



## **Canadian Fencing Federation**

### **Organizational Risk Management Policy**

#### **Preamble**

The Canadian Fencing Federation (hereafter referred to as the CFF) is committed to providing a sport environment in which athletes and other participants in the sport of fencing can focus on their roles in a risk-managed environment that encourages a consistent approach to risk management into the culture and strategic planning process and that supports decision making and resource allocation at both the operational and strategic level.

#### **Purpose**

1. This policy describes the CFF's objectives and policies with regard to Risk Management.
2. This objectives of this policy are to:
  - a. Identify risk area and objects during strategic planning and projects;
  - b. Monitor and evaluate programs for ongoing areas of risk; and
  - c. Aid both the Board of Directors and Management staff of the CFF to develop strategies and tactics to mitigate identified risk areas and objects.

#### **Scope and Applicability**

3. This policy applies to all the CFF participants as defined below.
4. This Policy on Organisational Risk Management supersedes any previous Risk Management policies of the CFF effective the date of approval of the policy by the Board of Directors, and may be

considered part of the CFF's foundational policy framework. It is therefore subject to change as directed by the CFF Board of Directors in order to protect the interests of the CFF and CFF Participants.

## Definitions

5. The following definitions are presented in the context of the CFF Policy on Organisational Risk Management:

- a. CFF Participants: Without limiting the reach of the policy, CFF participants for the purpose of this policy are defined as:
  - i. All individual athletes, or those eligible for nomination to, or forming part of, any team participating in sport competitions over which the CFF has jurisdiction;
  - ii. All persons working with those teams or athletes, including coaches, medical and paramedical personnel, and other support persons;
  - iii. CFF employees and persons under contract with the CFF;
  - iv. All fencing coaches certified and/or recognised by the CFF;
  - v. All fencing officials and referees certified and/or recognised by the CFF;
  - vi. All CFF license-holders (and their parents, grandparents and/or guardians if minor); and
  - vii. Members of the CFF Board of Directors, officers of the CFF, staff members of the CFF, committee members and volunteers working for or serving with or on behalf of or appointed by the CFF.
- b. Risk: The chance that an event, trend or course of action will have either a positive or negative effect on the organization's ability to meet its strategic or operational objectives.
- c. Risk Analysis: The process of determining the likelihood of a particular event, trend, or course of action occurring and the impact on operational or strategic objectives if it does.
- d. Risk Management: The process of identifying, analyzing, and managing risks. It provides the methodology for integrating risk into the planning, decision making and resource allocation processes.
- e. Risk Register: A list of identified organizational risks which documents the risk analysis, risk scores, control procedures, responsibility and actions required
- f. Risk Tolerance: The level of risk the CFF is willing to accept for any event, trend or course of action. Risk tolerance varies depending on the potential effect of the risk on CFF's operational or strategic objectives.

- g. Risk Treatment: The measures used to modify the risk to fall within the CFF's risk tolerance for that risk. Options include accept, mitigate, transfer or avoid the event, trend or course of action.

### **Consequences of Risk**

- 6. The consequences of risk can be divided into five major risk categories, which will each have a different impact on the CFF, although some of these consequences will be overlapping:
  - a. Regulatory and Human Resources: that the actions of the CFF will impact the organization's ability to comply with federal, provincial or territorial legislation and associated regulations, including not-for-profit legislation and occupational health and safety. In addition, there may be consequences that will impact the staff, directors or other CFF participants, preventing them from carrying on their duties;
  - b. Financial: that the cost of mitigating or treating risks may prevent the CFF from conducting events, programming or other activities;
  - c. Reputation / Media: that the reputation of the CFF will be tarnished by the actions of some CFF participants, through inappropriate behaviour or failure to succeed;
  - d. External stakeholder relations: that the relations with Sport Canada, the Fédération internationale d'escrime will be negatively impacted by poor financial or operational management, or unacceptable behaviour of some CFF participants, to the extent that funding is removed or significantly reduced; and
  - e. Strategic and operational planning: that the CFF is unable to meet its strategic goals as a result of untreated or untreatable risks in operations or performance.

