

CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR (CHHA-NL)



Canadian
Hard of Hearing
Association
NEWFOUNDLAND & LABRADOR

CHHA-NL Risk Management Program:

Policies & Procedures Manual for
Board, Staff, Volunteers and Members

2012-2013

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CANADIAN HARD OF HEARING ASSOCIATION- NEWFOUNDLAND AND LABRADOR (CHHA-NL)

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Executive Summary

The association was formed in 1984 as the Newfoundland Hearing Association (NHA) and has undergone several name changes to its present one, the Canadian Hard of Hearing Association-Newfoundland and Labrador (CHHA-NL). Initially formed by Dr. Norah Browne and a small group of hard of hearing volunteers, with minimal resources, it was formed to create a voice for persons with hearing loss, or what is often referred to as – *the invisible disability*. Over time, it has grown to be a leader locally, provincially and nationally as an innovative leader in quality programs and services that are designed to improve the quality of life of hard of hearing and late-deafened persons.

CHHA-NL has grown significantly since its inception in 1984, when it had few assets to protect and the climate of the times meant that charities and non-profits generally didn't need protection. However, times have changed, and so has CHHA-NL; it has grown to become a larger, more complex and visible presence in the association sector and across the province of NL. Its assets have also grown along with the development of the association and its programs and services. With growth and with changing times, CHHA-NL is in a position where it needs to protect its varied assets – human, financial, technological and others. The time has come to adopt a formal risk management plan; failure to do so could prove disastrous for the association and its members.

This policy and procedures guide has been developed for the association so that it can carry out its risk management efforts in a more effective and pro-active manner. All the members of an association – board, staff, members and volunteers – have important, different and complementary roles to play in the successful operation of an association such as CHHA-NL. This policy guide on how to conduct its risk management efforts is another important tool to help the association to protect its assets, continue to grow at a measured and safe pace, and allow it to have sufficient resources that will enable the association to continue to fulfill its mission and vision, and to effectively represent the interests of its members, clients, and supporters. It will also enable funders and donors to attract and keep ongoing funding support, since they'll have confidence that the association is well organized, managed effectively, and that their donations are being used wisely.

The manual is divided into five sections: **Understanding Risk Management, Pros & Cons of Risk Management, Elements of a Risk Management Program, Listing of Identified Risk Management Areas, and a List of Appendices** (containing related worksheets). The use of this manual will ensure that a risk management program will be a key area of the association's operations, and that safety and security of the association's assets (financial, human, technological, etc.) will be given the attention they should. The key enablers and gatekeepers will be the board, the executive director and the Occupational, Health and Safety Committee who will review the policy annually and make any adjustments needed.

Introduction

Need for this Program

“The operation of charities have become complex and the possibility of litigation against charities occurring as a result of their operation is greater than ever before. The exposure of charities to liability goes further than the loss of charitable assets and/or the insolvency or winding up of a charity. Directors of charities may also face possible legal action against them personally by donors, members, third parties, and governmental authorities for breach of their fiduciary duties or even breach of trust in failing to adequately protect or apply the assets of a charity. Given the increased risks to both charities and their directors, there is an increasing need to protect charitable assets from lawsuits and creditors on a pro-active basis.”

Terrance S. Carter, LL.B. and Jacqueline M. Connor, B.A., LL.B.

Carter & Associates Law Firm – May 2004

Carters.ca

This quote illustrates quite concisely and clearly why it is that CHHA-NL needs its own risk management program. The time of innocence for charities and its reliance on public goodwill to provide protection from litigation is over. It is time for charities and non-profits to have insurance and other measures in place to protect directors, staff, volunteers and their assets, and while there is ample evidence of this need (think Enron, BP and others), many organizations are still not paying sufficient attention to the need to implement risk management plans.

CHHA-NL has grown significantly since its inception in 1984, when it had few assets to protect and the climate of the times meant that charities and non-profits generally didn't need protection. However, times have changed, and so has CHHA-NL; it has grown to become a larger, more complex and visible presence in the association sector and across the province of NL. Its assets have also grown along with the development of the association and its programs and services. With growth and with changing times, CHHA-NL is in a position where it needs to protect its varied assets – human, financial, technological and others. The time has come to adopt a formal risk management plan; failure to do so could prove disastrous for the association and its members.

Role of Board, Staff, Members, Volunteers

Everyone involved with CHHA-NL has an important role to play in the development, implementation and management of a risk management plan for the association. While these roles may differ in size and scope, they are all important individually and as a collective whole. These roles are outlined as follows:

Board of Directors:

- Approves Risk Management Plan
- Monitors Ongoing Progress of Risk Management Plan
- Assist with Annual Review of Risk Management Plan
- Serve on Risk Management Committee
- Serve on Crisis Response Team (if requested)
- President or Designate to be Spokesperson for Association (if requested)

Staff

- Serve on Risk Management Committee
- Serve on Crisis Response Team
- Assist with the Development of Risk Management Plan
- Assist with the Implementation of Risk Management Plan
- Assist with Annual Review of Risk Management Plan
- Act as a Spokesperson for Association (if requested)

Members, and Volunteers

- Serve on Public Policy Planning Committee
- Serve on Crisis Response Team
- Assist with the Development of Risk Management Plan
- Assist with the Implementation of Risk Management Plan
- Assist with Annual Review of Risk Management Plan

How to Use this Manual

This manual is meant to be easy to use and to guide the work of CHHA-NL Board, Staff, Members, and Volunteers in their efforts on behalf of the association and is also meant to be flexible to meet different types of activities and events. The main purpose of this manual is not to limit what can be done, but to limit harm to those who work for the association, or use its services, as well as limit legal and financial liability to the association so that its assets are protected which allows it to fulfil its mission and vision.

