



RISK MANAGEMENT POLICY & FRAMEWORK

Adopted or Amended	By Whom	Date
Adopted	Board of Directors	31 st August 2021

Swimming NSW

Risk Management Policy and Framework

1. Risk Management Policy

Risk is the effect of uncertainty on achieving objectives and risk management is the adoption of consistent processes within a framework to ensure that risk is managed effectively and efficiently across an organisation.

Swimming NSW Limited (“SNSW”) recognises that an integral part of effective governance of the organisation is to understand the risks which may impact SNSW’s ability to achieve its objectives. SNSW is fully committed to regularly identifying, assessing and managing its risks as part of effective governance and to increase the likelihood of SNSW achieving its objectives.

The purposes of this document are to –

- Specify the policy of SNSW in relation to risk management.
- State the responsibilities of various parties for the management of risk by SNSW.
- Articulate the Risk Appetite of SNSW for each category of risk to which it is subject.
- State SNSW’s Risk Management Framework.

2. Responsibilities

The responsibilities for the management of risk by SNSW are as follows –

Party	Main responsibilities
Board of SNSW	<ul style="list-style-type: none">• Determines SNSW’s Risk Management Policy, SNSW’s Risk Appetite and SNSW’s Risk Management Framework.• Ensures that the responsibilities of each party for managing risk are clear and that each party understands those responsibilities.• Monitors the implementation of SNSW’s Risk Management Framework.• In relation to risks for which it is designated as the risk owner, prepares and implements the risk treatment plans specified in SNSW’s Risk Register.• Where necessary, approves board policies and processes relevant to the management of risk.
Audit & Risk Committee	<ul style="list-style-type: none">• Undertakes the functions in relation to risk identified in its charter.• Monitors and reviews the implementation of SNSW’s Risk Management Framework, including the implementation of risk treatment plans, and reports its findings and recommendations to the Board.• In relation to the risks for which it is designated as the risk owner, prepares and implements the risk treatment plans specified in SNSW’s Risk Register.• Reviews proposals for policies and processes and, if necessary, makes recommendations to the Board.
Chief Executive Officer	<ul style="list-style-type: none">• Implements SNSW’s Risk Management Framework and, in particular, in relation to risks for which the CEO is designated as the risk owner, prepares and implements the risk treatment plans specified in SNSW’s Risk Register.• Ensures SNSW’s Risk Management Framework is communicated to all staff and ensures that staff have appropriate training, tools and

	<p>techniques to identify, assess, manage and treat risk arising in the course of their work in accordance with the Framework.</p> <ul style="list-style-type: none"> • Ensures that staff are consulted appropriately from time to time across all stages of SNSW's Risk Management Framework. • Provides such information as the Board or the Audit & Risk Committee may require from time to time. • Undertakes reviews (at such times as agreed with the Board or the Audit & Risk Committee) of SNSW's Risk Management Framework, the documents referred to in the Framework and control policies and processes and provides reports and recommendations. • Assists the other parties fulfill their responsibilities in relation to the management of risk by SNSW.
Other staff	<ul style="list-style-type: none"> • Identifies, assesses, manages and treats risk in accordance with SNSW's Risk Management Framework. • Provides comment, feedback and advice from time to time across all aspects of SNSW's Risk Management Framework.

3. Risk Appetite

SNSW's risk appetite is the amount of risk that SNSW is willing to assume in order to achieve its objectives. SNSW defines its risk appetite by category of risk. It has different risk appetite ratings for different categories of risk.

Each of SNSW's risks can be categorised as follows –

- Strategy and Governance Risks– Risks which impact the achievement of the strategic objectives of SNSW or due governance of the organisation.
- Operational Risks – Risks which impact the effective and efficient operations of SNSW.
- Financial Risks – Risks which impact the financial resources or financial outcomes of SNSW.
- People Risks – Risks which impact the staff or volunteers of SNSW, and the effective performance of their roles.
- Regulatory and Compliance Risks – Risks which impact SNSW's ability to meet its regulatory, contractual, legal and other policy obligations.
- Reputation Risks – Risks which impact the reputation of SNSW among internal or external stakeholders, or the general community of New South Wales.