### **Procedures for Assessing Risk**

- 7. At a minimum, the risks to the CFF and its programmes and activities will be assessed at two distinct points in time:
  - a. Upon development of a program or project, to be reviewed by the Executive Director; and
  - b. As part of an annual program/project review, by the Board of Directors and presented to the Annual General Meeting.
- 8. Risks will be identified in a Risk Register and measured in a Risk Matrix (Annex A), ranked by Likelihood and Consequence.
- 9. The Risk Register will contain the following information:

- a. Risk: the identified risk;
- b. Likelihood: how probable the risk is to happen;
- c. Consequence: what is the outcome of the event if it happens;
- d. Severity : a combination of the likelihood and consequence;
- e. Recommended Actions: any actions that need to be taken if current or routine actions are insufficient. The actions may be defined as follows:
  - i. Reduce: Take actions to reduce the level of risk,
  - ii. Accept: Current actions are sufficient and no further actions are required,
  - iii. Transfer: Move the risk to an external organization or agent, and/ or
  - iv. Eliminate: Stop the action causing the risk;
- f. Existing Measures: an outline of existing measures used to mitigate the risk;
- g. Retained Risk: the adjusted severity after the existing measures applied;
- h. Monitoring Process: how is the risk reviewed or to be mitigated on an ongoing basis;
- i. Risk Owner: the Individual or program area responsible for managing the risk;
- j. Action Required: any actions required for monitoring OR adjusting the retained risk; and
- k. Date of Review: how often the risk is to be reviewed, including whether it must be reviewed annually or more frequently.

### **Reporting Risk**

10. Reporting of results of risk assessments shall be done as follows, depending on the severity of the risk. All risk items identified as “Extreme” shall be brought to the board’s attention at each meeting of the Board of Directors, including at special meetings if the severity of the risk dictates that immediate action is required:

- a. Internally:
  - i. The Risk Registry shall be reviewed by the Executive Director on an annual basis and by the Board of Directors whenever a risk is added to the register or the likelihood or consequences of a risk is elevated; and

- ii. All Items identified as medium or higher shall be reviewed by the Executive Director on a monthly basis.
- b. Audit Committee:
  - i. The Audit Committee shall review both the Risk Matrix and the Risk Registry as part of the preparations and review of the annual audit.
- c. Board of Directors:
  - i. The Board of Directors shall have an agenda item of “Risk Management” placed on the agenda of each board meeting.
- d. Other:
  - i. As and when required, the Executive Director, Chair of the Audit Committee, or the President of the CFF will report on the management of risk within the CFF to external regulatory bodies, including but not limited to Sport Canada, Own the Podium, funding organisations and the bank.

### **Recording the Risk**

11. Risk registers will be completed in order to properly document the risk posed to the organization. The information to be recorded in the risk registry is as follows:
- a. Ranking: the most important risk to the organization *or* the timeliest risk to address;
  - b. Risk Identified: a description of the risk;
  - c. Likelihood: how likely the risk is to occur;
  - d. Severity: the impact of the risk if it does occur;
  - e. Gross Risk: the level of risk based on the risk matrix;
  - f. Recommended Actions: the actions recommended to deal with the risk, as follows: *Accept, Treat, Transfer, or Avoid*, with a further detailed description for each strategy;
  - g. Existing Measures or Control Procedures: the current measures in place to address the risk;
  - h. Retained (Net Risk): the adjusted risk level based on the current measures and recommended actions;

- i. Monitoring Process: a description of the process used for ongoing monitoring of the risk and to alert the organization if the level of risk changes;
- j. Risk Owner: the person or sub-organisation which is responsible for monitoring the risk and implementing any recommended actions. The Risk Owner will normally be the CFF Executive Director, but may be someone designated by the Executive Director as circumstances warrant;
- k. Action Required: the action of addressing the risk, including reporting the risk and the frequency of reporting; and
- l. Date of Review: This can be both on an annual basis and more frequent if required.

### **Treating the Risk**

12. To treat a risk effectively, the underlying root causes and factors contributing to the risk exposure must be understood and individually mitigated. Risk treatments already in place should also be taken into consideration. Some risks are relatively straightforward, such as regulatory compliance, but others are more complex, such as the consequences of CFF participant behaviours and outcomes of events. The more detailed and precise the data and information, the more likely effective risk treatments can be selected and implemented.

