

Risk Management Going Beyond Criminal Reference Checks

Presentation by Jasmin Earle Consulting
OACAO Annual Conference
October 19th 2009



Agenda

- **Introductions**
- **What is Risk Management**
- **Categories of Risk**
- **Overview of a Risk Management Program**
- **Managing Risks in Governance**
- **Managing Risks in a Volunteer Program**
- **Risk Assessment Tool**
- **Knowledge Sharing and Questions**



Purpose of Workshop

- To review the types of risks faced by our sector
- To discuss effective practices in risk management and present key aspects of a quality volunteer program that all organizations can use to mitigate and manage risk
- To share a simple risk assessment tool and process that will kick start or enhance a risk management strategy



What is Risk Management?

This definition is currently in use with provincial funders:

“ the systematic application of management policies, procedures, and practices to the tasks of identifying, analyzing, evaluating, controlling, monitoring and communicating risk issues.”

- [Risk Management Workbook](#), Ontario Internal Audit. MCSS



What is Risk

- Risk is the threat or opportunity that an action or event will adversely or beneficially affect the organization's ability to meet its objectives.
 - Organizations must determine their capacity to tolerate risks based on their mandates, constituencies, regulatory and legal requirements, resource base and environment.
 - Risks and opportunities must be regularly assessed to maintain a balanced perspective so that the organization can build and sustain its operational good health.



Risk Management

- Risk management increases your chances of successfully meeting your mandate
- It reduces your chances of experiencing a loss or reduction in your ability to meet your mandate
- Minimizes the impact of a loss or service impact that could not be prevented or was unforeseen
- Gives the board and management team the confidence to pursue their mandate free from the threat of legal action or personal harm and injury
- Is a way of approaching risk that is methodical and planned rather than reactive and haphazard



Risk Management

- It enables the organization to employ a method or system:
 - to identify risks
 - evaluate risks
 - set an acceptable tolerance level for risks
 - develop controls to manage risks
- Establish risk indicators that give an early warning that a risk is becoming serious or urgent.



It is NOT about:

- Increasing your insurance coverage to the maximum
- Avoiding taking any risks at all
- Excluding volunteers and students from service delivery roles
- Only allowing professionals to serve on your board
- Meeting the minimum standards required by funders



Overview of Risk Management

The process of risk management can be simplified into 6 steps:

1. Look at a situation and ask what can go wrong and what harm could result from the situation
2. Identify practical ways to prevent such harm from occurring. This can include changing the practice, eliminating the practice, controlling the practice, insuring the practice or transferring the practice by outsourcing or partnership
3. If harm does occur, identify practical steps that can be taken to mitigate the harm
4. Plan how you will pay for or repair any resulting damage or losses.
5. Plan how you will communicate the harm to all required parties
6. Debrief and identify ways that will prevent recurrence



Types of Risk

- Financial Risk – financial loss, misspent budgets, insufficient funds to meet mandated services
- Information Risk – critical/required information not collected, non-reporting to funders, privacy breach, insecure record keeping
- Governance Risk – non compliance of by-laws, meetings not recorded or held without quorum, gaps in key board policies eg conflict of interest, non-engagement of stakeholders and community
- Legal Risk – non compliance of regulatory, legislative and governance requirements resulting in exposure to litigation, breach of contracts



Types of Risk

- **Legal Risk** – non compliance of regulatory, legislative and governance requirements resulting in exposure to litigation, breach of contracts
- **Personal Injury Risk** – poor maintenance of facilities, inadequate training of volunteers, unsupervised use of equipment and vehicles in service delivery, unsafe working conditions
- **Operational Risk** – services compromised or not delivered, lack of business continuity and emergency plans, staff and volunteer skills do not match services, tools and technology failures/downtime
- **HR Risk** – high staff turnover, high number of grievances, poorly handled hiring and termination, staff vacancies, unplanned absences of key staff



