EQUESTRIAN VICTORIA
RISK MANAGEMENT POLICY

Policy number	EV008	Version	1
Drafted by	Matthew Brown	Approved by Board on	26 May 2021
Responsible person	CEO	Scheduled review date	May 2022

1.1 INTRODUCTION

The Board has developed this policy to assist the embedding of risk management into our organisation.

EV has established a Risk Management Policy comprising:
- The policy framework to outline the principles by which EV will assess and manage the risk facing the organisation.
- This is supported by documented processes and procedures to deliver the agreed objectives and outcomes.

   Equestrian Victoria will develop an organisational culture that optimises our ability to achieve our strategic objectives while ensuring appropriate management of risks.

1.2 PURPOSE

The purpose of this document is to promote member, employee, stakeholder and public safety. To protect personnel, assets and intellectual property, encourage better quality service delivery, minimise loss and insurance costs and improve contingency planning for dealing with risks and their impact.

1.3 POLICY

Equestrian Victoria's Risk Management Framework policy will encompass the following elements.

- The context for organisational risk management at EV.
- Outline the overarching documentation structure and risk review requirements. Providing an overview of the procedure for identifying and assessing enterprise risks, and the response required in order to mitigate risks that may impact the organisation
- Describes the governance structure and accountabilities that are in place; and

The Risk Management Framework is a document mandated by the Board. The Finance, Risk and Audit Committee (FRAC) is responsible for overseeing the audit and risk assessment function for the organisation.

2 THE CONTEXT FOR ORGANISATIONAL RISK MANAGEMENT AT EV

2.1 THE MAINTENANCE OF A SUSTAINABLE RISK MANAGEMENT FUNCTION THAT SUPPORTS THE ORGANISATION REMAINS THE ULTIMATE RESPONSIBILITY OF THE BOARD.

Annually the Board, with assistance from the FRAC must:

- Consider, revise or confirm the appropriateness of risk framework adopted by EV. This risk framework at a minimum should comprise documents that:
    - Define and categorise the key risks.
    - Define the consequences of these risks.
    - Assess and provide a measurement framework for the likelihood/probability of these risk events occurring.
    - Detail the controls that are in place to mitigate these risks.
    - Assess the residual risk after application of the controls.

- Provide direction to Management in respect to the adequacy of the Risk Management Framework. This must include:

    - Assessment of tools used to manage and measure risk.
    - The assessment of inherent risk and residual risk.
    - Areas where the residual risk needs to be lowered through the establishment of additional controls.

Management must maintain formal documents to enable the Board and FRAC to fulfil the obligations detailed above.

2.2 KEY ARTEFACTS REQUIRED BY THE BOARD AND FINANCE, RISK & AUDIT COMMITTEE TO ENSURE THAT RISK MANAGEMENT IS EMBEDDED IN THE ORGANISATION AND INCLUDES THE FOLLOWING:

- Risk Management Framework
- Disaster Recovery Plan/Business Continuity Plan
- Strategic Risk Register; and
- Communications that encourage all staff to embrace risk management as part of the day-to-day roles.
- Consideration of external events that:
    - Influence the nature and extent of risks that need to be assessed
    - Change expectations of acceptable risks and risks that must be reduced or mitigated.

