Version Control	
Title	KRSP Risk Policy v2 131223
Document Ref/Version No	V1: 101121 V2: 131223
Purpose of Document	To provide a framework to identify, assess and rank risks and to develop strategies to deal with risks so as to provide reasonable assurance that the strategic objectives and priorities of the organisation will be achieved.
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Effective Date	13-Dec-23
Review Date	Biennially: 13-Dec-2025
Comments	Supporting Appetite: KRSP Risk Appetite v2 131223 Supporting Register: KRSP Risk Register v2 131223 SGC: 2.3 (a)(b)/5.3 (c)

Purpose

The purpose of this Policy is to provide a framework for management to identify, assess and rate risks, and to develop strategies to deal with risks to provide reasonable assurance that Kilkenny Recreation and Sports Partnership's strategic objectives will be achieved in accordance with the organisation's risk appetite.

The Risk Management Policy sets, in effect, the framework in which risks/uncertainty (threats and opportunities) will be managed by Kilkenny Recreation and Sports Partnership. As part of this overall RMP, it is expected that the KRSP Board, in conjunction with the Coordinator, will develop a Risk Appetite Statement for the organisation. The risk process will also yield a Risk Register to reflect current or emerging uncertainties and actions in place to address the threats and exploit the opportunities. Risk Registers are "live" documents that need to be regularly reviewed to ensure they capture current uncertainties, threats, vulnerabilities, and opportunities.

This Risk Management Policy should contribute to the embedding of a risk culture directed towards the effective management of potential risks and opportunities.

The Policy sets out the following:
- Definitions.
- Risk Governance Structure: Roles and Responsibilities of the Board, the Finance, Audit and Risk Committee, the Coordinator and Risk Owners and Staff.
- Risk Management Framework; Risk Identification and Assessment, Risk Treatment, Risk Monitoring, and Reporting and Risk Appetite.

Definitions

Risk

Risk may be defined as the LSP suffering loss, damage or disadvantage, not benefiting from opportunities available, or not achieving its objectives due to unwanted or uncertain internal or external events or actions. Risks, by their very nature, may or may not occur and from LSP's perspective fall into the following eight categories:

1.   *Compliance (Legal, regulatory and governance):* compliance risk is the threat posed to LSP's organisational, or reputational standing resulting from violations of laws, regulations, codes of conduct, or organisational standards of practice.

2.   *Collaboration (Public Bodies, Volunteers etc):* risk in response to evolving demands and the necessity for innovative responses and the need to be open to pursuing opportunities for new forms of engagement, new alliances, and relationships and for working with existing and new partners.

3.   *Financial (Performance and Stewardship):* exposure to financial losses arising as a result of inadequate controls or the need to improve the management of the LSP's financial assets.

4.   *Staff:* risk as to what a company employee may do, whether intended or not, which can damage the employer's business in some way.

5.   *Participation, Growth and Innovation:* risk in taking action achieving our ambition of attracting new people to sport and active recreation and greater levels of participation.

6. *Health and Safety:* the combination of the likelihood of occurrence of a hazardous event or exposure(s) and the impact of the injury or ill-health that can be caused by the event or exposure.

7. *Communications/Information Technology*: risk associated with ways of working to include areas such as communications, data security, new technology and digital approaches.

8. *Reputation and Image:* exposure to losses arising because of adverse publicity, negative public image, and the need to improve stakeholder relationship management.

In addition, there is a recognition that risks can exist at two main levels:

- Corporate level
- Programme / Project level

Risk management

Risk Management is the on-going process effected by the Board, Senior Management, and other personnel to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of objectives and to drive value in the organisation. The LSP endeavours to manage all risks to be within its risk appetite and which could prevent the attainment of its stated objectives, as set out in the Strategic Plan, while at the same time not limiting its ability to attain those same objectives by taking on an acceptable level of risks which may lead to positive outcomes and add value.

It is recognised that risk management is not solely about managing risks, it is also about identifying and taking opportunities. It is also recognised that risk management is about being 'risk aware' rather than 'risk averse'.

Risk management also involves the identification of controls to address known risks as well as identifying risks which are close to becoming an issue and may therefore require greater management intervention to mitigate their adverse effects.

The intention is that risk management will become embedded into the culture of management within the organisation rather than operate as a standalone function. As potential risks often outweigh the resources available to manage them, it is therefore important to apply available resources to mitigate risks in a cost effective and efficient manner.

Risk Identification

The process of finding, recognizing, and describing risks.

Risk Analysis

The process to determine the likelihood of specific events occurring and the magnitude of their consequences/impact on the LSP.

Risk Assessment

Risks are assessed and prioritised on the combined basis of their likelihood of occurrence and the resulting impact should they materialise. The results are compared with the risk criteria (risk appetite) to determine whether the level of risk is acceptable or tolerable.

Risk Register

The risk register is a risk recording and monitoring tool. It is a hierarchical entity, and a review of the Corporate Risk Register will be informed by the programme or project level risks.

