Can You Risk It?

AN INTRODUCTION TO RISK MANAGEMENT FOR COMMUNITY ORGANISATIONS

Includes Community RiskBase User's Guide

A risk management initiative of the Government of Western Australia

Department of **Sport and Recreation**
Government of **Western Australia**

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ACKNOWLEDGEMENT

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Community RiskBase User's Guide

Introduction

Risk management is all about being aware of what may happen as you go about your business and taking steps to limit the chances of something going wrong, or deciding that you accept that something may occur and that you are prepared for the consequences.

Risk management is not necessarily something new. You undertake risk management every day. Putting away the hose after watering the garden to avoid tripping over it later is an example of risk management. Activating the immobiliser on the car to prevent it from being stolen is another example of risk management.

However, the emphasis now is on organisations like undertaking a structured approach to risk management to demonstrate to insurers and others that you have a transparent process which shows how you reached a decision whether to accept or not to accept certain risks.

It also gives you a systematic approach to identify and manage key risk exposures so that you can direct your resources towards the area where they will be most effective.

The State Government has introduced a number of initiatives to address the public liability crisis, including the following significant pieces of legislation:

- the *Volunteers (Protection from Liability) Act 2002* which protects volunteers from personal liability when performing community work;

- the *Fire and Emergency Services Legislation Amendment Act 2002* which extends protection from personal liability to volunteer emergency workers and their organisations;

- the *Civil Liability Act 2002* which creates a fairer and more predictable legislative environment;

- the *Civil Liability Amendment Bill 2003* which helps to change social and legal attitudes towards the assumption of and liability for risk; and

- the *Insurance Commission of Western Australia (Amendment) Act 2002* which enables government to provide insurance cover to eligible community organisations.

As well as being good practice, an effective risk management program is a positive strategy for organisations to identify those unexpected and costly surprises.

This resource provides an easy to understand guide to implementing your own risk management program.

DEFINITIONS

WHAT IS RISK MANAGEMENT?

The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.[1]

WHAT IS RISK?

The chance of something happening that will have an impact upon objectives. It is measured in terms of likelihood and consequences or in other words the risk event/incident/accident that might happen and prevent you from successfully completing what it is you are setting out to do.

WHAT DOES RISK REDUCTION MEAN?

A selective application of appropriate techniques and management principles to reduce either likelihood of an occurrence or its consequences or both.

WHAT IS RISK TRANSFER?

Shifting responsibility or burden for loss to another party through legislation, contract, insurance or other means.

WHAT DOES RISK ACCEPTANCE MEAN?

An informed decision to accept the consequences and the likelihood of particular risk.

WHAT IS A RISK REGISTER?

A tool used to record information derived from performing a risk management process.

WHY DO WE NEED TO MANAGE RISK?

It is simply good management practice. It also provides structure and form to your decision-making processes.

Some good reasons to manage risks include:

- Helps with strategic planning
- Reduces unexpected and costly surprises
- More effective and efficient allocation of resources
- Better results from projects and programs
- Assists you to clearly define insurance needs
- Better information for decision-making
- Compliance with regulatory requirements
- Assists in preparation for auditing
- Lessening risk encourages more people to participate in your activity
- Balancing opportunity and risk
- Assist you to obtain insurance cover.

[1] All definitions derived from The Australian/New Zealand Standard for Risk Management (AS/NZS 4360)

WHEN DO WE NEED TO MANAGE RISK?

Risk management is a way of looking at your operations by considering what can stop you from achieving what you want to achieve.

Therefore, risk management is an ongoing process that you apply to all aspects of your operations.

You should carry out a risk assessment for any new project, event or initiative. It is a continuous process that is designed to help you prioritise where you dedicate your resources and funds.

RISK MANAGEMENT IS A FIVE STEP PROCESS

STEP 1	Establish the context
STEP 2	Identify risk
STEP 3	Assess risks
STEP 4	Treat risks
STEP 5	Ongoing monitoring and review

IMPORTANT

Throughout each step it is essential that there is consultation and communication with everyone in your organisation's functions, activities and events.