If uncertain about what action is required in a particular situation, ask the Executive Director, a staff Director or the President. However, if used effectively, the manual should serve the user well to help achieve the desired outcomes noted above. Conversely, if the parameters of the manual aren't followed, then the likelihood of creating a problem, hurting someone or increasing liability to the association will increase.

This manual should be reviewed on an annual basis by the Board, Occupational, Health and Safety (OHS) Committee, and staff, to ensure it continues to facilitate the achievement of the association's risk management, strategic, operational and other goals. Any modifications undertaken should be recorded in the manual by the Executive Director and confirmed by using the **CHHA-NL Risk Management Plan Review & Confirmation Form**, which is found in **Appendix E**.

Please note that this document briefly mentions the association's Crisis Response Plan, however, given the complexity of this topic and the number of topic areas and materials needed to effectively prepare and implement such a plan, this topic is covered in a separate manual. However, given that it is a risk management issue, the basics are covered in **Appendix D: Crisis Response Plan**.

Section 1: Understanding Risk Management

"I cannot imagine any condition which could cause this ship to founder. I cannot conceive of any vital disaster happening to this vessel."

E.J. Smith, Captain of the Titanic, 1912

What is Risk?

If there is one lesson that the sinking of the Titanic taught to the world, it's that anything can happen, at any time, despite every effort to ensure otherwise, or to use a cliché – **Never Say Never!** Everyone knows intuitively what a risk is; we use the word everyday and we take and manage risk quite often without consciously thinking about it. A risk exists wherever there is an opportunity for profit or loss. The extent of a risk can be expressed as: **Risk = Probability x Severity**, where **Probability** is the likelihood of an event occurring, and **Severity** is the impact and profit/loss of the resulting outcome on the organization.

What is Risk Management?

Risk management is the process of making and carrying out decisions that will optimize risk in an organization. That is to say: maximize the upside and minimize the adverse effects of risk for overall optimal results. The adverse effects of risk can be objective or quantifiable like insurance premiums and claims costs, or subjective and difficult to quantify such as damage to reputation or decreased productivity.

Why is Risk Management Needed?

Managing risks can help an organization to save resources; money, people, income, property, assets and time. Risk management can also help protect public image, protect people from harm, manage legal liability, and protect the environment. Perhaps the most visible advantages are reduced claims costs and better results in the insurance market. By formalizing risk management, your organization will likely experience fewer and less severe losses over time. This, combined with overall risk improvement, will result in your organization being perceived more favourably by insurance markets. When insurance companies rate your risk they compare you to other similar organizations in the same industry. If you do a better job of managing risk and are more likely to have lower claims costs then you will get preferred terms and rates over organizations that aren't perceived as good risks.

Section 2: Pros & Cons of Risk Management

“We took risks, we knew we took them; things have come out against us, and therefore we have no cause for complaint.”

Robert Falcon Scott (1868-1912)

English Polar Explorer (In Scots last Expedition (1913))

The Greatest Risk – Doing Nothing

The nature of all enterprise is to take risk, thus, the biggest risk of all – **is to do nothing**. Successful enterprise involves maximizing the upside and minimizing the downside of that risk. Every successful organization, be it a for-profit company or a not-for-profit charity is doing a good job of managing risk whether they call it risk management or not. All of the things that organizations do in the course of their operations like: ensuring quality; improving customer service; practising employee safety; prevention of accidents or fires; hiring lawyers to draft contracts; implementing cash handling procedures; etc., all of these things are risk management. While many small and medium sized organizations that achieve success do so in spite of not having formal risk management, it's best to development a formalized risk management plan.

Small and Medium organizations just need to acknowledge that more formal risk management will help the organization to be more competitive; will give them the comfort to be able to take more calculated risk that can result in higher revenues; and that it will help minimize the likelihood and impact of the adverse effects of risks.

Risk Management is simply Good Management and the organizations that buy into this concept and take it seriously will win. With new association challenges being identified every day, month, and quarter, CHHA-NL needs to take advantage of every opportunity to strengthen its operations and to improve its ability to adapt. Being able to react to change can help to decrease variability in operations and in costs. If the association has a formal risk management plan, it can deal effectively with identified risk management issues, and be better prepared for unanticipated circumstances, then it will give itself a head start on mitigating, preventing, transferring or overcoming risk issues. This means the association will be better positioned to effectively deal with new challenges and to take advantage of opportunities, wherever and whenever they arise.

Some Common Excuses

There are many reasons why organizations, in all sectors, both private and non-profit, don't implement formal risk management plans. In a 2009 document by Imagine Canada titled, *Introduction to Risk Management: How to Motivate Your Leaders & Get Started*, it reported that only about 40% of Canadian non-profit organizations engage in risk reduction activities, and that many of these still have a long way to go in creating and communicating formal written plans. Imagine Canada has identified the top four obstacles or excuses for not implementing such plans:

1. We don't have the skill or knowledge to do this, and we can't afford help
2. We're fine and don't need to do anything
3. That's what we have insurance for
4. We don't have the time or resources

While there may be elements of truth to these excuses for many organizations, the point is that if associations can understand the significant value of implementing a risk management process, then leaders within those associations will find a way to develop and implement a process that matches their needs and available resources.

