Nonprofit Risk Management Center
Find the answer here | nonprofitrisk.org

Using **My Risk Assessment** to Jump Start Your Risk Management Program

Melanie Lockwood Herman
Executive Director
Nonprofit Risk Management Center

703.777.3504 | Melanie@nonprofitrisk.org

1

Webinar Overview

What is a Risk Assessment?

Risk Assessment Pathways

My Risk Assessment
- Overview + pricing
- Risk Ranking
- Assessment Questions

3 Tips and Takeaways

Resources!

2

What is a Risk Assessment?

Dictionary

Search for a word 🔍

🔊 risk as·sess·ment

noun

a systematic process of evaluating the potential risks that may be involved in a projected activity or undertaking.

Definitions from Oxford Languages   *Feedback*

⌄   Translations and more definitions

3

What is a Risk Assessment?

Risk assessment   ⋖

Broadly speaking, a risk assessment is the combined effort of: identifying and analyzing potential events that may negatively impact individuals, assets, and/or the environment; and making judgments "on the tolerability of the risk on the basis of a risk analysis" while considering influencing factors. Wikipedia

4

Risk Assessment Pathways

- Home grown (internal process)
- Consultant led
- Supported, system or app based

What are the potential Pros, Cons, Costs and Consequences of each approach?

5

My Risk Assessment

https://nrmc.riskassessment.org/

6

7

8

Risk Ranking

- WHO: Audit Committee, ERM Committee, full Board
- WHAT: top-of-mind concerns
- HOW much: information appetite?

9

10

Risk Ranking

Select the Risks That Challenge Your Organization and Rank Them

First, click on 'Select Risks' and select priority risks facing your organization. What's a risk? At NRMC, we use the following definition of risk: *a future action or event with the potential to significantly impact your objectives*.

Next, click 'Rank Risks' to rank the risks in order of priority.

Keep in mind that there is no single, correct way to prioritize risks! For example, some leaders consider moderately likely, potentially impactful risks to be priority risks. While other leaders view less likely, potentially catastrophic risks to be priority risks. If there is a preferred way to approach risk ranking (such as "go with your gut", or "choose the risks you believe could be most disruptive," remember to provide that direction to the team members you invite to participate in the risk ranking exercise.

As an account administrator, you will be able to view an 'Aggregation' of the risk rankings by your team. The aggregated rankings can be exported in various formats for sharing.

If you have suggestions for this list that you would like to see added, please contact us.

Select Risks   **Rank Risks**   **Aggregation**

| 11

11

Click on the risk categories below and select the risks faced by your organization. When you are finished, click the Save Team Risks button. Account administrators may also add up to two risks for inclusion on the list for selection and ranking by other team members.

Add Team Risks   **Save Team Risks**

Volunteer Risk Management ▼

Human Resources and Employment Practices ▼

Technology and Privacy Risk Management ▼

Financial Reporting and Internal Controls ▼

Fundraising ▼

Governance ▼

Facilities and Building Security ▼

Contracts ▼

Client and Participant Safety ▼

Transportation ▼

Special Events ▼

Crisis Management and Business Continuity Planning ▼

Risk Management Basics ▼

| 12

12

Select Risks **Rank Risks** **Aggregation**

Click on the risk categories below and select the risks faced by your organization. When you are finished, click the Save Team Risks button. Account administrators may also add up to two risks for inclusion on the list for selection and ranking by other team members.

Add Team Risks   **Save Team Risks**

Volunteer Risk Management   ▲

☐ Inadequate number of volunteers to staff an upcoming event or program
☐ Volunteer acting outside of scope of authority exposes nonprofit to liability or other harm
☐ Failure to address volunteer dissatisfaction or complaints
☐ Lawsuit alleging intentional harm or negligent by a volunteer
☐ Volunteer disregard of nonprofit policy causes harm to volunteer or others
☐ Serious accident involving one or more volunteers
☐ Volunteer misrepresents organization
☐ Volunteer discloses confidential information about the organization, staff member or client
☐ Improper classification of volunteers (e.g., staff members classified as volunteer when should be employees)
☐ Poorly managed conflict or disagreement between volunteers