RISK MANAGEMENT PROCESS
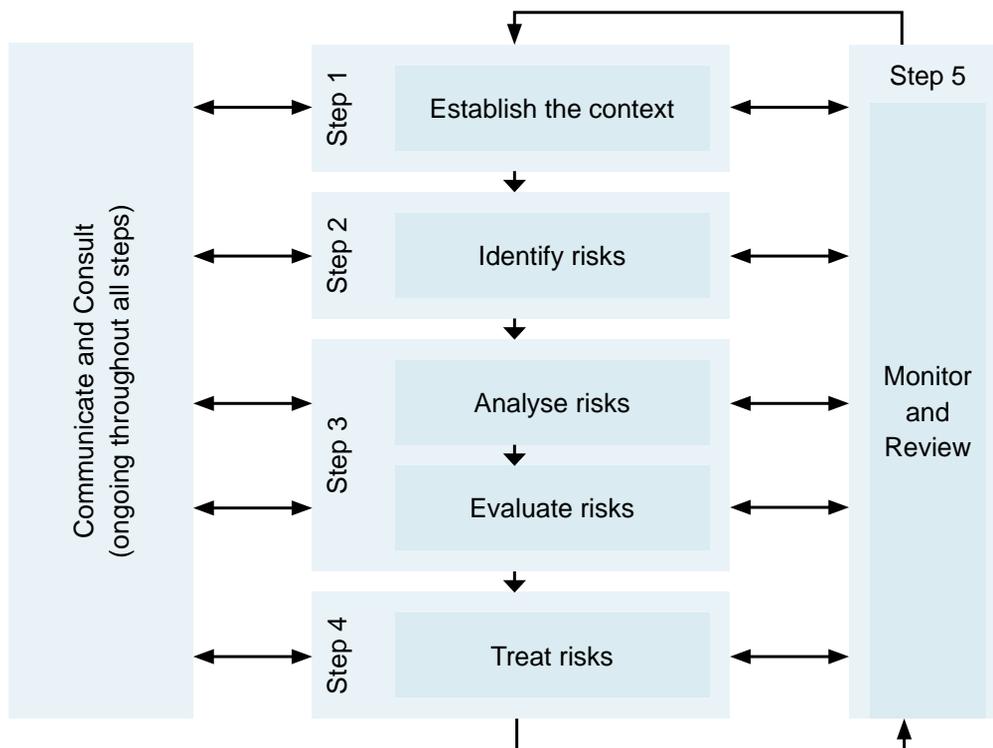
Step 1 – Establish the context

To effectively identify your risks, you need to take into account your own objectives and capabilities as well as factors external to your organisation.

There are two elements to this step:

1. OVERALL PROGRAM ISSUES:

Dealing with those matters regarding measures to be used in the process.

- The scope of risk management within your organisation.
- The aims and objectives of your own risk management program in relation to your organisation.
- The who, what, when, how and with what resources?
- Determine criteria for treating risks.
- Define the extent and comprehensiveness of the risk management activities.
- Define your risk assessment criteria table.
- Define your risk acceptance criteria.

2. RISK ASSESSMENT SPECIFIC ISSUES:

Establishing the boundaries for each specific risk assessment.

- Define the project or activity for which you are going to identify risks.
  – define functions or activities; or
  – project stages; or
  – event stages.

Key activities can be categorised into three levels with associated risk:

STRATEGIC
Risks associated with the high-level longer-term goals, objectives, or strategies of the organisation, business, or association.

OPERATIONAL
Risks associated with the daily functions of the organisation such as finance, decision-making, marketing and promotion and the administrative areas of your business, association.

PROJECT/EVENT
Those risks associated with a specific project or event including all phases of the event. Concept, planning, implementation project/event operation.

Step 2 – Risk identification

The purpose of this step is to identify what could go wrong and what could happen
to prevent you from successfully doing what it is you set out to do.

METHODS

- **Experience and records**: Start by reviewing your own and industry records for the types of events that have happened in the past (this is only an indicator as not all risk events have happened).

- **Brainstorming**: Get together with those who know your industry well to find out what the business relies upon and the things that can—and do—go wrong.

- **Systems analysis**: Analyse your business systems and processes to identify critical points.

- **Personal reports**: Look up specialists' reports or other internal reports that identify things that could affect your ability to succeed.