A particular risk may fall within one or more of these risk categories. For the purposes of defining the risk appetite relevant to the risk, the risk should be categorised in that category with which it has the closest identification.

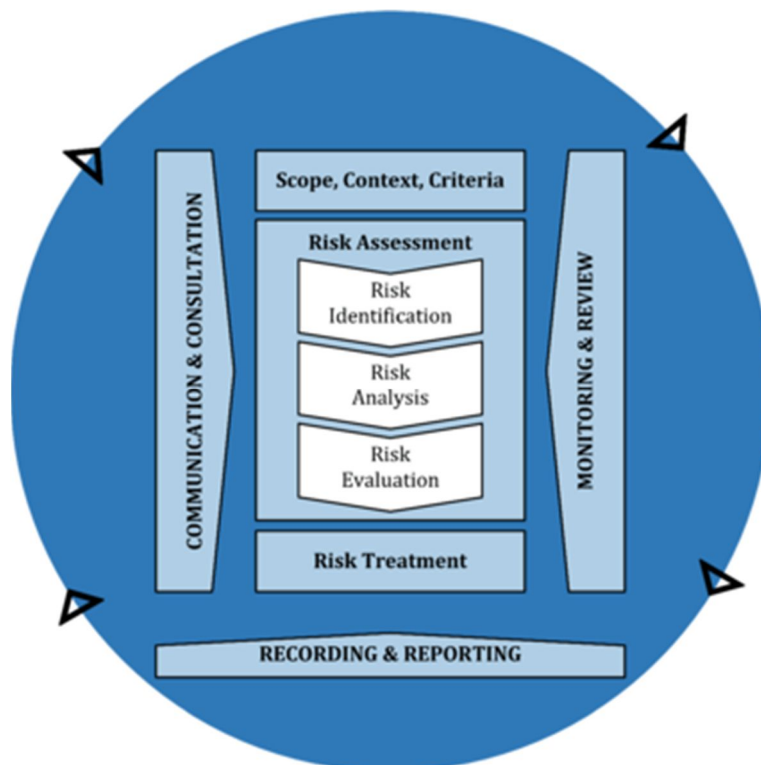
SNSW's risk appetite rating for each of these risk categories is as follows –

Risk Category	Risk Appetite Rating
Strategy and Governance Risks	Medium
Operational Risks	Medium
Financial Risks	Medium
People Risks	Low
Regulatory and Compliance Risks	Low
Reputation Risks	Low

The meaning of the Risk Appetite Ratings of “Medium” and “Low” is to be determined by reference to the SNSW Risk Matrix referred to later in this document.

4. Risk Management Framework

SNSW’s Risk Management Framework is based on the Australian/New Zealand Standard on Risk Management (AS/NZS ISO 31000-2018) (“ISO 31000”). ISO 31000 describes a risk management framework as the application of policies, procedures and practices to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk. This framework is illustrated in the following diagram.



Source – ISO 31000

A. Communication and consultation

The purpose of communication and consultation is to assist SNSW’s internal and external stakeholders in understanding risk, the basis on which decisions are made and the reasons why particular actions are required. Communication seeks to promote awareness and understanding of risk, whereas consultation involves obtaining feedback and information to support decision-making.

SNSW will ensure that communication and consultation will be a continual activity across all stages of SNSW’s Risk Management Framework to facilitate factual, timely, relevant, accurate and understandable exchanges of information relevant to the management of risk.

In particular, SNSW recognises the importance of continuous communication and consultation with its staff to ensure they understand the Framework and its implications for their work and are able to contribute and provide feedback across all stages of the Framework.

B. Scope, context and criteria

The purpose of establishing the scope, the context and criteria is to ensure SNSW's Risk Management Framework best meets SNSW's requirements. Scope, context and criteria involve defining the scope of the Framework, and understanding the internal and external context.