Some Benefits

Another way of understanding the value of having a risk management process is to look at some of the benefits, some of which include:

1. Prevent or reduce harm to your people or damage to property
2. Prevent or reduce damage to the association's reputation and public image
3. Help to attract and sustain the confidence of stakeholders
4. Reduce stress and increase peace of mind
5. Maintain compliance with Canada Revenue Agency and other regulators
6. Reduce the chances of a lawsuit
7. Help obtain (or keep) strong insurance coverage at competitive prices
8. Assists in clearly defining the association's insurance needs
9. Help to save non-profit resources

10. Lessen chance of a disruptive investigation
11. Help to inform decision-making
12. Help to reduce psychological uncertainty and increase confidence
13. May provide a valid defence in a lawsuit
14. May provide a valid defence in a lawsuit even if not followed completely

Organizational Considerations

Non-profit associations like CHHA-NL have many demands on their resources, either human, financial, technological and others, thus, the challenge of implementing a risk management plan can be significant. Thus, there are some things that need to be kept in mind as the association works through its development and implementation process. These include:

1. Start with changes that will bring the most benefit

Instead of trying to do too much too soon, it's best to identify areas that have good risk management processes in place and those that need them, then prioritize the ones that need action first.

2. Everyone involved needs to have a positive attitude

All those involved with the risk management process should maintain a positive attitude about risk management and what it can accomplish for the association and for their own work. Good risk management practices will protect the association and its assets, particularly its reputation, perhaps the most important asset of all. In fact, a 2005 study by Imagine Canada's Knowledge Development Centre, found that non-profits with risk management practices in place had greater stability and credibility, and improved relations with clients, volunteers and the community.

3. Don't try to do it all at once

Implementing a full risk management process is a challenging and time consuming process that is best done over an extended period of time, otherwise, it can become overwhelming which will lead people to give up on the process.

4. Board support is crucial to the process

If the risk management process is to work effectively, there needs to be involvement at all levels of the association. While staff will be the primary drivers behind developing and implementing the plan, there should be at least one board member involved to represent

the board, to provide support, ideas and expertise and to report back to the board as to the plan's status. Conversely, since the Executive Director is a member of the board, he or she can be tasked to report to the board during the quarterly reporting process as part of a standing agenda item.

5. Identifying potential risk management issues needs everyone's input

In a smaller association, such as CHHA-NL, the main responsibility for the success of the risk management plan, usually rests with the senior staff officer, however, it is vital that as many people as possible have input in identifying possible risk issues. This includes the board, staff, volunteers, members, and other stakeholders.

6. The Occupational Health and Safety (OHS) Committee has a key role to play

It is recommended that the OHS committee, working closely with the Executive Director, be the primary enablers of policy and gatekeepers for the identification of risk management issues. Since the committee's primary function is the safety and security of staff and the building, providing oversight for other risk management issues is a natural extension of its work. Working closely with the Executive Director, who will be responsible for taking action on identified risks, the OHS can work more effectively to mitigate identified risks as part of its quarterly meeting process. If additional help is required, it can be accessed as needed.

THE 'UMBRELLA' OF PROTECTION IS A SOUND RISK MANAGEMENT PLAN.



Managing Risks

Risk Management Terms

To ensure a full understanding of the risk management process, it is necessary to have knowledge of the key risk management terms that are used within the insurance industry and whenever risk management processes are being discussed and implemented. Some of the key terms are outlined briefly below, as listed in the Imagine Canada document titled, *Introduction to Risk Management: How to Motivate Your Leaders & Get Started (2009)*. Others can be found in the **Risk Management Glossary** section in the Appendices of this document, and which also has a reference to an online source by the Insurance Bureau of Canada (IBC), that provide an extensive listing of terms.

Liability and Negligence

In legal terms, liability means responsibility or obligation. If an individual or corporation is liable, it means they are legally responsible for the consequences of their actions. Liability arises in the following three situations:

1. When a law is broken, the consequences of breaking the law include imprisonment and/or paying a fine.
2. When a contract is breached or violated, where a contract is a legally enforcement promise between two or more parties, the consequences of breaching a contract include being required to correct the breach in some way and/or paying financial compensation to the person or organization that you harmed.
3. When an act, or a failure to act, whether intentionally or unintentionally causes injury or damage to another person, the consequence of intentionally or unintentionally causing harm is paying financial compensation to the person or organization you harmed.

Negligence is not doing what a reasonable/prudent person (or organization) would do given the circumstances, falls under this third category. The law expects this sort of reasonable behaviour from everyone (including the person who was harmed).

Vicarious Liability

Vicarious Liability is the legal principle whereby one person is held responsible for the conduct of another regardless of personal blameworthiness or fault.

This is an important concept because it relates to the question of when a nonprofit organization will be held responsible for the actions of an employee or volunteer if he/she harms a third party.

An excellent report by Cassels Brock & Blackwell, a large Canadian law firm, entitled *Vicarious Liability in the Non-profit Sector* is the best we have found to date in explaining the facts about vicarious liability. Here are some important points made in the paper:

- “It is necessary to look to whether the employer placed the employee in a position where he/she had the opportunity to abuse his/her power.”
- “The conduct of volunteers is not subject to any special treatment, the same principles are to be applied regardless of the fact that there is no monetary benefit to the worker.”
- “Similarly, the fact that the employer is a nonprofit does not give it any special status in determining whether or when it will be vicariously liable for its employees or volunteers.”
- “The law does not always make any distinction between negligent, intentional and criminal conduct. Traditionally, if a volunteer or employee intentionally or criminally acted the employer would not be held liable. This, however, is no longer always the case.”

Joint and Several Liability

From a newsletter found on www.frankcowan.com (a well-known insurer of nonprofits in Ontario): “Under the Negligence Act the law states that, where damages have been caused by two or more persons are found at fault or negligent, they are jointly and severally liable to the person suffering loss or damage. A plaintiff’s lawyer has only to prove 1% liability against a “deep-pocket” defendant to recover from that defendant 100% of the plaintiff’s damages.”