- **Audit and other recommendations**: Look for audit findings as they may also identify things that could affect your ability to succeed.

KEY QUESTIONS

- What can happen? List risks, incidents or accidents that might happen by systematically working through each function, activity or stage of your event to identify what might happen at each stage.

- How and why it can happen? List the possible causes and scenarios or description of the risk, incident or accident (refer to Attachment B for examples).

Step 3 – Risk assessment

This involves analysing the likelihood and consequences of each identified risk using the measures provided. When multiplied you can work out the overall level of risk.

The purpose of this step is to separate high risks from low risks, to prioritise those areas where resources should be allocated.

- **Likelihood**: This is a qualitative description of probability and frequency. What is the likelihood of the risk occurring?

- **Consequence**: This is the outcome of an event or situation expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. What is the consequence of the risk event?

(Refer to Attachment A for an example of likelihood and consequences).

KEY QUESTIONS

- Look at the adequacy of existing controls. Identify what you currently do to control this risk.

- What are the consequences if it occurs?

- How likely is it to occur? (Evaluate likelihood based on existing controls).

- Multiply consequences by likelihood to give a level of risk.

- Review the level of risk determined against the acceptance criteria identified in Step One (refer to Attachment A for an example criteria table).

- Decide which risks are to be treated or accepted. Decide this by identifying at what value a risk changes from being acceptable to unacceptable.

(Refer to Attachment B for a sample risk identification form and risk register — the tools you will use to record your analysis).

Step 4 – Risk treatment and control

If a risk is identified as high or unacceptable then you should evaluate what else you can do to reduce the risk by implementing new risk controls or enhancing existing controls.

What are your choices?

- Reduce the likelihood of the risk occurring

- Reduce the consequences of the risk occurring

- Accept the risk on the basis that you are doing all things reasonable

- Avoid the risk by discontinuing this activity—don't do it!

- Transfer the risk by way of contract, insurance, etc.

KEY QUESTIONS

- What do you currently do to control this risk?

- What resources will you require to implement the chosen treatment?

- Is it worth doing? *i.e. cost versus benefit consideration.*

Step 5 – Monitoring and review

Risk management is an ongoing process, so you need to regularly review whether anything has changed which may impact on the risk issues you have identified.

You can do this by:

- risk reviews;
- review progress of new treatment plans; and
- new risks can also be identified from:
  - claims performance reports;
  - audits (internal and external) reports; and
  - physical inspections.

Relevant Legislation

Undertaking a risk management process is an extremely positive strategy for your organisation to commit to continuously improving. The state government has introduced a number of initiatives to complement your commitment to risk management in an effort to address the public liability crisis.

VOLUNTEERS (PROTECTION FROM LIABILITY) ACT 2002

- Someone who is volunteering for an incorporated not-for-profit organisation and operates in good faith when doing community work and within the organisation's guidelines is protected from personal civil liability under this Act, subject to certain exceptions.

- The intent is that the liability will transfer to the community organisation with which they are involved.

- This means that volunteers cannot be sued for something they did or failed to do, if they are acting within the scope of the work and directions given to them by the community organisation.

For more information visit www.community.wa.gov.au/Communities/volunteers/

PROTECTION THROUGH ASSOCIATIONS INCORPORATION ACT 1987

- Incorporation creates a legal entity (the organisation) that is separate from the individual members.

- The *Associations Incorporation Act* provides a level of protection to an individual member from being sued for the action of the association or of another member of the association.

- The Act does not protect a member of an association from being sued for their own actions, *e.g. negligence or wrongful acts committed by them.*

- Members and committee or board members of unincorporated bodies can be sued as individuals.

- Any association is eligible to be incorporated if it has more than five members and is formed for any of the purposes listed in the *Associations Incorporation Act 1987*. These purposes are reflected in clause 3.1 of the *Volunteers (Protection from Liability) Act 2002*.

For more information visit www.docep.wa.gov.au/associations/

FIRE AND EMERGENCY SERVICES LEGISLATION AMENDMENT ACT 2002

- This legislation extends protection from personal civil liability to certain fire and marine volunteer emergency workers and their organisations.

