



AMATEUR SPORT CANNOT AFFORD TO IGNORE ENTERPRISE RISK MANAGEMENT

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The recently released CBC investigative series conducted by Devin Hiroux, Lori Ward and Jamie Strashin highlights the need for sports organizations to approach Enterprise Risk Management (ERM) as any diligent Board of Directors for a thriving business would. Failure by a Sports Governing Organization (SGO) to install sound policy, standard operating procedures and due diligence in the operation of the SGO, club or team is done so at significant peril to participants, stakeholders and the continued viability of the sports organization. (Hiroux, 2019)

One only needs to look at the demise into bankruptcy protection of the once mighty United States Gymnastics (USAG) machine to realize the peril. Without sound policies, objective oversight, vigilance, coupled with effective means to conduct complaint inquiries, sanction and hold to account those that would embed themselves in a sports organization to advance an agenda or prey on youth athletes how horribly wrong things can turn out. (Wamsley, 2018)

Since the 2016 arrest of USAG team physician, Dr. NASSAR, for a litany of sexual abuse charges, USAG has been in disarray with three CEO's in less than 2 years and applying for bankruptcy protection in the Fall of 2018. Additionally, the U.S. Olympic Committee (USOC) has examined the prospect of revoking USAG status as governing body. This is a significant distraction with the 2020 Olympics looming. (Starr, 2018)

Litigation against USAG launched by the victims of NASSAR is pegged at tens of millions of dollars and may be covered in whole or in part by insurance held by USAG.

That being said, this litigation will continue to consume both human and financial resources of the USAG organization for months and years to come. (Davis, 2017)

In a most compelling article on the NASSAR allegations published in the Indystar August 4, 2016, Marisa Kwiatkows-ki, Mark Alesia and Tim Evans explain a multi-year conspiracy of silence to protect the 'brand' of gymnastics, sponsorships, athlete recruitment and a constellation of excuses couched in policy to protect the organization above the interests of the child. These factors allowed NASSAR and many other coach-es to continue to migrate and prey on athletes staying one step ahead of the ineffective policy and process. (Kwiatkows-ki, 2016)

As Canadians we cannot throw stones. We have our own dark legacy of sports based sexual assault and harassment stories. Some of these include and are certainly not limited to; Graham James of minor hockey, David Brubaker of Gymnastics Canada, Bertrand Charest of Alpine Canada and the recent revelations by bobsled Olympian, Kaillie Humphries, announcing a hiatus from competition in the midst of a sexual harassment inquiry. The factors that allowed the USAG debacle are no less present in the analysis of the Canadian list.

Fiscal constraints are often cited as barriers for implementing ERM. Consider that 'Not-for-profit' status shouldn't mean avoiding the investment required to ensure ERM is in place for your sports team, club or business. Failing to invest in due diligence structure and protocol could mean the financial ruin of the organization.

What does sound policy, standard operating procedures (SOP's) and due diligence look like to ensure the safety of participants, stakeholders and the athletes?



Draft, adopt or consult on the creation of effective policy and procedure that is clear, defensible and fair for all members of the organization.



Ensure that the Code of Conduct is signed off by all stakeholders annually.



Create a whistle blower policy and hotline that is objective, transparent, confidential and/or anonymous.



Engage experienced third-party entities to conduct complaint inquiries and investigations to avoid conflict of interest.



Adopt and promote proven and supported education campaigns such as Safe Sport, Respect in Sport.



Ensure that coaches have or pursue accredited coaching certifications. This serves to instill and reinforce proper conduct and best practises for the physical and mental health of athletes under their direction and influence.



Adopt and implement due diligence background checks on all coaches.

Well-meaning board members and volunteer parents are often tasked with the conduct of investigations or mediation by the SGO. It is impossible to remain objective and avoid conflicts of interest while having children imbedded in the sport. Internal relationships and economic entanglements that butt up against the very precepts required to ensure an objective and fact-based investigation come into play and undermine the process. Competent and objective investigations, coupled with sound policies and procedures allow for an SGO to deal with inappropriate conduct in an effective, progressive and defensible manner.

What has been discovered over the history of sexual abuse in sport, is that two variables work in harmony. The first variable is the corruption of the abuser using their position as coach, doctor or sports official for personal gain.

The second variable is what has been categorized as the "Noble Cause Corruption." (Rothlein, 2008) This term is generally defined as, 'the ends justifying the means.' Noble Cause Corruption in sport may look like: a conspiracy of silence within the organization; justifying not reporting abuse

when the reporter is a third party, or the complaint is anonymous or unsigned by the complainant; or protectionist behaviors to guard against the loss of sponsorships, reputations and relationships. An effective ERM program can address both of these constructs.

WHAT DOES ENTERPRISE RISK MANAGEMENT LOOK LIKE FOR AN SGO?

Risk is the chance of something happening that will have an impact on an organization's operational and strategic objectives and is measured in terms of consequences (impact) and likelihood. Organizational risk includes the culture, processes, and structures that are directed towards the effective management of potential opportunities and adverse effects. A risk management process includes a systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analyzing, assessing, managing, monitoring and communicating risk. (CIP, 2009)

SGOs like any other organization must manage risk to protect their ability to meet objectives and protect their operation, programs and reputation. Additionally, SGO's have the added responsibility of ensuring and protecting the overall welfare of their athletes by providing them a safe environment.

A key responsibility of the Board of Directors of not-for-profit organizations such as SGO's is to manage risk by reducing or avoiding it through appropriate oversight, creation and implementation of a risk management framework.

A risk management process would include the systematic application of management policies, procedures and practices. The workflow to create such a framework would include a strong tone at the top; establishing the business context; identifying the risks; and then analysing, assessing, managing, monitoring and reporting risk.

Our approach is to work with the SGO' Strategic Plan which outlines their primary business objectives and key components of enabling the business strategy. The development of an ERM would include assisting the organization in identifying key risks and mitigation strategies as well as creating the risk management framework. The risk management framework will rest on what risks could impede or derail each of the components in the Strategic Plan.

Our risk management team would identify, define and document a framework. Steps would include conducting an assessment to identify key risks associated with the SGO's reputational, strategic, operational and financial risk; determine the likelihood and impact of each risk identified; review current strategies for risk mitigation of risks identified;

complete a gap analysis; develop a risk register; and work with the SGO to develop methodologies to support monitoring and reporting of risk.

CONCLUSION

With ERM in place, SGO's will have the ability to implement appropriate risk management strategies to mitigate risk and prevent unfortunate and potentially disastrous events from occurring.

Strong internal controls that manage the hiring of employees, coaches and volunteers; a detailed and comprehensive code of conduct; due diligence review and third party un-biased investigations that answer to complaints with transparency; and a tone at the top from the Board of Directors that supports the operational and strategic objectives of the organization is what is required and expected of the industry. ERM is necessary in order to build and grow the SGOs so our young athletes can flourish.



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