Steps in a Risk Management

1. Think about the culture of your organization.
 - What factors contribute to your culture?
 - How would you go about changing your culture?
 - Are there others who can help you with this?
2. Develop and implement a strategy to build a culture where everyone thinks about risk and safety; managing, identifying and discussing it.
3. Establish a Risk Management Committee. This is a board committee with staff, volunteer and external members if needed. The Terms of Reference will identify the training needs of the group. Create a realistic work plan. Determine the tools and resources you will need for your work.
4. Begin communicating widely to engage staff and volunteers in the process and educate them about risk management.
5. Now conduct an internal and external environmental scan to assess existing risks, potential risks, types and frequency of risks. Use simple risk assessment tools at first and ensure that you strike the right balance of risk tolerance to ensure you can meet your mandate.
6. Design a data collection system so that you can begin to generate evidence to support your risk management activities.



Steps in a Risk Management

7. Add Risk Management as a standing agenda item to all board and staff meetings
8. Develop Risk Management material for Orientation Manuals for Staff, Board and Volunteers
9. Develop policies, procedures and internal controls to support the Risk Management Program and ensure that these are effective in identifying and controlling risks.
10. Review the program with all staff, board and volunteers annually to solicit suggestions, communicate changes and address concerns.



The Risk Strategy

Risk strategy objective:

- To determine acceptable levels of risk in the operating environment.
- To ensure an appropriate balance between risk aversion and opportunity and gains.
- To prioritize risks by using both qualitative and quantitative measures and criteria.



The Risk Policy

Risk policy objective:

- To explain the organization's underlying approach to risk management
- To describe the main components of the risk management process
- To describe the role of the Risk Management Committee
- To describe the reporting procedures and scope of authority
- To describe the schedule for review and amendments



A Simple Risk Rating System

- Risk Likelihood is rated 1–5
1 = least likely to happen and 5 = very likely to happen
- Risk Impact is rated 1–5
1 = minor impact and 5 = very serious impact
- *Likelihood X Impact = Total Risk or GROSS RISK*
- A total risk score of 25 is the most serious risk with a very high chance of occurring
- If you manage the risk by implementing a Risk Management program then the score changes to the NET RISK which is the risk after you have put controls in place



A Simple Risk Rating System

- Each risk in your organization must be assessed in this way. It is not a good idea to “borrow and transplant” someone else’s risk assessment as risks are unique to each organization. In addition Risk Management is a dynamic process which changes as your organization evolves.
- Below is an example of how you can design a simple Risk Registry

Risk #

Risk Owner	Gross Score /25	Net Score /25	Description of Controls	Indicators of Risk Escalation
------------	--------------------	------------------	----------------------------	-------------------------------------



Common Examples of Risk Governance

1. The mission statement is not regularly reviewed
2. The financial health including annual budget is the sole responsibility of the ED and staff
3. The human resources policy does not describe current HR practices
4. The Treasurer does not explain the financial statements to the board and several members cannot read statements
5. There are few board members who are familiar with the by-laws, relevant legislation or regulations
6. There is high turnover of Board Chair positions and it is hard to find skilled volunteers to fill vacancies
7. There are Board attendance problems arising from unresolved conflict and no forum in which to discuss them
8. Board members are not prepared for meetings, do not participate fully and find the board package too hard to understand



Managing Governance Risks

1. Board recruitment ensures that there is diverse representation including legal, financial, HR and marketing skills
2. There is a rigorous selection process for candidates which includes criteria for selection, interviews, reference checking
3. New board members are oriented to the organization, including the mission, bylaws, policies and programs, as well as their roles and responsibilities
4. There is a board structure which describes roles scopes and authority of committees. The relationship between the ED and board is also described.
5. Every member receives a current Board Manual that describes the boards legal and fiduciary responsibilities, relevant legislation and funders requirements
6. Board members are assigned mentors or board buddies for the 1st year



Managing Governance Risks

7. Board agendas blend strategic discussions and core functions including risk management
8. There are board information packages which support all agenda items and are circulated at least 10 days before meetings
9. Board chairs ensure a board culture of inclusiveness, information seeking and learning
10. Board meetings are evaluated and overall board function evaluated annually
11. The Board develops an annual Learning Plan which is triggered by strategic plans, incidents or changes in the external environment. The plan is resourced and evaluated.
12. The Board regularly reviews its skills needs and gaps to inform recruitment. It also seeks advice from external experts as needed to support its decision making.