CIVIL LIABILITY ACT 2002

This Act allows for:

- a cap on economic loss set to three times the amount of gross average weekly earnings at the date of the damages award;

- structured settlements to allow periodic payments to be funded by an annuity or other agreed means;

- restrictions on advertising of personal injury legal services and touting;

- a deductible threshold on general damages; and

- threshold and limits on gratuitous attendance care damages.

CIVIL LIABILITY AMENDMENT ACT 2003

This Act will help to change social and legal attitudes towards the assumption of and liability for risk. Most of the amendments give effect to key recommendations of the Review of the Law of Negligence (the 'Ipp Report').

The Act allows for:

- a legal presumption of contributory negligence in circumstances where a claimant is intoxicated by drugs or alcohol when injured;
- voluntary assumption of risk in relation to recreational services;
- protecting 'good samaritans' from civil liability when acting in good faith; and
- removing the fear of being sued if a person apologises or expresses regret for an incident occurring.

INSURANCE COMMISSION OF WESTERN AUSTRALIA (AMENDMENT) ACT 2002

- This legislation enables the government to provide insurance cover to eligible not-for-profit groups that are aligned to government, provide an essential service to the community and are unable to obtain affordable cover.

For more information visit www.icwa.wa.gov.au

More information

The following website has been established for not-for-profit organisations to obtain further risk management information:

www.icwa.wa.gov.au/cifund/cif_risk_mgt.shtml

The information contained within is designed to complement this resource.

It also contains an option for you to download the resource and also the Community RiskBase software package. This simple Excel-based package is designed to allow you to record and report on the risks associated with your day-to-day activities. It is supported by the Community RiskBase User's Guide, provided as part of this resource.

Further information may also be obtained by contacting a relevant agency from the list below:

Agriculture and Food	9368 3333	www.agric.wa.gov.au
Community Development	9222 2555	www.community.wa.gov.au
Consumer and Employment Protection	9282 0777	www.docep.wa.gov.au
Culture and Arts	9224 7300	www.dca.wa.gov.au
Disability Services Commission	9426 9200	www.dsc.wa.gov.au
Education and Training	9264 4111	www.det.wa.edu.au
Environment and Conservation	6364 6500	www.dec.wa.gov.au
Fire and Emergency Services	9323 9300	www.fesa.wa.gov.au
Fisheries	9482 7333	www.fish.wa.gov.au
Health	9222 4222	www.health.wa.gov.au
Housing and Works	9222 4666	www.dhw.wa.gov.au
Indigenous Affairs	9235 8000	www.dia.wa.gov.au
Industry and Resources	9222 3333	www.doir.wa.gov.au
Landgate Information	9273 7373	www.landgate.wa.gov.au
Local Government and Regional Development	9217 1500	www.dlgrd.wa.gov.au
Planning and Infrastructure	9264 7777	www.dpi.wa.gov.au
Police	9222 1111	www.police.wa.gov.au
Premier and Cabinet	9222 9888	www.dpc.wa.gov.au
Racing Gaming and Liquor	9425 1888	www.rgl.wa.gov.au
Small Business Development Corporation	9220 0222	www.sbdc.com.au
Sport and Recreation	9492 9700	www.dsr.wa.gov.au
Tourism	9220 1700	www.westernaustralia.com
Treasury and Finance	9222 9222	www.dtf.wa.gov.au
Fitness WA	9383 7734	www.fitnesswa.asn.au
Leisure Institute of WA – Aquatics	9364 0665	www.liwaaquatics.net.au
Outdoors WA	9409 5632	www.outdoorswa.org
Parks and Leisure Australia (WA Region)	9277 9538	www.parks-leisure.com.au
WA Council of Social Services	9420 7222	www.wacoss.org.au
WA Sports Federation	9387 8100	www.wasportsfed.asn.au
Volunteering WA	9482 4333	www.volunteeringwa.org.au

Attachment A

Sample Risk Reference Tables

QUALITATIVE MEASURES OF CONSEQUENCES

Level	Rank	Financial Impact	Injuries/Death	Reputation and Image	Activities/ Operations
1	Insignificant	Less than $1000	No injuries	Unsubstantiated, low impact, low profile or no news item.	Less than 1 hour
2	Minor	$1000 to $10,000	First aid treatment	Substantiated, low impact, low news profile.	1 hour to 1 day
3	Moderate	$10,000 to $50,000	Medical treatment required	Substantiated, public embarrassment, moderate impact, moderate news profile.	1 day to 1 week
4	Major	$50,000 to $150,000	Death or extensive injuries	Substantiated, public embarrassment, high impact, high news profile, third party actions.	1 week to 1 month
5	Catastrophic	More than $150,000	Multiple deaths or severe permanent disablements	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions.	More than 1 month

