PENTATHLON GB+

RISK MANAGEMENT POLICY

RISK ASSESSMENT PROCESS

1. In order for PGB to operate, deliver its services and achieve its objectives, some amount of risk taking is necessary. The only way to avoid risk is to do nothing, which in turn guarantees nothing is achieved.

2. PGB should aim to be in a position where its risks are effectively managed to deliver its stated business objectives and opportunities are exploited to provide improved services and value for money.

WHAT IS RISK?

3. Risk can be defined as “something happening that may impact on the achievement of our objectives or members”. Types of risks that PGB may face include:

a. Anything that poses a threat to the achievement of our business objectives and strategic priorities;
b. Anything that could damage our reputation or undermine our membership’s/the public’s confidence in us.
c. Failure to guard against theft and fraud; and
d. Failure to comply with regulations such as health and safety.

4. Risks can also arise from not taking opportunities to deliver better quality and cost efficient services to our stakeholders.

RISK MANAGEMENT: FRAMEWORK DEVELOPMENT

5. Risk management means having in place a corporate and systematic process to identify, evaluate, mitigate, review and monitor the impact of uncertain events. It includes having staff with the appropriate skills to identify and assess the potential for risks to arise.

6. PGB fully acknowledges that all activity outlined within this documentation carries an associated element of potential risk. It is essential for PGB to effectively manage risks at all levels and across the organisation. The development, implementation and application of an effective risk management framework will enhance PGB’s capability to achieve its goals, maximise opportunities and minimise losses.

7. It should be remembered that all employees, volunteers, seconded staff, contractors, consultants and directors share the responsibilities of risk management.

STRATEGIC CONTEXT

8. It should be recognised that any business of the size and complexity of a medium-sized NGB inherently involves some element of potential risk. It is therefore important that our approach to risk management is clearly documented and this paper describes the process that we will put in place to identify, assess, address and review and report on our risks.

RISK MANAGEMENT PROCESS

9. Risk management consists of four stages (risk identification, risk assessment, risk management and monitoring, communication and feedback) as shown below:

RISK IDENTIFICATION → RISK ASSESSMENT → RISK MANAGEMENT → MONITORING, COMMUNICATION & FEEDBACK

Corporate Role/Function	Responsibilities
PGB Board	☐ Set the 'risk appetite' for the strategic priorities; ☐ Delegate responsibility of approving the risk action plan and monitoring risk management to the Governance Committee; and ☐ Review the strategic priorities and risk action plan on a regular basis.
Governance Committee	☐ Approve the Risk Action Plan; ☐ Regularly monitor, review and challenge the management of strategic risk.
Chief Executive Officer (CEO)	☐ Produce a Risk Register; ☐ Regularly monitor and manage Strategic Risk. ☐ Develop the Risk Action Plan; ☐ Set up an appropriate risk management framework to identify and assess risk; ☐ Educate staff in risk management
Management Team	☐ Ensure risk management is embedded into the organisation; ☐ Ensure the Risk Action Plan is implemented; ☐ Ensure that staff regularly monitor and manage strategic risk.

IDENTIFYING RISKS

11. PGB will adopt a "top down" and "bottom up" approach to risk identification. The Board will identify the strategic risks that may impact on us achieving our business objectives and strategic priorities. The Management Team will identify their own departmental risks and consider their potential impact on the activities and milestones.

12. By taking a "top down" and "bottom up" approach we aim to identify the strategic and operational risks that may prevent the achievement of our business objectives and strategic priorities.

13. We recognise that the successful delivery of our objectives also depends on external stakeholders (such as investors, sponsors, partners, suppliers, etc.). We therefore will work closely with other stakeholders to identify risks on joint activities.

RISK ACTION PLAN

14. The Board will develop a risk action plan annually and review on a quarterly basis. All identified risks will have corresponding actions to ensure that strategic risks are being mitigated and well managed.

15. We recognise that there will always be a degree of uncertainty as we try and predict the likelihood and impact of future events. Where available we will use our experience and/or historic records to assist us in these judgements. For example, prior knowledge of a contractor on a key project can help us assess the likelihood of whether the project will be completed on time or our degree of dependency on IT systems can help us assess the impact to our business if they were to fail.