13. The experience and judgement of the Risk Owner and the Executive Director are key in determining effective risk treatments. The Executive Director must also define expected results, in measurable terms, of any risk treatment plans, and be prepared to brief the Board of Directors as and when required.

14. The effects of each risk treatment should be monitored until the desired results are achieved. Once the Board is satisfied that risk is being managed within acceptable tolerance levels, the risk can be deactivated, but it should be re-activated and re-evaluated if circumstances change. If the required results are not achieved, further analysis is required to determine what additional risk treatments may be required. The risk treatment should be incorporated into the strategic planning process.

15. The risks identified in the Risk Matrix and the Risk Register will be treated and mitigated according to the following conditions:

- a. Extreme: The CFF will not accept an Extreme risk (red portion of the matrix) without additional treatment until it has been fully reviewed and approved by the Board of Directors. Risk treatment measures for all extreme risks must be implemented immediately to ensure that the residual risk is High (orange) or below before the Executive Director is given the authority to proceed with the activity, program, or course of action. In cases where the likelihood is low but the impact extreme or high and additional risk treatment

- measures are not feasible for financial or other reasons, the Board may accept the risk if the activity, program, or course of action is strategically necessary;
- b. High: The CFF can accept a High (orange) risk as long as it is reduced to a lower level of risk in the medium term through reasonable and practicable risk treatments;
  - c. Medium: The CFF can accept a Medium (yellow) risk as long as it is reduced to a lower level of risk in the long term using low resource options. The risk should be analyzed to determine whether it is being “over managed” where the control strategies could be relaxed in order to redeploy resources; or
  - d. Low: A Low (green) risk generally requires no additional risk treatment. The risk should be analyzed to determine whether it is being “over managed” where control strategies can be relaxed in order to redeploy resources.
16. If a risk requires further treatments, the options for action are:
- a. Accept the Risk: For low impact, low likelihood risks, the Board of Directors and the Executive Director may accept the risk where the cost and effort required to further reduce or eliminate the risk exceeds the benefits to the CFF. If a choice is made to accept the risk, it should be re-evaluated if circumstances change;
  - b. Transfer the Risk: Legal, financial and some operational risk can be effectively transferred in whole or in part to a third party through contracts and risk financing agreements such as insurance. For example, the CFF can purchase cancellation insurance to mitigate the risk of event and travel cancellation;
  - c. Treat the Risk: Risk treatments are designed to eliminate or reduce the likelihood and/or the impact of each risk and use techniques appropriate to each individual risk and risk factor. Treating the risk means that the Board of Directors and/or the Executive Director wishes to continue with the activity giving rise to the risk, and will manage that risk in a cost effective manner to reduce the potential of it affecting the attainment of the CFF strategic commitments; or
  - d. Avoid the Risk: In some cases, the risk inherent in a particular event or project cannot be transferred or treated so that it meets the CFF’s risk tolerance level. The Board of Directors and the Executive Director may decide that, in the best interests of the CFF, the risk should be avoided altogether by not proceeding with the event or course of action.

## Review and Approval

17. This policy is to be approved by the Board of Directors of the CFF and shall be reviewed on a regular basis, as and when required.

Recommended for Approval:



May 23, 2018

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Brad Goldie  
President, Canadian Fencing Federation

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Date

Approved by the Board of Directors, 23 May 2018

**RISK MATRIX**

**Guidelines**

1. Once a risk is identified, it must be analyzed to determine its potential effects on the organization, project or program area. Wherever possible, quantifiable data rather than anecdotal evidence or assumptions should be used. However, in many cases, there are too many variables to accurately determine a precise likelihood or impact, so judgement, experience and sector trends and the results of similar events must be used to predict a worst, or best, case outcome.
  
2. A risk score is determined by assessing two variables:
  - a. The likelihood of a risk event or condition occurring; and
  - b. The consequence of that event or condition
  
3. Assisted by the tables below, the risk owner estimates likelihood from “rare” to “almost certain”, and consequences from “insignificant” to “extreme”, and then determines the overall level of risk by placing them in the matrix that follows.
  