3 OUTLINE THE OVERARCHING DOCUMENTATION STRUCTURE AND RISK REVIEW REQUIREMENTS

3.1 OVERVIEW OF THE PROCESS

Management have established the following flowchart to assist in the identification and management of risk.
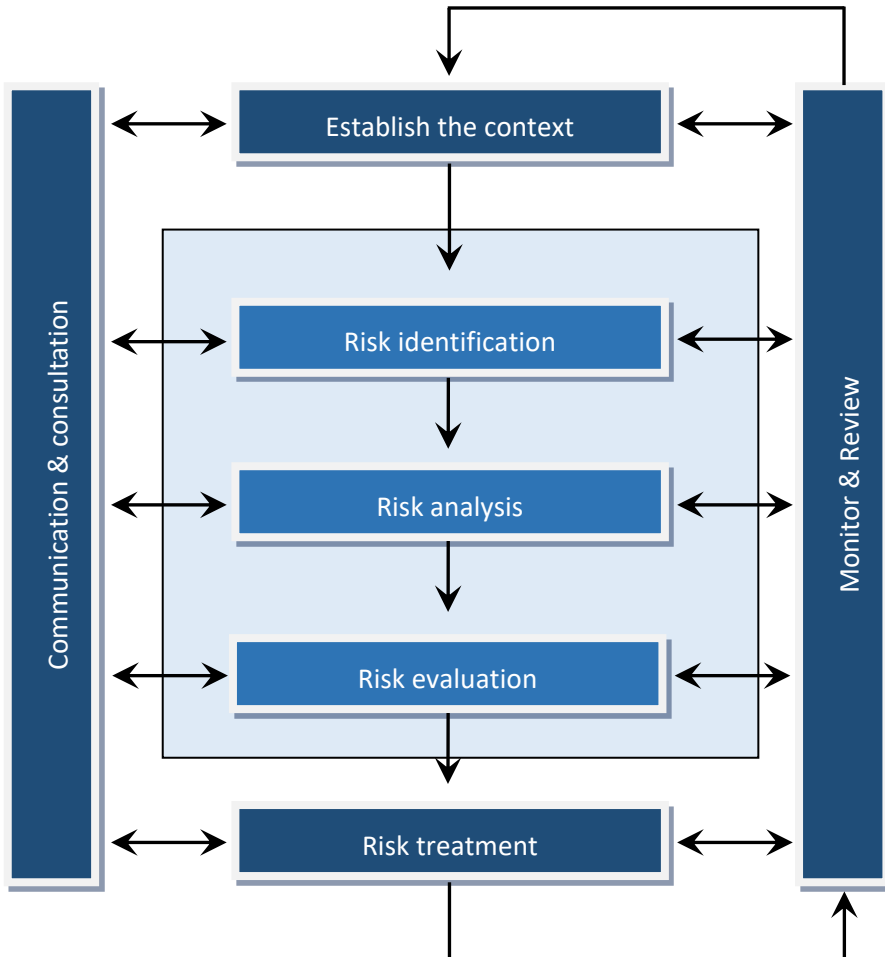
3.2 RISK ASSESSMENT FRAMEWORK

Practice in the area of risk management continues to evolve. What has not changed is the underlying framework that is used to identify and assess risk events and the associated consequences. EV has adopted a framework that is widely used, uses terminology and tools that are widely used and yet readily adaptable to organisations of differing scale and complexity.

3.2.1 This framework comprises:

- Defining the risk appetite of the organisation
- The identification of possible risks events,
- The consideration and assessment of the likelihood of each risk event occurring and the impact of that event in the absence of any controls and mitigants.
- The documentation of the above steps in a consistent manner using a formal process. The process should be designed to enable each identified risk event to be classified based on:
  - the risk appetite of the organisation; and
  - Their relative risk compared to other possible risk events.
- (This is the identification of the **inherent risk**.)
- For all risks identified consider the controls that are in place that mitigate each risk.
  - Assess the level of impact of these controls on each risk and determine the level of risk remaining for each possible event (This is the identification of the **residual risk**.)
  - Document this assessment in a consistent manner using a formal process.
- Assess the residual risk level for all key risks and:
  - Determine if the residual risk is within the risk appetite of the organisation.
- If YES, record the acceptance of the risk.
- If NO, identify further controls and mitigants to reduce the residual risk to an acceptable level and establish the process to implement the controls.

If no acceptable mitigants are identified, evaluate the consequences of continuing with the activity that creates the risk.

