlikely over a ten year period

**Table 2: Loss or Damage Impact Scale**

What is the loss or damage impact (severity) if the risk event occurred?

RATING	POTENTIAL IMPACT
5	CATASTROPHIC: Most objectives may not be achieved, or several severely affected
4	MAJOR: Most objectives threatened, or one severely affected
3	MODERATE: Some objectives affected, considerable effort to rectify Eg. sport injury – requires medical attention and has some impact on participation in sport and/or other activity
2	MINOR: Easily remedied, with some effort the objectives can be achieved Eg. sport injury requires first aid treatment and prevents immediate participation in sport and/or other activity
1	NEGLIGIBLE: Very small impact, rectified by normal processes Eg. sport injury that does not prevent participation

It is important to consider the consequences and the likelihood of risk in the context of the activity, the nature of your Club, any existing controls that may be in place, and any other factors that may alter the consequences of likelihood of risk.

The appropriate application of risk identification and analysis techniques will produce a prioritized list of risks for your Club to evaluate and act upon.

**Step 4 - Evaluate the Risks**

Risk evaluation will have your Club comparing the identified risks from the analysis process with the previously established risk criteria and deciding whether risks can be accepted.



**Table 3 – Risk Priority Scale**

What is the risk priority?

**IMPACT**

		5	4	3	2	1
		Catastrophic	Major	Moderate	Minor	Negligible
LIKELIHOOD	5 Almost certain	Extreme (1)	Extreme (1)	Major (2)	Major (2)	Medium (3)
	4 Likely	Extreme (1)	Extreme (1)	Major (2)	Medium (3)	Minor (4)
	3 Possible	Extreme (1)	Major (2)	Major (2)	Medium (3)	Minor (4)
	2 Unlikely	Major (2)	Major (2)	Medium (3)	Minor (4)	Minor (4)
	1 Rare	Medium (3)	Medium (3)	Minor (4)	Minor (4)	Minor (4)

<b>1. Extreme</b>	Extreme risks that are likely to arise and have potentially serious consequences requiring urgent attention
<b>2. Major</b>	Major risks that are likely to arise and have potentially serious consequences requiring urgent attention or investigation
<b>3. Medium</b>	Medium risks that are likely to arise or have serious consequences requiring attention
<b>4. Minor</b>	Minor risks and low consequences that may be managed by routine procedures

**Key**

Should the risk fall into the low or acceptable categories; these might be accepted with minimal further treatment but should be monitored and periodically reviewed to ensure they remain acceptable. If the risks present into higher categories and might be major or extreme concerns, then they should be treated using one or more of the treatment options in the following step.

**Step 5 - Treat the Risks**

Risk treatment involves identifying the number of options available for treating the risk, evaluating those options, followed by preparing and implementing risk treatment plans.

When determining your options for treatment, you need to be proportionate to the significance of the risk, and the cost of treatment when compared with the potential benefits and opportunities presented by the treatment.



The six major treatment options include:

- 1) Accepting the risk – deciding no action is necessary. For example, most people would consider minor injuries in participating in the sporting activity as being an inherent risk which are accepted by all participants.
- 2) Avoiding the risk - involves your Club deciding either not to proceed with an activity or choosing an alternate activity with acceptable risk which meets the objects of your Club. For example, a beach-side Football Club wishing to include swimming as an element of senior training may decide that swimming in the ocean without a lifeguard is too risky and choose to attend a staffed indoor pool session instead.
- 3) Reducing the risk – minimizing the likelihood or consequences or both is a commonly practiced treatment of a risk within sport. For example, the scheduling of training in cooler time periods earlier or later in the day during summer heat waves to avoid the risk of de-hydration and heat related illness.
- 4) Transferring the risk – Can be in full or in part and will generally occur through contracts or notices. For example, insurance contracts, waivers, disclaimers, and warning signs are commonly used forms of risk transfer.
- 5) Retaining the risk - Is accepting that the risk treatment is not about eliminating this risk, rather it is about acknowledging it is an important part of the sport activity and some risk must be retained because of the inherent nature of the sport activity.  
Risks can also be retained by default when there is a failure to identify and/or appropriately transfer or otherwise treat the risk.
- 6) Financing the risk - Meaning the club is prepared to fund the consequences of risk. Most non-profit community Football clubs would not consider this option.

Whichever option you choose to treat a risk, if the risk has rated highly you will need to carefully consider necessary policies, procedures, and strategies to treat and/or manage the risk should it occur. These will include:

- 1) Who is responsible?
- 2) What action is needed?
- 3) What is the timeframe?
- 4) How you will know when the risk has been successfully managed?

When treating risks it is important to identify, evaluate and select your treatment option before preparing and implementing your treatment plan for each risk.

### **Step 6 - Monitor & Review**

Once treatment of a risk has been determined it is crucial that the Club continues to monitor the risk to ensure that the identified treatment is correct and effective. Review is an integral part of the risk management treatment plan.

The ongoing review of all risks to the club is vital to ensuring the Club pro-actively identifies any changes that may expose the Club to additional risks over time. Some areas such as equipment and facilities may need regular monitoring and review (Eg. Every week or month), while others such as governance policies may be less frequent (Eg. Every 6 or 12 months).



## **CLUB SUPPORT PROGRAM**

Monitoring and review is the part of risk management that is most often given inadequate focus, and as a result the risk management programs of many organizations become irrelevant and ineffective over time. Monitoring and review ensures that the information generated by the entire process is captured, maintained, and used as one of the most integral steps of risk management.

### **Disclaimer**

*DISCLAIMER: While all care has been taken in the preparation of this material and the entire FV Resource Library, no responsibility is accepted by the author(s) or Football Victoria, its staff, volunteers or partners, for any errors, omissions or inaccuracies. The material provided in this resource has been prepared to provide general information and guidance only. It is not intended to be relied upon or be a substitute for legal or other professional advice. No responsibility will be accepted by the author(s) or Football Victoria or its staff, volunteers or partners for any known or unknown consequences that may result from reliance on any information provided in this publication.*