Human Resources and Employment Practices   ▼

| 13

13

Add Team Risks   **Save Team Risks**

Volunteer Risk Management   ▲

☐ Inadequate number of volunteers to staff an upcoming event or program
☐ Volunteer acting outside of scope of authority exposes nonprofit to liability or other harm
☐ Failure to address volunteer dissatisfaction or complaints
☑ Lawsuit alleging intentional harm or negligent by a volunteer
☐ Volunteer disregard of nonprofit policy causes harm to volunteer or others
☑ Serious accident involving one or more volunteers
☐ Volunteer misrepresents organization
☐ Volunteer discloses confidential information about the organization, staff member or client
☐ Improper classification of volunteers (e.g., staff members classified as volunteer when should be employees)
☐ Poorly managed conflict or disagreement between volunteers

Human Resources and Employment Practices   ▲

☑ Claim alleging wrongful/illegal termination
☐ Claim alleging illegal discrimination (e.g., discrimination based on age, gender, race, ethnicity, disability, or any other status protected under federal or state laws)
☐ Claim alleging illegal/wrongful retaliation (e.g., retaliation against an employee after a workers' compensation claim, harassment claim, etc.)
☐ Improper classification of employees (e.g., designation of a worker as an independent contractor when the individual should have been classified as an employee)
☐ Violation of the Fair Labor Standards Act (e.g., failure to pay overtime when due, proper final pay, make proper deductions from pay, etc.)
☑ Hiring of an ill-suited employee (e.g., unqualified, background that poses undue risk to the nonprofit's clientele, prior history of illegal conduct, etc.)

14

7

Select Risks | **Rank Risks** | **Aggregation**

Order the risks with the highest priority at the top. Progress is automatically saved whenever a risk is moved.

Risk Title	Rank
Lawsuit alleging intentional harm or negligent by a volunteer	↑↓
Serious accident involving one or more volunteers	↑↓
Claim alleging wrongful/illegal termination	↑↓
Hiring of an ill-suited employee (e.g., unqualified, background that poses undue risk to the nonprofit's clientele, prior history of illegal conduct, etc.)	↑↓
Staff being spread to thin, resulting in staff burnout/dissatisfaction and/or failure to achieve organizational goals (e.g., improvements to program and service quality)	↑↓
Lack of rigorous succession and transition planning for key positions resulting in stagnation, missed opportunities, or reduction in service quality in the wake of a staff departure	↑↓
Loss/theft of personally identifiable information (PII) (e.g., donor, employee, volunteer or client/participant PII)	↑↓
Lack of adequate capital to fund the cost of research or other activities necessary to support the modernization, evolution of expansion of the nonprofit's programs and services	↑↓
Failure/inability to achieve goals and strategies related to the diversification of funding sources (or replacing sources that have or will end)	↑↓
Missed opportunity to engage departing board members (e.g., due to lack of a strategy for identifying the ways in which departing board members desire to stay connected to the organization, such as through an exit interview)	↑↓
Costly contractual obligation(s) due to execution of poorly understood contract, or execution of contract by staff member lacking authority/knowledge of contract terms or requirements	↑↓
Allegations or claim of intentional abuse or neglect of a vulnerable client (e.g., by a staff member, volunteer, client or visitor)	↑↓
Accident due to poor maintenance/upkeep of a vehicle owned by the nonprofit	↑↓
Serious injury or death of a participant or bystander at a special event sponsored by the nonprofit	↑↓
Lack of capacity to process lessons learned from accidents, incidents or near-misses	↑↓

| 15

Engage your team to create a rank-ordered list of risks!