QUALITATIVE MEASURES OF LIKELIHOOD

Level	Descriptor	Example Detail Description	Frequency
1	Rare	The event may occur only in exceptional circumstances.	Less than once in 15 years
2	Unlikely	The event could occur at some time.	At least once in 10 years
3	Moderate	The event should occur at some time.	At least once in 3 years
4	Likely	The event will probably occur in most circumstances.	At least once per year
5	Almost certain	The event is expected to occur in most circumstances.	More than once per year

SAMPLE RISK CRITERIA

Level of Risk	Criteria for Management of Risk
1 – 3	Acceptable
4 – 5	Monitor
6 – 9	Management Control Required
10 – 14	Urgent Management Attention
15 – 25	Unacceptable

Attachment B

SAMPLE RISK IDENTIFICATION FORM

Business/Association/Club/Group			
Activity/Event			

Risk Ref. No.		Risk (What can go wrong?)	

Existing preventative measures:	

Consequence if Risk occurs (Select worst/or largest impact)	

Consequence rating		Likelihood rating		Level of risk	

What can you do about it? (Actions)

1.		Due Date		Status (In progress/ Completed)	
2.		Due Date		Status (In progress/ Complete)	
3.		Due Date		Status (In progress/ Complete)	

Level of risk after actions:

Consequence rating		Likelihood rating		Level of risk	
Name:				Date:	

Risks by Level of Risk

Activity/Event	Risk Ref No.	Risk (What can go wrong?)	Level of Risk	Action 1	Action 2	Action 3	Predicted Level of Risk
Human Resources	1.1.2	Loss of a key management resource	12	Business adviser	Succession planning		4
Facilities and equipment management	3.1.1	Inadequate site security at facilities	12	Maintenance program			4
Facilities and equipment management	3.1.2	Inadequate instruction/ guidance on safe use of equipment	12	Supervision and monitoring			6
Budget	5.1.1	Grossly under/over estimate income and expenditure of Association	12	Supervision and monitoring	Refresher course		2
Health and Safety	4.1.1	Non-compliance of OSH Act, Standards	9	Monitoring			2
Finance	2.1.1	Non-compliance with FAAA	6	Business adviser			4

Risks by Level of Risk Worksheet

Activity/Event	Risk Ref No.	Risk (What can go wrong?)	Level of Risk	Action 1	Action 2	Action 3	Predicted Level of Risk

Notes

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Can You Risk It?

**COMMUNITY
RISKBASE**

User's Guide

Introduction

It is important to have the right tools for the job. So, to help you to record and report on the risks associated with your day-to-day activities, RiskCover has developed Community RiskBase.

This resource is also available to download online from www.icwa.wa.gov.au.

It is a simple resource made even easier because we have based it around Microsoft Excel. Most community groups that have access to computers for administration will be familiar with Microsoft Excel, which means you may already have a head start on your risk management process.

Community RiskBase has been developed to complement the five step risk management process outlined in *Can You Risk It? An Introduction to Risk Management.*

1. Establish the context

2. Identify risk

3. Assess Risks

4. Treat risks

5. Ongoing monitoring and review

It also supports the Australian/New Zealand Standard 4360:1999 – Risk Management.

The database is made up of five options that include:

• A data entry form that allows you to enter your relevant data;

• A form to edit and update the Qualitative Consequence And Likelihood Risk Reference Tables; and

• Three reports:

– Risks by Level of Risk;

– Risks by Action Status; and

– Risks by Activity/Event.

RiskCover does not claim that Community RiskBase is a finished product, nor does it accept any liability resulting from the use of the database. It is on this basis that Community RiskBase is made freely available to community groups. You are then able to develop the database, as required, to meet your specific requirements. RiskCover does not offer any ongoing support or training in either Community RiskBase or Microsoft Excel.