LIKELIHOOD AND IMPACT

16. Within the risk action plan, we will rate the Likelihood of a risk being: 1, 2, 3 or 4 or 5 and impact being: 1, 2, 3 or 4 or 5 (as detailed below)

		LIKELIHOOD				
		1 – Improbable	2 – Unlikely	3 – Possible	4 – Probable	5 – Expected
IMPACT	5 (Crisis)	5 – Minimal	10 – Significant	15 – Major	20 – Severe	25 – Severe
	4 (Critical)	4 – Minimal	8 – Significant	12 – Significant	16 – Major	20 – Severe
	3 (Significant)	3 – Advisory	6 – Minimal	9 – Significant	12 – Significant	15 – Major
	2 (Marginal)	2 – Advisory	4 – Minimal	6 – Minimal	8 – Significant	10 – Significant
	1 (Negligible)	1 – Advisory	2 – Advisory	3 – Advisory	4 – Minimal	5 – Minimal

PRIORITY RATING DESCRIPTORS, SCORES AND RAG STATUS

17. Once populated the risk action plan will be RAG coded and all high-level risks (12-25) will be closely monitored by the Governance and Risk Committee at each meeting and by the PGB Board on a quarterly basis.

Rating	Grouping	Risk Management Focus	
	High (12-25)	Where risk management should focus most of its time.	Risks that fall into the group highlighted as High will require immediate attention. Both the status of the risk will require to be monitored with regard to the effect on the organisations activities and the progress of action taken to ensure its effective completion.
	Medium (5-10)	Where risk management will ensure that insurance/ contingency plans are in place	Risks that fall into the group highlighted as Medium may require immediate action but will require to be monitored for any changes in the risk or control environment
	Low (<5)	Where risk is so minimal it does not demand specific attention.	Risks that fall into the group highlighted as Low will require to be monitored by the Management Group.

MANAGING RISKS IDENTIFICATION OF CONTROLS AND ACTIONS

18. Having described the risk and carried out the inherent assessment of a risk it is important that the existing controls are identified, described and assessed. A control is a process, procedure or action that is undertaken and if effective, reduces the likelihood of a risk cause from occurring.

19. Due to their nature, there will be certain risks identified where it will be impossible to identify controls that will reduce the likelihood of the risk occurring. In this instance there is a need to ensure that appropriate actions are identified in the risk action plan to manage the impact of the effects that arise if the risk is realised.

20. In many circumstances there will be a requirement to identify the further action needed to be undertaken in order to manage the risk and reduce the residual risk rating. The actions identified form the mitigation plan which identifies the owner of the action, the implementation date and also the progress made on the implementation. The mitigation plan will hold two types of actions, those that are to be implemented to improve controls and those that are identified to manage the effects of the risk realising.

ASSIGNING OWNERSHIP

21. The importance of identifying risks is not only to identify the important areas to which resource should be allocated but also to allocate responsibility for management of these risks.

22. Effective risk management emerges when ownership of any particular key risk is allocated to an appropriate senior official. Without ownership being assigned at a senior level responsibility and authority for implementing control or risk mitigation action is unlikely to be clear.

MONITOR, COMMUNICATE AND FEEDBACK

23. Once a risk management process has been developed and control responses implemented we need to obtain assurance on the effectiveness of our actions and periodically review the risks we have identified to ensure it reflects the changing environment.

24. We will implement the following reporting and review mechanisms.

a Board:
It is the Board who is the primary risk owner for Strategic Risk.
The Risk Action plan will be reviewed quarterly by the Board and Governance and Risk Committee.

b CEO and Management Team:
It is their responsibility to review the Risk Action Plan– as it relates to their team(s) at least every two months and to update the Risk Action Plan as appropriate.

EMBEDDING

25. We will work towards ensuring that the processes designed to manage risk are built into our everyday business practices and procedures across our sport. The benefits of this will include:

a. Greater management focus on issues that really matter;
b. Reduction in management time spent firefighting;
c. Fewer business “surprises”;
d. More focus internally on doing the right things in the right way;
e. Greater likelihood of achieving business objectives;
f. More informed risk taking and decision making.