Service Volunteers

- In terms of the law Service Volunteers and front line staff are treated the same way.
- In terms of limiting the risks for Volunteers, it is as simple as using the same level of care in their hiring, orientation, training, development, supervision, promotion and termination as you invest in your staff.
- Volunteers also require the same workplace health and safety considerations as staff.
- Develop Volunteer-specific policies, procedures and protocols modelled on those for direct service staff and you will have gone a long way to managing risk in your volunteer program



Risk Strategy for Service Volunteers

1. Identify, assess and document risks in all service areas that volunteers are working in. This will become your Risk Registry which will be updated as things Change.

This step allows you to determine if:

- You will continue using volunteers in these service areas
- Double up volunteers to lower risk
- Ask a partner agency with more experience to deliver this service on your behalf
- Consult your insurance agent for improved coverage
- Provide additional specialized training to your volunteers
- Test your volunteers knowledge to maintain high standard
- Increase supervision including spot checks
- Change the service environment
- Modify the service



Risk Strategy for Service Volunteers

2. Establish and implement procedures for screening, supervising and evaluating volunteers. This must be matched to the level of responsibility and risk inherent in the service role and location of services.
3. Develop and use a code of ethics for volunteers.
4. Develop, monitor and communicate written policies and procedures. Include them in a Volunteer Manual.
5. Ensure that volunteers sign waivers, consent and confidentiality agreement forms.
6. Have regular volunteer meetings where Risk is a topic of discussion and training needs can be reviewed.



Volunteer Program Risk Checklist

1. There are written job descriptions for all volunteer positions which include duties, client profile, skills required and performance expectations.
2. There is a volunteer file for every volunteer in the organization. It is a complete record of all activities and personal information.
3. All volunteers sign waivers and consent forms upon entry and disclaimers on their applications forms. Screening processes are explained at this time.
4. All volunteers are screened using pre-established criteria and compliant with legislative requirements. In addition some positions such as Volunteer Drivers may have to show proof of license, insurance etc.
5. All volunteers are interviewed using a tool which assesses attitudes, skills, past experience, initiative and judgment.
6. All volunteers have personal references checked as well as criminal reference checks. For some positions abuse registry checks, verification of health status etc. may be appropriate.

Volunteer Program Risk Checklist

7. All volunteer positions have position-specific training and orientation and it is mandatory to complete training and be assessed for readiness to start work.
8. All volunteers are informed about how they will be supervised and evaluated, by whom, when and what consequences may result if they do not meet expectations required of the position.
9. There is a probationary period of between 3-6 months for all volunteers and a longer period for some higher risk activities such as handling funds, counseling etc
10. During the probationary period volunteers are encouraged to develop a Learning Plan. This is added to by the supervisor at evaluation and supervision meetings to record developmental goals.
11. Volunteers are given a Volunteer Handbook containing all the policies and procedures relevant to their work, relevant parts of the Risk Registry and training on serious occurrences and how to escalate concerns



Volunteer Program Risk Checklist

12. For higher risk situations, such as close contact with vulnerable clients, new volunteers are closely supervised and assigned a volunteer buddy to determine if they consistently meet expectations over the probationary period.
13. There is a code of ethics for volunteers. Everyone is trained in its use.
14. There are regular volunteer meetings where suggestions for service improvements and challenges are discussed and resolved.
15. There is an assigned volunteer coordinator who is the first point of contact for volunteers.
16. There is a system for screening out, retiring and terminating volunteers.
17. There is a system for recognizing and rewarding volunteers.
18. Volunteer satisfaction is a key priority for the organizations leadership team.



Knowledge Sharing & Questions

- Please feel free to share any successes from your organization
- Any questions or comments



Thank You
&
for any further inquiries please feel free to
contact me at
JasminEarle@Rogers.com

Jasmin Earle Consulting