Scope

SNSW intends that SNSW's Risk Management Framework be applied at all levels within the organisation to ensure that risk is identified and managed effectively, efficiently and coherently throughout the organisation.

Internal and External context

The internal and external context is the environment in which SNSW seeks to define and achieve its objectives.

SNSW's internal context includes the following –

- SNSW has more than 30,000 members comprising areas, clubs and individuals who are located or reside throughout New South Wales.
- Members pay membership fees which are a substantial source of income for SNSW.
- SNSW provides services and support to its members.
- SNSW organises and conducts a number of swimming events including pool and open water events.
- These events raise significant income for SNSW.
- A large number of participants in the sport are children and young people.
- SNSW has a staff team of 30 people, comprising both full time and part time staff, and regionally based staff.
- SNSW relies upon a large number of volunteers to undertake its activities.

SNSW's external context includes the following –

- Swimming is an Olympic sport with a significant public profile.
- SNSW is a member of Swimming Australia and, among other things, relies on funding from Swimming Australia to fund a portion of its activities.
- SNSW has significant relationships with the New South Wales Institute of Sport and the Sydney Olympic Park Authority.
- SNSW receives significant grant funding from government for swimming programs.
- SNSW operates a retail store and seeks to maximise other commercial opportunities.
- SNSW relies upon a number of external service suppliers, particularly in relation to data base supply, insurance, audit, information technology and investment management.
- SNSW is subject to a number of regulatory and contractual obligations.

Risk criteria

As previously stated, SNSW's risks can generally be classified under the following categories –

- Strategy and Governance Risks
- Operational Risks
- Financial Risks
- People Risks
- Regulatory and Compliance Risks
- Reputation Risks.

A particular risk may fall within one or more of the abovementioned categories. For the purposes of SNSW’s Risk Management Framework, the risk should be categorised in the category with which the risk has the most identification.

C. Risk assessment

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation.

Risk identification

The purpose of risk identification is to identify a comprehensive list of risks based on events which might impact the achievement by SNSW of its objectives, and to document those risks in a register to be known as SNSW’s Risk Register.

Risks are not static but are dynamic and their likelihood and consequence can increase or decrease quickly. For this reason, SNSW’s Risk Register should be treated as a living document and reviewed regularly.

To assist in clarity, consistency and comparability of risk discussions, SNSW’s Risk Register will be based on the template set out in Attachment A.

Risk analysis

Risk analysis involves consideration of the causes and sources of risk, the consequences of risk and the likelihood that those consequences will occur.

The risk analysis process involves the assignment of a residual risk rating for each risk documented in the risk register through the following steps –

- First, analyse the inherent risk. This is the assessment of the likelihood and consequences of a risk event if it were to materialise in the absence of controls.
- Secondly, identify and assess controls. This is the identification of the existing controls in place to address the risk, and assess their effectiveness.
- Thirdly, analyse the residual risk. This involves reassessing the likelihood and consequences of a risk event if it were to occur, taking into account the effectiveness of the existing controls.

1. Analyse the inherent risk

For each risk identified in SNSW’s Risk Register, the likelihood of the risk occurring in the absence of controls is to be assessed. Likelihood refers to the chance of something happening. SNSW’s risk likelihood criteria are outlined in the following table –

Likelihood Scale	Likelihood Measure
Rare	Probability of <5% that the event will occur in the next 5 years.
Unlikely	Probability of between 5% and 24% that the event will occur in the next 5 years.
Possible	Probability of between 25% and 49% that the event will occur in the next 5 years.
Likely	Probability of between 50% and 89% that the event will occur during the next year.
Almost Certain	Probability of 90%+ that the event will occur during the next year.

For each risk identified in the risk register, the consequence of the risk occurring in the absence of controls should be assessed using the Consequence Criteria set out in Attachment B. Consequence refers to the outcome of an event and should be assessed based on the most credible (not worst case) impact of a risk event. A risk should be assessed against each of the Consequence Criteria (not only the category into which it has been classified). The highest consequence should be regarded as the consequence of the risk for the purposes of risk analysis.