Using your Community RiskBase package
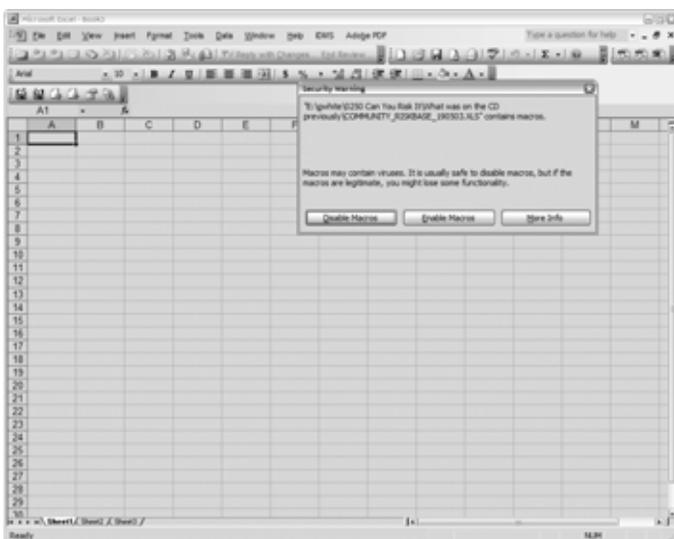
MAIN MENU

Please check the security setting in Microsoft Excel by following the procedure given below to ensure optimum performance of the Community RiskBase:

1. Click on "Tools" in your Toolbar

2. Select "Options"

3. Select "Security"

4. Select "Macro Security"

On completion of the above the following screen will be displayed:
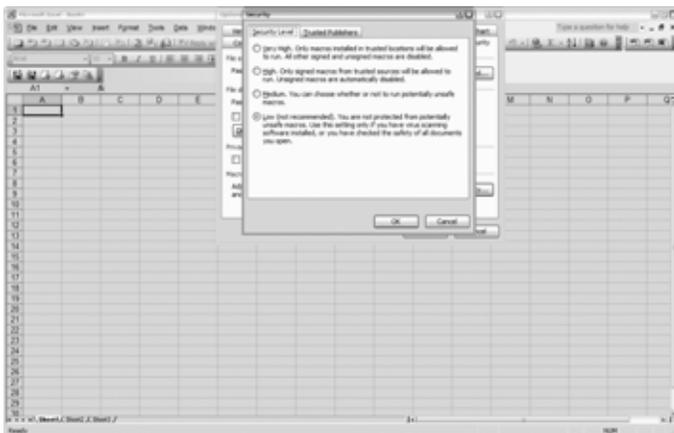
1. If your security is set at High, then on opening Community RiskBase Excel database your system will automatically disable the macros and you will be unable to use the database.

2. If your security is set at Medium, then on opening Community RiskBase excel database will display a message box as shown below: Click Enable Macros.

3. If your security is set at Low, then on opening Community RiskBase Excel database the system opens the database automatically enabling all macros.

MAIN MENU SCREEN

The main menu screen will be displayed as shown below. You will see that there are five main menu options.

There is also an **About** button which contains all of the Conditions of Use for Community RiskBase. You should read this information carefully.

Before you start to identify risk, it is important to establish the context (Step 1 in the Risk Management process). To do this, you must set the **Risk Reference Tables** by defining the **Qualitative Measurement Criteria for Consequences and Likelihood**.

Click on **Edit Consequence Categories and Likelihood** button and follow steps as described on pages 25–26.

Throughout each step it is essential that there is consultation and communication with those within your organisation who are involved in its functions, activities and events.

1. OPEN DATA ENTRY FORM

This button opens up the data entry form. If you are entering your first record in this database, all of the fields will be blank. If you have previously entered records, you will have to choose from the following five options:

1. **Add New Record** will give you a blank **Risk Identification Form**.

2. **Save New Record** will save the new record that you have just entered.

3. **Scroll records** – **Update Record** will enable you to scroll through the database to find a previously entered record and amend the data contained within that record.

4. **Delete Record** will delete the current record that you are viewing.

5. **Close Form** will take you back to the **Main Menu**.