Even if you believe your organization is not deep-pocketed financially, it may be the only source of recovery if the others named have nothing or little in their pockets to pay out.

Section 3: Elements of a Risk Management Program

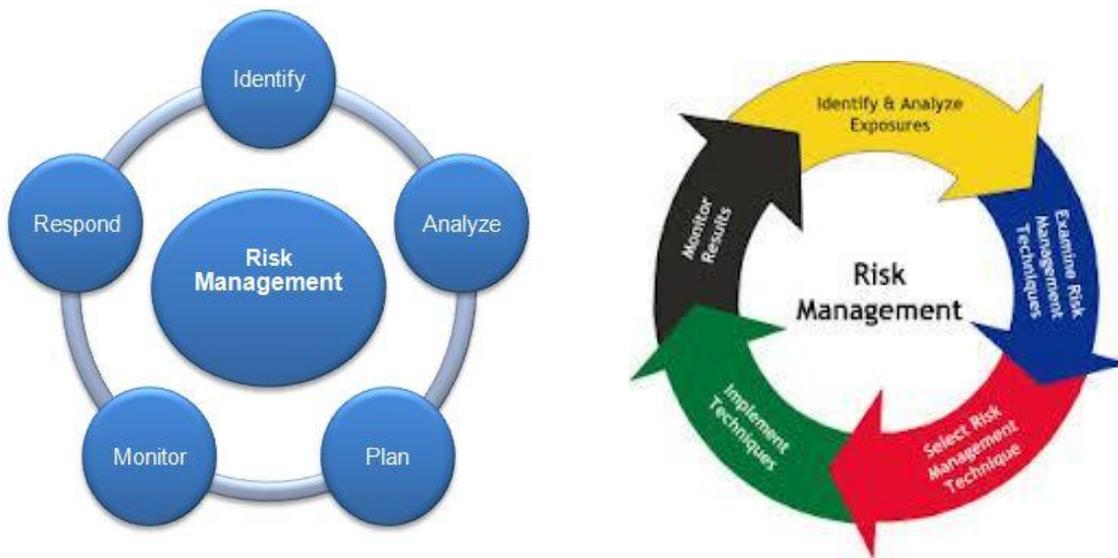
“All life is the management of risk, not its elimination.”

Frederick Wilcox

Samples of Risk Management Programs

There are many types of risks and risk management programs designed to deal with them. Each is designed specifically to meet the type, size, structure and operations of a particular organization. However, at their core, all risk management programs have about five similar elements as outlined in the sample diagrams below. Each of these areas, as they will be described and used by CHHA-NL, are identified and explained in detail below the diagrams.

Figure 1: Graphic Samples of Risk Management Processes



CHHA-NL Risk Management Program Elements

Step 1: Identifying Risks

The first step in developing a risk management plan is the identification of risks that the association faces now or could face during some future event or activity. While there are any number of possible risks, the number that would or could impact the association does have a finite number, which can be determined in a number of ways. The first is to list the number of risk categories that the association faces, and these are generally the same for all associations:

governance & management; operational; financial; environmental; and regulatory compliance. However, the actual number of potential risks for each of these five categories would then depend on the number of sub-categories used, the type of association, and the kinds and numbers of activities, events, programs and services offered, and the number of members and clients served (some examples: a program for children would have different kinds of risks than one for seniors; a summer camp for children would have different risks than a party for children at the bowling alley).

There are a number of ways of identifying risks for CHHA-NL, and, as noted above, it is best to obtain input from as many association stakeholders as possible, both internally and externally. The most obvious place to begin is internally, with members of the OHS committee, board, staff, volunteers, and other concerned stakeholders. Since they are the ones most involved with the association's activities, the risks identified by these groups have a very good chance of making the final risk management list to be addressed. Other means of identifying risks are the internet, other groups with risk management plans, past history of the association, and risk management experts. All of these sources will provide potential risks to help populate the association's final risk list that will be approved and prioritized for action. The list of risk categories and their identified risks will be grouped below in – **Section 4: Listing of CHHA-NL Risk Management Areas** on page 21.