The tools to support this framework and policy are summarised in the following Appendices:

Appendix	Tool
1	Identification of risks
2	Risk categories and consequence/impact criteria
3	Likelihood / probability & risk rating
4	Guide to classification of risks and related controls
5	Assessment of controls to mitigate risk events
6	Risk Register Format
7	Example Risk Register - populated

4 GOVERNANCE STRUCTURE AND ACCOUNTABILITIES

4.1 THE BOARD

The Board has overall responsibility for the control framework within EV.

Annually, the Board should review and approve:

- The risk appetite of EV.
- The components of the risk register, including:
- The assessment guides for the likelihood and consequences of risk event.
- The inherent risk assessment of key risks,
- The controls to mitigate those key risks; and
- The residual risk assessments of the key risks.

The Board has delegated the responsibility for detailed monitoring and development of the Risk Management Framework to the FRAC. It requires at least quarterly reporting on the developments and application of the risk management framework from the FRAC.

4.2 THE FRAC

The FRAC has been delegated the responsibility to monitor and assess:

- The risk appetite of EV.
- The components of the risk register, including:
    - the assessment guides for the likelihood and consequences of risk events
    - The inherent risk assessment of key risks,
    - The controls to mitigate those key risks; and
    - The residual risk assessments of the key risks.

- Developments in Risk Management and the tools to oversee and assess risk.
- Changes in the economy and society that impact on the risks and risk profile of EV and to engage with senior management to ensure that risks is being actively and effectively assessed and managed.

The FRAC has the responsibility to report at least quarterly on the risk profile and risk management of EV and to bring to the attention of the Board all important matters in respect of Risk that it believes need to be addressed by the Board, as well as reporting formally on its delegated responsibilities.

4.3 SENIOR MANAGEMENT TEAM - RISK RESPONSIBILITIES

4.3.1 Senior Management have the responsibility to complete the following:

- **Establish the context of the work environment.** Senior managers meet to determine what the objectives are and understand the internal and/or external environment.

- **Identification of risk** - Identify the reputational, regulatory, operational, financial and strategic risks that are prevalent in fulfilling EV's vision.

- **Analysis of risk** - Analyse the reputational, regulatory, operational, financial and strategic risks in accordance with the agreed likelihood and consequence sales.

- **Evaluation of risk** – Evaluate risks to ensure action is taken on highly prioritised risks.

- **Treatment (mitigation) of risk** – Develop mitigation strategies and action plans to reduce unacceptable levels of risk that would impact the success of EV.

- **Documentation of Risks and Risk Assessment** – establish and maintain a disciplined and well documented identification of the risks facing EV, their magnitude and the appropriate controls to mitigate those risks to the levels approved by the Board.

- **Monitor and Review** – monitor all risks and opportunities impacting EV. Implementing and monitoring the controls and mitigation strategies necessary to reduce risk.

4.3.2 CEO Reporting

The CEO in conjunction with Senior Management is responsible for the reporting of risks and incidents in line with this framework.

Management will provide a risk reporting package to support the identification and management of risks and incidents to the Finance, Risk & Audit Committee, on behalf of the Board, for presentation as follows:

- Risk Management incidents; compliance breaches or near misses (Monthly)
- Outcomes of assurance or monitoring activities (Monthly)
- Updates to risk register (Monthly)
- Risk treatment plan update (Monthly)

4.3.3 Culture

Culture - "**Risk Management is everyone's responsibility**"

To achieve a culture of "risk management is everyone's responsibility" management and staff must be consistent in their communication and clear in their mission to mitigate risk that may impact EV.

Risk mitigation is not isolated to Board members, management and staff but a key part of the role of every affiliated club, member, volunteer and official who contribute to the success of EV.

5   REFERENCES

Victoria State Government Department of Treasury and Finance (2015, March) - *Victorian Government Risk Management Framework.* Retrieved from www.dtf.vic.gov.au
Working with Children's Check Victoria www.workingwithchildren.vic.gov.au
Vicsport (2018) – *Good Governance Framework and Toolkit.* Retrieved from www.vicsport.com.au