DATA ENTRY FORM

The Data Entry Form has the following fields that need to be filled:

Business/ association/club/ group	This is simply the name of your club or group.
Activity/Event	A description of the particular activity or event you are undertaking.
Risk Reference number	Allocate each risk a unique identification number.
Risk	Describe what might prevent you from successfully completing the activity or event.
Existing preventative measures	List what you currently do to prevent this risk.
Consequence if risk occurs	Select consequence category from the drop-down list. NOTE: You must select the consequence category before you select the consequence rating.
Consequence rating	Select from the drop-down list. Select a rating that reflects the severity of the risk event.
Likelihood rating	Select a rating that reflects the probability of this risk event happening.
Level of risk	This automatically calculates multiplying consequences and likelihood, so your risks sit on a scale of 1 – 25. (1 = lowest 25 = highest)
What can you do about it? (Actions)	For risk levels determined as unacceptable, what else can you do to reduce this level of risk?
Due Date	Please enter a date by which the action needs to be completed in day/month/year (dd/mm/yy) format.
Status of Action	Select from the drop-down list where you are up to with your action.
Revised Consequence Rating	Select a rating now taking into account the Actions "What can you do about it?"
Revised Likelihood Rating	Select a rating now taking into account the Actions "What can you do about it?"
Revised Level of Risk	The revised ratings will automatically calculate the "Revised Level of Risk" and you will have to decide whether this level of risk is acceptable for this activity. If not, you should revisit "What can you do about it" and see what else you might look at doing to reduce the level of risk to an acceptable level. If the level of risk remains unacceptable then you will have to decide whether you continue with the Activity or Event.
Name	Please enter the name of the person who has identified and assessed the risk.
Date	Please enter the date on which risk was identified/entered in the database.

Once you have entered your data click **Save New Record**.

2. REPORT – RISKS BY LEVEL OF RISK

When you click this button the risks are sorted with the highest risk at the top.

Activity/Event	Risk Ref No.	Risk (What can go wrong?)	Level of Risk	Action 1	Action 2	Action 3	Predicted Level of Risk
Human Resources	1.1.2	Loss of a key management resource	12	Business adviser	Succession planning		4
Facilities and equipment management	3.1.1	Inadequate site security at facilities	12	Maintenance program			4
Facilities and equipment management	3.1.2	Inadequate instruction/guidance on safe use of equipment	12	Supervision and monitoring			6
Budget	5.1.1	Grossly under/over estimate income and expenditure of Association	12	Supervision and monitoring	Refresher course		2
Health and Safety	4.1.1	Non-compliance of OSH Act, Standards	9	Monitoring			2
Finance	2.1.1	Non-compliance with FAAA	6	Business adviser			4

3. REPORT – RISKS BY ACTION

This button sorts the risks by status of action, starting with the actions in progress followed by actions completed.

Activity	Risk Ref No.	Risk	Action 1	Due Date 1	Status 1	Action 2	Due Date 2	Status 2	Action 3	Due Date 3	Status 3
Financial	2.1.1	Non-compliance with FAAA	Business adviser	12/20/2007	In progress						
Facilities and equipment management	3.1.1	Inadequate site security at facilities	Maintenance program	12/15/2007	In progress						
Facilities and equipment management	3.1.2	Inadequate instruction/ guidance on safe use of equipment	Supervision and monitoring	11/11/2007	In progress	Refresher course	1/15/2003	In progress			
Human Resources	4.1.1	Non-compliance to OSH Act, Standards.	Monitoring	1/20/2008	In progress						
Budget	5.1.1	Grossly under/over estimate income and expenditure of Association	Supervision and monitoring	1/20/2008	Completed						
Budget	1.1.2	Loss of a key management resource	Business adviser	10/1/2008	In progress	Succession planning	1/15/2003				

4. REPORT – RISKS BY ACTIVITY/EVENT

This button gives you the choice of viewing the report by all Activities/Events or a specific Activity/Event.

If you wish to view the report for a specific activity, you must type in a specific activity/event in the **Activity Filter** box and select **Run Report**. If you run a report without typing in a specific activity/event the whole report is sorted by Activity/Event in alphabetical order.