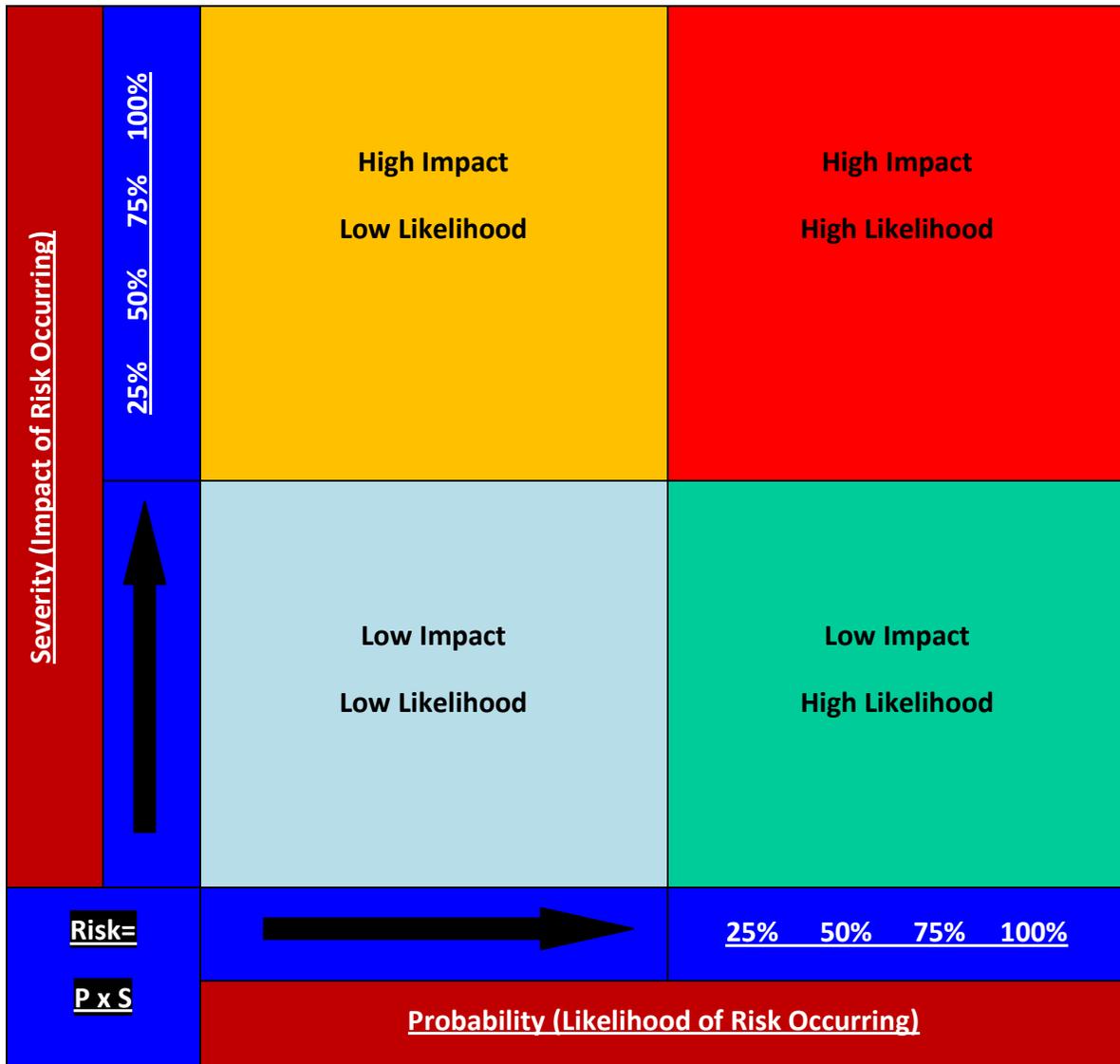
Please note that, while many risks will be easily identified based on the policy areas and their attendant policies already in place, others may not be so easily categorized or not specifically covered by policy. Therefore, it is recommended that the association maintain a **Risk Management Profile for CHHA-NL Top 20 Risk Management Issues** that is reviewed, at least on annual basis, and action taken as needed. Included in **Appendix B** is a preliminary top 20 list for consideration. These can be accepted as they are or modified based on input from board members. This list should be reviewed annually to determine if any changes are warranted.

Step 2: Likelihood of Risks Occurring

The second step in developing a risk management plan is to consider how likely it is that a risk will happen, and if it happens, to decide on the severity of the impact. This is best done with the use of a Risk Map Impact Assessment Tool and three questions, which are outlined below. A sample of the risk map tool can be seen in **Figure 2. CHHA-NL Risk Map Impact Assessment Tool** below, while the three questions are:

1. **Mission Question:** Is this risk consistent with the mission, vision and values of CHHA-NL?
2. **Frequency Question:** How likely is it that this risk will happen at or to CHHA-NL?
3. **Severity Question:** If this risk happened, how severe will its impact be on other and CHHA-NL?

Figure 2. CHHA-NL Risk Map Impact Assessment Tool



The **CHHA-NL Risk Map Impact Assessment Tool** and the three questions listed are to be applied to each of the category risk areas risks that will be identified and listed in another tool found in **Appendix A: CHHA-NL Mitigation Plan for Risk Management Issues**. Those risks ranked with the highest degree of risk (Degree of Risk = Probability x Severity) will be the first to receive treatment as outlined in **Step 3: Treatment of Risks**, and those risks identified as being of a lower priority can be dealt with later. Other risks not listed in the category risk, either because they aren't covered by policy or can't be due to their nature, will be considered in another tool found in **Appendix B: Risk Management Profile for CHHA-NL Top 20 Risk Management Issues**.

Step 3: Treatment of Risks

When dealing with association risks, there are five measures or treatments that are usually taken, which are outlined below. These are applied to the risks that will be listed in the worksheet found in **Appendix A: CHHA-NL Mitigation Plan for Risk Management Issues** and those that will populate the **Top 20 List**.

Treatment # 1: Do Nothing with the Risk (DNR)

Sometimes, the best risk treatment is to do nothing with the risk, since the determination may be that the risk fits well with the association's mission, vision and values, the probability of the risk happening and its impact may be low or the probability of the risk happening may be high, but the impact will be low. Thus, the risk management committee may feel that if something did happen, the severity is low enough that the risk is minimal or it feels that the association's insurance will cover any legal issues.

Treatment # 2: Reduce the Risk (RR)

Sometimes, the best risk treatment is to reduce or mitigate the risk, by making some changes that will lessen the likelihood of the risk happening, or its impact if it does happen. This may mean making some changes to an event or program, reducing the number of participants, increasing the number of staff or volunteer supervisors, changing the mode of travel, when to travel, etc. Generally, these are decisions based on the perceived degree of threat, experience and application of common sense or defined policies and procedures.

Treatment # 3: Eliminate the Risk (ER)

Sometimes, the best risk treatment is to eliminate the risk by choosing to stop doing the risk or not starting the risk activity in the first instance. It may mean eliminating a program, activity, or event or making a modification that will allow the program, activity, or event to continue without the risk.