4. If a risk falls into several categories, it is always placed in the category with the highest risk level.

**Likelihood of Risk Impacts**

Score	Likelihood Descriptors
<b>1-Rare</b>	Has not occurred within the CFF or a similar National Sport Organization in the last 10 years, not likely to occur at all in the future. (10 % chance or less)
<b>2- Unlikely</b>	Has not occurred within the CFF or a similar National Sport Organization in the last 5 years. Could occur in the future, but chances are slim (10% to 25% chance)
<b>3- Moderate</b>	Similar events have occurred within the CFF or a similar National Sport Organization in the last 5 years. Even chances to occur in the future ( 25% to 50% chance)
<b>4 – Likely</b>	Similar events have occurred within the CFF or a similar National Sport Organization in the last 2 years. More likely than not to occur in the future ( 50% to 75% chance)
<b>5 – Almost Certain</b>	Similar event has occurred within the CFF or a similar National Sport Organization in the last year; generally happens on an annual basis. Planned for in work plans and budgets ( 75% or greater chance)

### Severity Descriptors for Risk Analysis

Score	Severity Descriptors*
<p><b>1 – Insignificant</b> Impact is primarily operational, project specific and mediated within the current fiscal year.</p>	<ol style="list-style-type: none"> <li>1. No legal consequences or adverse health effects for any individual</li> <li>2. Costs absorbed by current budget.</li> <li>3. No attention from external media sources</li> <li>4. Impacts other planned activities for one month or less</li> <li>5. Achievement of strategic goals and work plan delayed within quarter</li> </ol>
<p><b>2 – Minor</b> Negative outcomes from risks or opportunities that are unlikely to have a permanent or significant effect on the organization’s reputation or performance</p>	<ol style="list-style-type: none"> <li>1. Warning or order to comply from regulatory authority; potential minor injuries to athletes.</li> <li>2. Loss (or gain) has minor impact on the budget</li> <li>3. Negative or positive attention in fencing or other sport media for up to two weeks</li> <li>4. Limited negative effect on relations with external stakeholders Impacts other planned activities for one quarter</li> <li>5. Achievement of strategic goals delayed within the year.</li> </ol>
<p><b>3- Moderate</b> Negative outcomes from risks or opportunities that will have a significant impact on the organization but can be effectively managed in the medium term</p>	<ol style="list-style-type: none"> <li>1. Potential charges and disciplinary actions against one or more CFF participants</li> <li>2. Financial costs will have some impact on budget.</li> <li>3. Negative attention in fencing or other sport publications media and social media for one month or more.</li> <li>4. Negative or positive relations with external stakeholders</li> <li>5. Revision of strategic goals required; work plan for the current year not achievable.</li> </ol>
<p><b>4 – Major</b> Negative outcomes from risks or opportunities with a significant effect that will require major effort to manage and resolve in the medium term but do not threaten the existence of the organization in the medium term.</p>	<ol style="list-style-type: none"> <li>1. Permanent loss of prominent CFF participants</li> <li>2. Financial loss and consequential costs that put the annual operating budget and external funding sources at risk.</li> <li>3. Sustained negative headlines in national and/or international fencing or other sport media.</li> <li>4. Sustained negative relations with external stakeholders</li> <li>5. Work Plan for the year unachievable; multi-year program and strategic goals in jeopardy. Affects achievability of work plans and strategic goals in other program areas.</li> </ol>
<p><b>5 – Extreme</b> Negative outcomes from risks or opportunities which if not resolved in the medium term threaten the existence of the organization. If these risks are managed successfully, the transformation it will create in the organization is added value.</p>	<ol style="list-style-type: none"> <li>1. Permanent loss of prominent CFF participants</li> <li>2. Significant financial loss that jeopardizes a substantial portion of the annual operating budget.</li> <li>3. Sustained negative attention in national media, international media attention of greater than one month.</li> <li>4. Permanent impairment or dissolution of relationship with external stakeholders.</li> <li>5. Strategic goals and organizational work plans unachievable. Strategic direction needs immediate revision.</li> </ol>

## The Risk Matrix

The risk level for each category of risk is evident when the risk is placed in the appropriate cell in the matrix below. To further refine the analysis, the numerical scores can be multiplied for a total risk score.