Once a risk likelihood and consequence assessment has been carried out for each risk in the risk register, the inherent risk rating is then determined by combining the likelihood and consequence level of the risk in accordance the following matrix, to be known as SNSW’s Risk Matrix –

	Insignificant	Minor	Moderate	Major	Extreme
Almost Certain	Low	Medium	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Low	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

2. Identify and Assess Control Environment

A control is any policy, practice, process or other action which reduces the likelihood of a risk occurring or the consequences arising from the risk. There may be existing controls in place to prevent, detect or mitigate the identified risks. Preventative controls aim to reduce the likelihood of the risk occurring while mitigating controls seek to lessen the adverse impact of risk if it occurs.

For each risk identified within SNSW’s Risk Register, the Control Environment will be determined and assessed as follows-

- A control description for each relevant risk is to be detailed which clearly identifies the policy, practice, process or other action used to modify the likelihood or the consequence of risk.
- An assessment of the control’s current operating effectiveness should be determined using the following control effectiveness criteria.

Control Effectiveness	Description
Ineffective	The existing control does not meet the control objective and/or the control is not applied or is applied ineffectively.
Partially Effective	The existing control meets the control objective and the control is normally operational but sometimes is not applied as it should be, or not as intended.
Effective	The existing control meets the control objective and it is operational most of the time.

3. Analyse the Residual Risk

Once the inherent risk and the effectiveness of existing controls has been considered, the residual risk can be considered. The residual risk will be determined by following a similar process to analysing the inherent risk, but the likelihood and consequence is to be reassessed based on the effectiveness of the existing controls.

D. Risk evaluation

The purpose of risk evaluation is to assist in making decisions, based on the outcomes of the risk analysis, about the risks that need treatment and the implementation of those treatments.

To assist in evaluating risk, SNSW's Risk Register will record the Risk Appetite for the category in which the specific risk has been categorised.

It will also record whether the risk rating determined for the residual risk is inside or outside appetite.

E. Risk treatment

Risk treatment involves selecting one or more options for modifying risk, or accepting the risk. Once implemented, a risk treatment for modifying risk will modify the existing controls.

The options for treating risk are –

Risk Treatment Option	Description
Avoid	Determine not to proceed or continue with the activity giving rise to the risk, obtain an alternative solution or exit the activity as the risk rating is unacceptable.
Reduce/Transfer	Take action to reduce the likelihood or consequence of the risk (or both) to reduce the risk rating. Examples of transferring the risk are obtaining insurance or contractually transferring the risk to another person.
Accept	Determine to retain and accept the risk. No further action is to be taken.

For each risk, SNSW's Risk Register will identify the appropriate risk treatment option to be taken in relation to the risk. The risk owner specified in the register will be responsible for developing and implementing an appropriate risk treatment plan. The plan will include information about –

- the proposed actions;
- the resources required, including contingencies;
- the required reporting and monitoring; and
- when actions are expected to be undertaken and completed.

A short summary of the risk treatment plan will be recorded in SNSW's Risk Register.

Generally it will not be acceptable to adopt an "Accept" risk treatment option for a residual risk whose risk rating is higher than the Risk Appetite relevant to that risk.

Usually, risk treatment options will be implemented as follows –

- Where the Residual Risk Rating for a risk is assessed as being higher than the Risk Appetite for the category applying to that risk, Risk Treatment Options will be implemented as a matter of priority to ensure that controls are developed to reduce the Risk Rating of the residual risk to a level which is no higher than the relevant Risk Appetite. Particularly priority will be given to those residual risks, outside Appetite, rated as "High" and "Extreme."
- Where the Residual Risk Rating for a risk is assessed as being no higher than the Risk Appetite for the category applying that risk, it may still be appropriate to take action to avoid the risk or reduce or transfer it. Such actions will be undertaken as and when appropriate.

F. Monitoring and review

The purpose of monitoring and review is to assure and improve the quality and effectiveness of SNSW's Risk Management Framework, its implementation and outcomes.