Treatment # 4: Transfer the Risk (TR)

Sometimes, the best risk treatment is to transfer some or all the risk to someone else. Often, this means buying various types of insurance, contracting out, using a consultant, using waiver clauses and other means, without which the risk may be significant enough that the planned program, activity, or event cannot be held or must be modified significantly.

Treatment # 5: Combining Treatments for Risk (CTR)

Often, the best risk treatment is to use some combination of the four preceding treatments discussed. It may be that a risk must be taken and on single risk treatment is best, so then two or more risk treatments may be combined so that the risk severity will be minimized.

Step 4: Monitoring and Updating Risks

The final element is the development of the Risk Management Plan is to monitor the progress of risk activity to ensure the treatments of risk are continuing to meet the changing environment and risk issues facing the association. As with most things, the only constant is change and in the association sector, change can happen at any time depending on need, available resources (human, financial, technological, etc.), thus, monitoring of risk must be a high and continuous priority of everyone involved with the association, either as a recipient of a program or service, or a staff member or volunteers who provides same.

Some changes to risks must happen immediately, while others can happen later, however, the important thing is that risks be constantly monitored and adjustments made as needed to protect the people involved with the association, its assets and its reputation, perhaps the most important asset of all. Whenever a new risk is identified by board, staff, volunteers, clients, it should be reported immediately using the **CHHA-NL Risk Issues Reporting Form & Action Plan Worksheet** found in **Appendix C**. It may be the case that the reported risk is already covered by one of the risk mitigation processes outlined in this plan, however, it may not be implemented yet, or it's not being followed. Whatever the case, this is an excellent opportunity to deal with the risk in a prompt and effective manner so that risk is mitigated appropriately.

Finally, regardless of what monitoring and changes to risk issues are undertaken during the year, a formal review is to be conducted at the end of each fiscal and program year in March using the **CHHA-NL Risk Management Plan Review & Confirmation Form**. This form can be found in **Appendix E**.



Section 4: Listing of CHHA-NL Risk Management Areas

There are many types of risk categories and sub-categories that can be used to list the risks faced by an organization. However, for most associations, they typically can be listed under six main category headings: **Governance, Strategic, Financial, Operational, Environmental, and Compliance**. Each of these main categories will have a number of sub-categories, with their number depending on the type of association, program and service offerings, size of membership, available resources, and other factors. The risk factors listed here are not meant to be an exhaustive list; rather, they are a sampling of the types of risk issues for each area that need to be considered along with other issues that may be applicable to CHHA-NL. The staff, volunteers or other stakeholders involved in a specific category or sub-category will need to provide input to identify, as much as possible, the most obvious or likely types of risks that would need to be dealt with. Once identified, the risk can then be analyzed and the appropriate risk treatment applied. The form to be used for this effort is **CHHA-NL Mitigation Plan for Risk Management Issues** which is found in **Appendix A**.

Figure 4. Listing of CHHA-NL Primary Risk Categories & Sub-Categories



Summary

Risk Management is now an important aspect of association operations or should be. The use of a valid risk management process is important to protecting all the assets of CHHA-NL, whether they are human, financial, physical, intellectual, and others.

CHHA-NL has grown significantly since its inception in 1984, when it had few assets to protect and the climate of the times meant that charities and non-profits generally didn't need protection. However, times have changed, and so has CHHA-NL; it has grown to become a larger, more complex and visible presence in the association sector locally, and across the province of NL. Its assets have also grown along with the development of the association and its programs and services. With growth and with changing times, CHHA-NL is now in a position where it needs to protect its varied assets – human, financial, physical, technological and others. The time has come to adopt a formal risk management plan; failure to do so could prove disastrous for the association and its members.

As outlined in this document, the **CHHA-NL Risk Management Plan** will have a list of identified risks for each of the six areas noted above. This list will be generated by staff, board and volunteers and will need to be analyzed, prioritized, and then an appropriate mitigation strategy needs to be identified, approved and acted upon. Since the list of risks is quite extensive, it will likely take some time to fully develop the Risk Management Plan and to take action on the agreed upon risks and their placing on the priority list. What action is taken and when will depend on what financial, human and other resources are available. Some risk items will be able to be dealt with quickly and easily, while others will take more time and resources, however, once the risk management plan has been fully implemented, the association will be in a more secure risk management place.

The key enablers and gatekeepers of the association's risk management plan will be the board, the executive director and the Occupational, Health and Safety Committee who will review the policy annually and make any adjustments needed. Of course, everyone involved with the association has an important and ongoing role to play in supporting and working with the plan as work on the plan will never be fully finished. As the association continues to grow and evolve, so too will the variety and potential severity of risks, however, with a sound risk management plan, ongoing and annual reviews, these too will be effectively managed.

Remember, it is impossible to eliminate all risks, but it is possible to manage risks effectively, and in a manner that minimizes the probability of their happening, and, if they happen, their severity. The operation of charities and non-profits is growing increasingly complex and the possibility of litigation is greater than ever, thus, the need for protection of assets is also greater. The best way to do so is to have an effective risk management plan that is effectively managed. This manual is an important part of that process for CHHA-NL.

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List of Appendices

Appendix A: CHHA-NL Mitigation Plan for Risk Management Issues

Appendix B: CHHA-NL Risk Management Profile for Top Twenty Issues

Appendix C: CHHA-NL Risk Issues Reporting Form & Action Plan Worksheet

Appendix D: CHHA-NL Crisis Management Plan

Appendix E: CHHA-NL Risk Management Plan Review & Confirmation Form

Appendix F: Glossary of Terms

Appendix B:

CHHA-NL Risk Management Profile for Top Twenty Issues

This document is saved in letter size and in portrait format to fit the size of this document. However, when planning to use this document, it is recommended that it be re-formatted (if needed) in landscape and upsized to legal, which will permit more space to work with when filling with information.