REPORT SAMPLE – RISKS BY ACTIVITY/EVENT

Activity	Risk Ref No.	Risk	Level of Risk	Action 1	Due Date 1	Action 2	Due Date 2	Action 3	Due Date 3	Revised Level of Risk	Name	Date
Financial	2.1.1	Non-compliance with FAAA	6	Business adviser	12/20/2007					4	PQR	2/13/2008
Facilities and equipment management	3.1.1	Inadequate site security at facilities	12	Maintenance program	12/15/2007					4	PQR	1/15/2008
Facilities and equipment management	3.1.2	Inadequate instruction/ guidance on safe use of equipment	12	Supervision and monitoring	11/11/2007	Refresher course	1/15/2003			6	MNO	3/20/2008
Human Resources	4.1.1	Non-compliance to OSH Act, Standards	9	Monitoring	1/20/2008					2	XYZ	1/1/2008
Budget	5.1.1	Grossly under/over estimate income and expenditure of Association	12	Supervision and monitoring	1/20/2008					2	XYZ	2/13/2008
Budget	1.1.2	Loss of a key management resource	12	Business adviser	10/1/2008	Succession planning	1/15/2003			6	MNO	1/15/2008

5. EDIT CONSEQUENCE CATEGORIES AND LIKELIHOOD TABLES

This is the first step in the risk management process that you need to complete before you start to identify risks. When you click on **Edit Consequence Categories and Likelihood Tables** button, you have the choice of changing the **Definitions of the Qualititative Measures of Consequences** and **Frequency of Likelihood**. Examples are displayed below.

TO CHANGE CONSEQUENCE DEFINITION

If you wish to change **Consequence**, click on the **Consequence Tab** located at the top left hand corner of the form. This will display the sample qualitative measurement criteria set for Consequence Category. Please select a **Consequence Category** from the drop down list and you may change it to meet your group's measurement criteria. For example, we have selected **Financial Impact** in the **Consequence Category** box and modifications may be made in the **Definition** box as displayed below. You may wish to change the values based on your agency's budget. Once you have made your modifications, please click on the **Save** button. When you click on the **Save** button a message box will ask you to click **OK** if you wish to save the changes. If you click no another message box will be displayed asking you whether you wish to clear the form.

TO CHANGE LIKELIHOOD FREQUENCY

Select the **Likelihood Tab** if you wish to make changes to this category. This will display the sample qualitative measurement criteria set for **Likelihood—Description and Frequency**. You may modify the **Likelihood** measurement criteria—the probability/frequency to meet your group's measurement criteria. Once you have made your modifications, please click on the **Save** button. When you click on the **Save** button a message box will ask you to click **OK** if you wish to save the changes. If you click no another message box will be displayed asking you whether you wish to clear the form.

Case Study

A sporting club undertakes a number of activities or events during the course of the year including:

- a fun-run
- a clubroom upgrade
- a visit to Country Week
- a raffle

For each activity or event the committee of the sports club has completed a risk analysis (refer example below regarding a fun-run activity) where they have:

1. Identified the risks associated with the specific activity or event, *e.g. accident to competitor, member of public, official leading to adverse publicity;*

2. Identified what existing preventative measures are currently in place, *e.g. medical certificates, waivers, insurance;*

3. Identified the potential consequences or impacts of this risk happening; *i.e. injuries/deaths, financial impacts, etc*

4. The committee has discussed the potential consequences of the risk in terms of the consequence rating tables and agreed on the the the potential consequences of this risk (Consequence Rating – 4). In addition the committee considers how likely this event is with that level of consequence (Likelihood Rating – 2). The multiplication of the two entries gives the risk a Level of Risk of 8; and

5. The committee has then looked at the risk and its level of risk and considered if there is anything else that can be done to reduce the consequences or likelihood of this risk. They decided to have:

   a) a qualified first aid person at event and a first aid plan; and

   b) course closed to vehicles and liaise with police.

The Revised Level of Risk after adding these controls was then determined as 4, derived from a Revised Consequence Rating of 4 and a Revised Likelihood Rating of 1.

Once a risk analysis has been completed for a number of activities/events, a report can be generated to show the risk issues associated with all of the activities/events of this sporting club. This report is sorted by Level of Risk to show the priority items, the actions being taken and a Revised Level of Risk after the actions are implemented.