



**United Way**  
**Lloydminster & District**  
**Change starts here.**

## **Lloydminster & District United Way** **Risk Management**

### ***INTRODUCTION***

Risk is a day-to-day reality, neither good nor bad. There is risk in everything the Lloydminster and District United Way does; therefore, the challenge is not to avoid risk completely, but rather, to manage business to not expose the organization to unnecessary levels of risk. Risk management is more than insurance against things that go wrong, it is developing a reasonable approach to understanding and responding to risk uncertainty and opportunity.

The adoption of a Risk Management (“RM”) Plan will assist the Lloydminster and District United Way to reduce exposure to risk and any potential legal liability. The risk management plan is simply a system that is intended to reduce risk for Lloydminster and District United Way.

The Risk Management Plan will consist of five phases:

1. Risk Identification
2. Risk Assessment
3. Risk Evaluation
4. Risk Treatment
5. Risk Implementation and Monitoring.

The Risk Management Plan is directly linked to the Governance structure, Board Committees, Policies and Procedures, Annual Fiscal Plan (Budget) and the Strategic Plan.

### ***BENEFITS OF MANAGING RISK***

The RM Plan will assist in managing programs and services with Agencies, increasing safety and eliminating injuries and accidents, as well as ensuring compliance with legal and financial obligations. While the plan will not necessarily prevent legal action, it can be used as part of a defence to any litigation as evidence that the Lloydminster and District United Way has undertaken all reasonable steps to eliminate or reduce risks.

The following are the primary benefits of implementing the Lloydminster and District RM Plan.

- Assist in the management of the agency programs, services and activities.
- Allow costing and budgets to be more accurate.
- Create a greater awareness of health, safety and well-being of staff, management, volunteers, sponsors and general public.
- Ensure compliance with government standards.
- Improve communication internally and externally.
- Assist in identifying weaknesses within the organization.
- Assist in the development of policies and procedures.

## ***RESPONSIBILITY FOR MANAGING RISK***

The Board of Directors is required to ensure all risks are reduced within the Lloydminster and District United Way. Staff and volunteers are to use their discretion when risks are encountered whether to continue or not. The President must communicate with the Board of Directors regarding risk management plan implementation. Overall, the President is responsible to control the risks within the organization on an administrative basis, ensuring that risks are reduced to prevent any negative effects to the association. The President and the Board of Directors are responsible for developing and managing the Lloydminster and District United Way RM Plan.

## ***OVERVIEW OF RISK MANAGEMENT***

Risk management is the term applied to a logical and systematic method of Identifying, Analyzing, Assessing, Treating, Monitoring, and Communicating risks associated with any activity, function or process in a way that will enable the Lloydminster and District United Way to minimize losses and maximize opportunities. Risk Management is an integral part of good management practice and is a positive reason to take the initiative to implement, among other things, safe practices and business control. Risk Management is an ongoing process that needs to be reviewed on a regular basis to minimize the impact of risks and create awareness of new risks that may affect the Lloydminster and District United Way.

The risk management process is detailed below: Monitor and Review, Establish the content, Identify the risks, Analyze the risks, Evaluate the risk, Treat the risks, Communicate and consult

Table below is used to help identify risks:

<b>What are the possible sources of risk?</b>	<b>What is Risk?</b>	<b>What are the effects or consequences</b>
<u><b>Relationships</b></u> Commercial Legal/Regulatory Financial Political Environmental Management skill	<u><b>People</b></u> Donors Management Staff Public Volunteers Sponsors Agencies	Injury Damage Loss Impact on Agency programs <b>Reputation</b>
<u><b>Human Factors</b></u> Health Human Error Anti-social behavior Negligence Criminal Activities	<u><b>Assets</b></u> Donations Equipment Finances	<b>Injury</b> <b>Damage</b> <b>Loss</b> <b>Impact on Agency programs</b> <b>Reputation</b>
<u><b>Unforeseeable circumstances</b></u> Fire Adverse climate Workplace Disruption	<u><b>Intangibles</b></u> Good Will Reputation	<b>Injury</b> <b>Damage</b> <b>Loss</b> <b>Impact on Agency programs</b>

The purpose of the risk assessment is to depict how the risk will affect the organization, the likelihood of the event occurring and how to reduce the probability that the risk will happen. In order to do so, risks need to be documented in order of priority and rating level.