Risk Appetite

Risk appetite is the amount of risk LSP is prepared to accept or retain in the pursuit of our core priority objectives. It reflects the risk management philosophy, and in turn influences the organisation's culture and operating style. Setting a risk appetite is not about the elimination of all risks; rather, it is about embracing risks in areas in which management has the appropriate skills, knowledge, and experience to take advantage of the opportunities presented whilst limiting risks in other areas.

Risk Governance Structure: Roles & Responsibilities

Board

The role of the Board is to provide leadership and direction within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives (Risk appetite). The Board is responsible for maintaining sound risk management and internal control systems within the organisation.

The Board will approve the Risk Management Policy and will satisfy itself, through its Finance, Audit and Risk Committee, that the Policy is effective, that an adequate Risk Management Framework is in place in the organisation and that Risks are being managed appropriately by the staff. In addition, the Board, through its Finance, Audit & Risk Committee, shall require an external review of the effectiveness of the Risk Management Framework and its governance on a periodic basis.

Other key elements of the Board's oversight of risk management include:

- Making risk management a standing item on the Board meeting agenda;
- Reviewing management reporting on risk management and noting/approving actions as appropriate;
- Ensuring risk management experience/expertise in the competencies of at least one Board member. Where composition of the Board does not allow for this, expert advice should be sought externally;
- Appointing a Chief Risk Officer or empowering a suitable management alternative and provide for a direct reporting line to the Board to identify, measure and manage risk and promote a risk management culture in the organisation; and
- Confirmation in the annual report that the Board has carried out an assessment of the principal risks, including a description of these risks, where appropriate, and associated mitigation measures or strategies.

Finance, Audit & Risk Committee

The role of the FARC is to assure the Board that an adequate Risk Management Framework is in place within the LSP. In providing the required level of assurance, the Committee will:

Review the Risk Management Policy and make recommendations to the Board for amendments to the Policy as required.

Keep under review and advise on the operation and effectiveness of the Risk Management Framework.

Validate that the significant risks have been correctly identified, as well as seeking assurance that critical controls have been correctly implemented.

Ensure that assurance provided by management and external/internal auditors is appropriate.

Monitor the effectiveness of Risk Management in relation to risks identified as fundamental to the success or failure of the strategic objectives.

Ensure that Risk Management is a standing agenda item at its meetings and report to the Board on its findings in relation to risk management and the adequacy of the Risk Management Framework on an annual basis.

Require an external review of the effectiveness of the risk management framework and its governance on a periodic basis.

Coordinator

The Coordinator has overall responsibility for ensuring that procedures and processes are in place to enable adherence to this Risk Management Policy. Additionally, he/she will:

Ensure the implementation of the Risk Management Policy across the organisation.

Encourage a risk management culture throughout the organisation so that risk awareness is embedded as part of the organisation's decision making and operations.

Identifying and monitoring corporate level risks that could impact on the achievement of the strategic objectives and the issuing of reports to the Committee where a new corporate level risk arises or where there are significant changes in circumstance surrounding an existing one.

Ensure the provision of adequate training and awareness of risk.

Ensure the communication of the key elements of the Risk Management Framework.

Report to the Committee on the Corporate Risk Register and the implementation of the Risk Management Framework.

Maintain the Corporate Risk Register, including its review and update regularly.

Risk Owners and Staff

Risk Owners

Risk owners are responsible for the following in relation to risk management:
- Treatment, monitoring, and reporting risks in accordance with Risk Management Framework.
- Implementing suitable actions and controls to reduce (mitigate) the risk to a more acceptable level.
- Management of risks within the Risk Appetite Statement.

Staff

Staff are specifically responsible for the following in relation to risk management:
- Being risk-aware and familiar with the Risk Management Policy.
- Managing risk effectively within their own work and area of authority.
- Escalation of risk events or "near miss" incidents when they occur.
- Completing all required risk training assignments.
- Supporting the co-ordinator in the implementation of the Risk Management Policy.

Risk Management Framework

It is an iterative process consisting of steps which when taken in sequence, enable continual improvement in risk management and decision making. It constitutes a logical and systematic method of identifying, analysing, evaluating, treating, monitoring, and communicating risks associated with any activity, function, or process in a way that will enable the LSP to minimise losses and maximise opportunities. The Risk Management Framework provides assurance from the Coordinator and staff to the Finance Audit & Risk Committee and Board. Effective risk management focuses on understanding and measuring risk rather than necessarily avoiding or totally eliminating it, and within the LSP, it comprises the following components:

Risk Identification

The purpose of risk identification is to produce a list of the potential risks that could impact on achieving its objectives. Risks will be identified and prioritised using a variety of techniques such as interviews, workshops, and staff meetings.

A formal risk identification and review exercise should be undertaken on a regular basis to update the Corporate Risk Register

Risk Assessment

The size of any risk can be measured using two dimensions, i.e., the probability of the event occurring (likelihood) and the effect on the LSP should the risk materialise (impact). To ensure consistency of application across the organisation, risks identified must be assessed and measured in accordance with inherent and residual risk criteria, as shown in the table below:

Table 1: Risk Assessment

Assessment	Gross Risk (Inherent)	Net Risk (Residual)
Likelihood	The probability of the risk arising in the *absence* of current controls.	The probability of the risk arising in the *presence* of current controls.
Impact	The extent of impact on operations if the risk arises in the *absence* of current controls.	The extent of impact on operations if the risk arises in the *presence* of current controls.