The following table summarizes the **Top 20 Risk Issues for CHHA-NL** as identified from research, and input provided by board and staff. Listed in the table header below for each identified risk is a **Risk Management Profile** consisting of the following eight elements: **Description of Risk; Likelihood of Risk Occurrence; Impact of Risk Occurrence; Current Risk Controls in Place; Risk is Currently Insured; Required Action to Mitigate Risk; Status Update on Risk.** The association’s Executive Director is responsible for reporting to the CHHA-NL Board of Directors, on an annual basis (end of March), a status update for each risk and will initiate any follow-up or other action approved by the board. While the primary purpose of this document is to maintain a top-of-mind focus on the top 20 risks for the association, other risks, deemed to be of sufficient concern, can be added to the **Supplementary Risk Issues List**, at the end of this document, at any time.

Description of Risk Occurrence Levels – Almost Certain (5); Frequently (4); Occasionally (3); Possibly (2); Unlikely (1)

Description of Risk Impact Levels - Catastrophic (5); Major (4); Significant (3); Moderate (2); Minor (1)

Description of Risk Controls in Place– Excellent (5); Strong (4); Moderate (3); Weak (2); None (1)

Description of Risk Action – DNR - Do Nothing with Risk; RR – Reduce Risk; ER – Eliminate Risk; TR – Transfer Risk; CTR – Combination Treatment for Risk

Risk Reference Number	Description Of Risk	Likelihood of Risk Occurrence	Impact of Risk Occurrence	Current Risk Controls In Place	Risk is Currently Insured/ Or Insurable	Action Required to Mitigate Risk*	Status Update On Risk
1							
2							

Appendix C:

CHHA-NL Risk Issues Reporting Form & Action Plan Worksheet

Note: This document is to be used by board, staff, volunteers, clients, who wish to report a risk management issue they believe should be handled by the association. This document is saved in letter size and in portrait format to fit the size of this document. However, when planning to use this document, it is recommended that it be re-formatted (if needed) in landscape and upsized to legal, which will permit more space to work with when filling with information.

COMPILED BY:

REVIEWED BY:

DATE:

DATE:

RISK	PROPOSED ACTIONS
RECOMMENDED RESPONSE AND IMPACT	
RESOURCE REQUIREMENTS	
RESPONSIBILITIES	
TIMING	
REPORTING AND MONITORING REQUIRED	

Appendix D:

CHHA-NL Crisis Response Plan

Given the complexity of this topic and the number of topic areas and materials needed to effectively prepare and implement such a plan, this topic is covered in a separate manual. However, given that it is a risk management issue, the basics are briefly covered and discussed in this appendix for basic information and reference purposes. Please review the **CHHA-NL Crisis Response Plan Manual** for a full overview and understanding of the association's planned response in the event of a crisis.

The primary purposes of a **Crisis Response Plan** are:

- to save lives;
- to protect health and to provide for the safety and health of all responders;
- to protect property and infrastructure;
- to protect the environment; and
- to restore the principle functions of the organization.

While every organization is unique and will therefore have a crisis response plan and other plans that are unique to their particular situation and needs, the elements of a crisis response plan generally consist of the following elements:

1. **A crisis response team** – known as the CRT for short, usually consists of the ED/CEO, Receptionist, President, Communications/PR, Department Heads, Occupational Health and Safety (OHS), and others who may have particular skills sets for dealing with emergencies. The size of the team will vary depending on the size of the organization, where it operates, number of sites, etc.; contact lists and phone trees will also be developed.
2. **A set of scenarios** – the CRT will develop a set of crisis scenarios that could possibly happen depending on the mission, local weather situations, natural disasters, fire, floods, break and enters, theft, hostage situations, bomb threats, etc.
3. **A set of action plans** – the CRT will develop response plans to match the scenarios decided upon.
4. **A chain of command** – the CRT will establish a chain of command for decision making purposes, who will handle what responsibilities, etc.
5. **A communications plan** – the CRT will develop a communications plan that outlines the communication protocols to be used in the event of a crisis (both during and after) – who will speak to the media, what will be communicated and how and when, list of media contacts, communications equipment needed.
6. **Resources Needed** – the CRT will also develop a list of additional resources it deems will be needed during a crisis and will have a plan for obtaining them, either on-site or off.

7. **Simulation exercises** – the CRT should hold simulation exercises to practice protocols and procedures.
8. **Post-crisis debrief** – the CRT will conduct a post-crisis debrief to prepare a report and answer such questions as:
 - a) **What worked well?**
 - b) **What didn't work well?**
 - c) **What are the key lessons learned?**
 - d) **What changes are needed to the crisis response plan?**
 - e) **What other resources are needed?**

A well designed crisis response plan will help the association, its board, staff and volunteers, to respond to a crisis in a coordinated, appropriate and effective manner without undue stress. A crisis response is required for worst case scenarios that are unlikely to happen, but sometimes do. Thus, the goal is to be as prepared as possible by having well planned protocols and procedures to guide management decision making, actions by staff and volunteers in dealing with clients, their families, emergency responders, the media, disaster relief and other agencies.

Appendix E:

CHHA-NL Risk Management Plan Review & Confirmation Form

The purpose of this document is to confirm that the association's risk management plan has been reviewed at least once each operational year.