The Audit & Risk Committee will undertake a review of SNSW's Risk Management Framework, including SNSW's Risk Register, no less frequently than once per annum, particularly having regard to any changes in SNSW's internal and external environment or changes in the likelihood and consequences of risk.

In addition, the Audit & Risk Committee will monitor the implementation of risk treatment plans recorded in SNSW's Risk Register.

The Audit & Risk Committee will also undertake periodic monitoring of the effectiveness of current risk controls in accordance with a rolling program determined by the Committee in consultation with the Chief Executive Officer and notified to the Board. The nature and frequency of such monitoring will be determined on a risk basis. For example, it is expected that the higher the inherent rating for a risk specified in SNSW's Risk Register, the more frequent and more thorough will be the review of the controls associated with that risk to determine whether those controls remain effective to ensure that the residual rating remains consistent with SNSW's appetite for a risk of that type. The Audit & Risk Committee will report the outcome of its monitoring to the Board and make its recommendations.

The Chief Executive Officer will monitor the implementation of SNSW's Risk Management Framework on an ongoing basis. In so doing he will ensure that there are appropriate systems and processes in place within the organisation to ensure that any matter which impacts, or may impact, the quality and effectiveness of SNSW's Risk Management Framework is identified and reported. Such matters may include –

- The emergence of a significant new risk.
- A matter which increases, or may increase, the inherent rating previously assessed for a risk.
- A matter which reduces, or may reduce, the effectiveness of a current control for a risk.

G. Recording and reporting

SNSW will ensure that the actions taken to monitor and review the quality and effectiveness of SNSW's Risk Management Framework are recorded and reported appropriately.

The Audit & Risk Committee will report the outcomes of each review it undertakes of SNSW's Risk Management Framework to the Board and make recommendations.

The Audit & Risk Committee will also periodically report to the Board the outcomes of its monitoring of the implementation of the risk treatment plans recorded in SNSW's Risk Register and its monitoring of the effectiveness of current risk controls in accordance with the rolling program notified to the Board.

The Chief Executive Officer will forthwith report to the Audit & Risk Committee any matter of which he becomes aware which materially impacts the quality and effectiveness of SNSW's Risk Management Framework.

Attachment B - Consequence Scale

Consequence Scale

	Strategic	Financial	Operational	Reputation	People
Insignificant	Negligible impact on achieving SNSW's objectives	Impact of less than \$25,000	Material disruption of SNSW's business of less than 1 day	Negligible impact on confidence of stakeholders in SNSW. No media attention	Negligible impact on staff or volunteer performance or satisfaction. Minor injury able to be treated by first aid.
Minor	Low impact on achieving SNSW's objectives	Impact of between \$25,000 and \$150,000	Material disruption of SNSW's business of between 1 day and 1 week	Some impact on confidence of stakeholders in SNSW. Unlikely to generate any media attention	Some impact on staff or volunteer performance or satisfaction. Injury requires minor medical treatment.
Moderate	Medium impact on achieving SNSW's objectives	Impact of between \$150,000 and \$250,000	Material disruption of SNSW's business of more than 1 week but less than 4 weeks	Loss of confidence of a significant minority of stakeholders in SNSW. Adverse media attention possible	Material impact on the performance or satisfaction of a significant minority of staff or volunteers. Serious injury which requires hospitalisation
Major	High impact on achieving SNSW's objectives	Impact of between \$250,000 and \$500,000	Material disruption of SNSW's business of between 4 weeks and 8 weeks	Loss of confidence of a majority of the stakeholders in SNSW. Likely to generate adverse media attention.	Material impact of the performance or satisfaction of a majority of staff or volunteers. Single death or serious injury.
Extreme	Impact of ability to meet SNSW's objectives imperils the future of SNSW	Impact of more than \$500,000	Material disruption of SNSW's business of more than 8 weeks	Extent of loss of confidence imperils the future of SNSW. Will certainly generate adverse media attention.	A significant number of key staff or volunteers leave the organisation. Multiple deaths or serious injuries.