## **RISK ANALYSIS**

The next phase of the RM Plan is risk analysis to evaluate the severity of each risk factor. The Lloydminster and District United Way will be adopting the qualitative method as there is more description regarding the risk which will allow enhanced understanding of the risks associated with the Lloydminster and District United Way on a higher level.

The Qualitative method involves using knowledge, experience and anecdotal evidence that will assist in producing intuitive decisions about the probable level of risks which may affect the Lloydminster and District United Way. To assess and evaluate the risk you need to decide on the consequences/impact it will have on the organization and if the risk is acceptable or unacceptable. By rating the consequences in terms of impact, you can get a general overview on how extensive the risk is to the organization.

The table below shows the impact the consequences would have upon the Lloydminster and District United Way.

<b>Rating</b>	<b>Impact</b>
Catastrophic	The organization would default.
Major	Majority of the organization's structures would be threatened or put at severe risk
Moderate	Some of the organization's structures would be threatened and some elements may be rectifiable with extensive work
Minor	The organization would be threatened, but restorable with work
Negligible	No real threat, easily restorable with minor effort. Would not affect the structure of the organization

The likelihood of the situation needs to be taken into consideration when assessing the risks that may affect the organization. Following the same format from the above table, this table shows how often the effect would occur

<b>Rating</b>	<b>Likelihood</b>
Almost certain	The risk may or will occur on frequent basis numerous times in the year.
Likely	The risk may arise, likely to occur at least once a year.
Possible	There is a chance the risk may arise, not on a frequent basis and unlikely it would occur once a year
Rare	The chance of the risk is occurring is very unlikely but could occur in extreme circumstances

Once both tables have been taken into consideration it can be formulated into a simple matrix to show qualitative analysis

	<b>Catastrophic</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>	<b>Negligible</b>
<b>Likelihood</b>					
Almost certain	High	High	High	Significant	Moderate
Likely	High	High	Significant	Moderate	Low
Possible	High	Significant	Moderate	Low	Low
Rare	Significant	Moderate	Low	Low	Low

## **RISK EVALUATION**

By determining the priority of a risk you can depict the significance it will have on the organization. Risk tables will allow the Lloydminster and District United Way to determine whether the risk is acceptable or unacceptable. An example of an unacceptable risk is unsecured large cash sums during campaign season.

When deciding if a risk is acceptable or unacceptable the Lloydminster and District United Way should consider the following:

1. The controls the Lloydminster and District United Way already has implemented.
2. The financial effect the risk will have on the Lloydminster and District United Way if it is left untreated or not managed accordingly.
3. Opportunities and benefits the risk presents.
4. How the risk will affect the stakeholders.

The risk evaluation determines the priority; it is more in-depth than the risk analysis because this phase allows the Lloydminster and District United Way to place risks in order of priority and the requirements that are needed to control the risk. Risks are determined by a priority rating.

## **MANAGEMENT OF RISK**

The risk treatment phase is a culmination of identifying and assessing risks that are acceptable or unacceptable to the Lloydminster and District United Way. The purpose of this phase is to respond to the risks that have been identified and assessed. It is mandatory to manage the risks in a timely and reasonable manner.

When managing risks, they need to be attended to in order of priority as designated in the analysis and evaluation phase. By identifying the risks using the assessment tables it will allow the Lloydminster and District United Way to develop and implement a risk action plan. As a result, the Lloydminster and District United Way will be able to predict and develop the most cost-efficient method to treat the risks identified within the organization. The risk treatment is documented in the Lloydminster and District United Way Risk Inventory.

The main purpose of risk treatment is to outline the response for those risks identified. You can evaluate in various methods such as cost, benefits, feasibility and the effect it will have on the organization. When implementing the risk treatment, you need to take into consideration the most effective and practicable system that includes the objective of reducing risks within the Lloydminster and District United Way to an acceptable level.

## **MONITOR AND REVIEW**

The purpose of this phase is to monitor and review the risks associated with Lloydminster and District United Way through management processes including supervising, checking, observing and recording the progress of risks identified in order to document change within the organization. Reviewing is achieved through a conscientious effort to assess plans and policies in place to reduce the risk within the organization. The Board of Directors shall review the Risk Management Plan and update the Risk Inventory at least annually. The Executive Director is responsible for conducting and maintaining the Risk Management Plan for the Lloydminster and District United Way.

## **INSURANCE POLICIES**

Business Insurance

Public and Property Liability Insurance

General Liability

Board and Director Insurance

Accident Coverage

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