The Executive Director will form an ad hoc committee for this purpose no later February 1 and will ensure the committee completes its review by March 31. The committee will consist of at minimum, the Executive Director, the President (or his/her designate), one board member, and one other person from outside the association with experience in risk management issues (this person may have to be hired on a short-term contract).

Upon completion of the review, the Executive Director will prepare and transmit a report to the board using this form as confirmation that the review has occurred. The review will ensure that all six category areas identified by the association, as outlined in the table below, are thoroughly reviewed and reported on, with the following key purposes:

- To ensure the adequacy of systems for identifying and assessing significant risks are in place;
- To ensure that appropriate control systems and other mitigating processes are in place;
- To conduct an internal and external environmental scan* to determine if there are any potential influences that could present a risk for the upcoming year;
- To review the **Crisis Response Plan (Appendix D)** to ensure it is adequate for the association's needs;
- To ensure that any risk issues identified will have an appropriate action plan developed that is consistent with the risk mitigation philosophies and actions previously approved by the association. Any risk issues requiring an action plan will be developed with the use of the **CHHA-NL Risk Issues Reporting Form & Action Plan Worksheet** found in **Appendix B**; when completed, all action plans developed will be attached to the report;
- To ensure that any action plans developed for newly identified risks will be effectively communicated and confirmed with staff and volunteers as needed;
- To make any recommendations, if needed, to the board of directors.

* Note: it is up to the committee to determine what type and to what extent the scan parameters will be; this could be a committee discussion, review of relevant literature and media reports, reporting of issues that occurred elsewhere, a request for feedback from or a survey of board, staff, volunteers, expert feedback, or some combination of these. The important point is that the committee educate itself, as much as possible, so that it can make informed decisions on identified risk issues and to then be able develop an effective mitigation plan for these issues.

CHHA-NL Risk Management Plan Review & Confirmation Form

Prepared by:

Authorised by:

Review of Risk Categories and Crisis Response Plan

Risk Category	Review Date	Description of Revision	Action Plan Developed
Governance			
Strategic			
Financial			
Operational			
Environmental			
Compliance			
Crisis Response Plan			

Date Report Completed: _____

Appendix F:

Glossary of Terms

The following glossary of terms is not an exhaustive one, nor is it to be taken as legal advice, rather, the listed terms are intended to be of an informational nature only. If legal advice, opinion or representation is needed, it is recommended that the reader contact a certified lawyer or other recognized member of the legal profession. This glossary has been adapted from the following text, *Risk Management Tool for Volunteer Involving Organizations (2003)*, published by **Volunteering Australia Inc.**

Avoidance

A method of lowering risk exposure by not doing the risky activity.

Consequence

The outcome of an event expressed as a figure (10%), bringing a loss, injury, disadvantage or gain; there may be a range of possible outcomes associated with an event.

Defamation

Generally, a defamatory statement may be described as one which exposes the defamed person to hatred, contempt ridicule, or which tends to lower the aggrieved person in the estimation of other people or which injures him or her in their profession or calling or which him or her to be shunned or avoided.

Defendant

An individual or organization against whom a legal action has been brought; in a civil action, the defendant may be called the respondent.

Evaluation of Risk

The term for estimating level of risk and/or for setting priorities on the ways in which future risk can be managed.

Indemnify

A promise to reimburse another for a loss suffered.

Insurance

A contract whereby an organization agrees to indemnify another and to pay a specified amount upon determinable contingencies in exchange for a premium (price paid). This is an example of risk transfer.

Legal Compliance Plan

A legal compliance plan manages the organization's, individual board member's and management's exposure to breaching the law. A compliance plan differs from a risk management plan in that the system is designed to completely eliminate breaches of the law. Measures to prevent a breach occurring cannot be compromised on the basis of cost.

Liability

This refers to any enforceable legal obligation.

Likelihood

The term is used as a qualitative description of probability or frequency of an event/risk happening.

Negligence

Falling below the duty of care owed to another resulting in their injury. For example, failure to keep visitors to your offices safe from harm by tripping over unsafe floor covering or giving incorrect advice to clients who suffer injury through reliance on such information. The duty of care of an individual or an organization is decided by the Courts and involves taking reasonable care not to cause harm to other persons.

Officer

An individual who has a management position within an organization. Depending on the context, it may include board or committee members and senior managers (paid or volunteer).

Plaintiff

An individual or organization that initiates a lawsuit to obtain a remedy for an injury.

Probability

The likelihood of a specific event or outcome, measured as the ratio of specific events or outcomes to the total number of possible events for outcomes.

Risk

Risk is a measure of the possibility that the future may be different from what is expected.

Risk Management

The strategic planning process of managing an organizations potential exposure to liabilities, by preventing or minimizing them , and/or by providing for funds to meet the liability if it occurs. The process has 4 steps: identify risks; evaluate risks; design a management program; and implement and review the program.

Tort

The area of law dealing with civil, as opposed to criminal, wrongs, arising outside the field of contract. For example, the type of legal action an elderly citizen would bring against the driver of a car than ran them down on a well-lit pedestrian crossing.

Volunteering

An activity that takes place in not-for-profit organizations or projects and is undertaken to be: of benefit to the community and the volunteer; of the volunteer's own free will and without coercion; for no financial payment; and is designated volunteer positions only.

Additional Terms

The Insurance Bureau of Canada (IBC) provides an extensive online directory of legal terms that can be accessed by clicking (Ctrl + Click to follow link) or copying and pasting the link below:

[http://www.ibc.ca/en/Need More Info/Glossary/A.asp](http://www.ibc.ca/en/Need_More_Info/Glossary/A.asp)