Appropriate quantification of risk is critical to an effective Risk Management Framework. Not all risks are equal, and effective risk management is only possible if risks are

prioritised appropriately. Generally, risks should be prioritised according to their ability to affect the achievement of objectives and therefore may change as objectives change.

The Risk Matrix used to assist assessment of risk is set out below.

Risk Matrix

Assess both the gross risk (i.e. the level of risk that would exist in the absence of current controls) and the net risk (i.e. the level of risk that exists, taking into account the management controls that are in place) for each risk identified.

Risk Grading Explanations

Likelihood	Impact
Remote (1)	Negligible (1)
Unlikely (2)	Minor (2)
Possible (3)	Moderate (3)
Likely (4)	Major (4)
Almost certain (5)	Extreme (5)

In assessing the levels of gross/net risk, the likelihood and impact of the risk is quantified. A grading of 1-5 is awarded (1 being the least likely/lowest impact, 5 being the most likely/highest impact). This reflects the guidance in ISO 31000, the risk management standard. The risk score is calculated by multiplying both scores (the likelihood score and the impact score) to get the total score.

It is recognised that risk management is not solely about managing risks, it is also about identifying and taking opportunities. It is also recognised that risk management is about being 'risk aware' rather than 'risk averse'.

Table 2: 5 x 5 Matrix for Risk Assessments

Impact					
Extreme (5)	Medium / High (5)	Medium / High (10)	High (15)	High (20)	High (25)
Major (4)	Low/Medium (4)	Medium / High (8)	Medium / High (12)	High (16)	High (20)
Moderate (3)	Low/Medium (3)	Low/Medium (6)	Medium / High (9)	Medium / High (12)	High (15)
Minor (2)	Low (2)	Low (4)	Low/Medium (6)	Low/Medium (8)	Medium / High (10)
Negligible (1)	Low (1)	Low (2)	Low (3)	Low/Medium (4)	Low/Medium (5)
	Likelihood	Remote (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)

Risk Treatment

Risk Treatment is the immediate output of the risk assessment. It defines how, based on the criteria established, each risk is to be handled. The options are to:
- Treat - Implement a suitable control or combination of controls to reduce (mitigate) the risk to a more acceptable level.
- Tolerate - Knowingly accept the risk as it falls within the "risk appetite". In such circumstance the risk is deemed acceptable, compared to the cost of improving controls to mitigate it.

- Transfer - Transfer the risk to another organisation (e.g., through insurance or by contractual arrangements with a business partner).
- Terminate - Avoid the risk, i.e., do not undertake the associated business activity.

Risk Monitoring and Reporting

There should be an on-going review and scanning of the environment in relation to threats and opportunities, and this will enable updating of the risk register on a regular basis. The Coordinator will submit a revised Corporate Risk Register to the Committee three times a year and Board at least twice a year.

The Annual Report will include confirmation that the Board has carried out an appropriate assessment of the organisation's principal risks, including a description of these risks, where appropriate, and associated mitigation measures or strategies.

Risk Appetite

The Risk Appetite Statement:

The LSP approach is to engage in reasoned and reasonable risk-taking. The priority is on minimising exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of calculated risk and exploiting opportunities in pursuit of its objectives. It recognises that its appetite for risk varies according to the activity undertaken and that its acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

The Risk Appetite Statement specifies the amount of risk the organisation is willing to seek or accept in the pursuit of its long-term objectives. It indicates the parameters within which the LSP would want to conduct its activities. The Risk Appetite Statement is intended to act as a guide indicating:

- The areas where the co-ordinator and staff should step out and be innovative;
- The areas where the co-ordinator and staff should be conservative and compliant in their activities; and
- The "lines" across which the Committee and Board would not wish to cross, and where the Committee and Board would need to be notified.

In terms of priorities, the need to avoid reputational, compliance, health & safety, and overall financial risk will take priority over other factors e.g., it will be acceptable to undertake risks in some activities providing they do not expose the LSP to undue reputational, compliance or financial risk. A balanced assessment has to be taken of risks. The Board and Coordinator recognise that in many cases, there are risks attached to both doing something and doing nothing.

Risk Escalation:

It is recognised that risks can evolve quickly due to changes in the external environment, proximity of an event, or a change in risk appetite. Risk Escalation allows for the appropriate management of both existing and emergent risks. The following considerations influence whether a risk may require escalation:

- Where risks are rated as high or are judged to be a prevalent issue, these should be considered in the context of the risk appetite statement tolerances.
- Where the impact of a risk is rated major or severe using the risk matrix and the existing controls are deemed insufficient.

- Where the risk trend and the external environment merit heightened monitoring of the situation.
- Where the impact of a risk is major or severe in an area where the LSP has a low-risk appetite.
- Where the risk relates to a substantial project or significant new programme.
- The proximity of a potential risk incident.

It is vital that risks are escalated in a timely manner where possible to ensure they can be managed effectively.

Review

This policy is required to be approved by the Board and reviewed by the Board on a biennial basis.