Risk Title	Votes	Ranking
Staff being spread to thin, resulting in staff burnout/dissatisfaction and/or failure to achieve organizational goals (e.g., improvements to program and service quality)	6	**1** (142)
Lack of focus on strategic planning	6	**2** (138)
Failure/inability to achieve goals and strategies related to the diversification of funding sources (or replacing sources that have or will end)	6	**3** (107)
Diminished cross-collaboration caused by functional or departmental silos or lack of a service culture (e.g., employee unwillingness to help other employees)	4	**4** (85)
Volunteer discloses confidential information about the organization, staff member or client	4	**5** (83)
Waste of resources (including time and financial) due to reliance on outdated or inefficient technology	4	**6** (82)
Lack of adequate capital to fund the cost of research or other activities necessary to support the modernization, evolution of expansion of the nonprofit's programs and services	3	**7** (70)
Volunteer acting outside of scope of authority exposes nonprofit to liability or other harm	4	**8** (67)
Lack of a rigorous, well-understood, and closely followed complaint/incident handling protocol	5	**9** (67)
Missed opportunity to grow or scale up a successful program due to the lack of a sound process for identifying and vetting financial opportunities	3	**10** (63)

| 16

Assessment Modules and Questions

- Let's get started!

- Proceed in module order or jump around

- Complete the assessment alone, or ask others to help; assign modules

| 17

17

18

19

20

Module Titles/Themes

1. Risk Management Basics
2. Governance Risks
3. Facilities and Building Security
4. Human Resources and Employment Practices
5. Financial Reporting and Internal Controls
6. Contracts
7. Client and Participant Safety
8. Transportation
9. Technology and Privacy Risk Management
10. Special Events
11. Crisis Management and Business Continuity Planning
12. Volunteer Risk Management
13. Fundraising and Resource Development

| 21

21

My Assessment

Each module of your risk assessment is listed below along with its current status.

Manage Risk Assessment

Risk Assessment Modules

Both users and account administrators can start, resume, or restart assessment modules that are listed. They can also review the questions and answers given.

If you are an account administrator, you may view your Risk Assessment Report or Executive Summary at any time by clicking on the appropriate button. Users will not see these buttons and do not have access to the report.

Red text indicates a change has been made to a module. NRMC wants the advice provided to be current and relevant. As a result, updates are occasionally made in the assessment modules or report advice. If you are encountering an error running a report, check the status list for red text and 'Resume' or 'Restart' a module if necessary.

The current version is 1.0

View Report **View Executive Summary**

Risk Assessment Module	Status
Risk Management Basics	**Begin**
Governance Risk	**Begin**
Facilities and Building Security	**Begin**

22

11

My Assessment

Organize My Report

The report modules and the assessment status for each are listed below. By default, the modules that you have started or completed are selected to be included in your report and their order is the same as listed on the My Assessment page.

You may suppress one or more modules from inclusion in the generated report by unchecking the corresponding box. You may also change the order the modules will appear in the report by using the blue up and down arrows (⬆⬇) in the Order column.

The organization of your report will be saved when you reorder modules or click either the View Report or Save Template buttons.

Include?	Risk Assessment Module	Status	Order
☑	Risk Management Basics	Complete	⬆⬇
☑	Governance Risk	Complete	⬆⬇
☑	Facilities and Building Security	Complete	⬆⬇
☑	Human Resources and Employment Practices	Complete	⬆⬇
☑	Financial Reporting and Internal Controls	Complete	⬆⬇
☑	Contracts	Complete	⬆⬇
☑	Client and Participant Safety	Complete	⬆⬇

| 23

23

Generate a full report...

Risk Assessment Report

Close

Your Risk Assessment Report is shown below based on your assessment. The Report, as shown, is a fully formatted HTML document. You may print it from your web browser or copy the text and paste it into a word processor for final formatting and printing.

If you prefer you may generate a rich text formatted document compatible with MS Word or an Adobe PDF file by clicking on the appropriate icon above. You may then save the rendered document to your hard drive or open it in the compatible software application.

Risk Assessment Report

Risk Management Basics

Introduction

Agency leadership teams manage risk in different ways and with different processes and structures. This segment of your Risk Assessment report provides feedback based on your answers to questions related to the assignment of risk responsibilities, whether you have a committee dedicated to risk management, risk oversight by the board, and your confidence with respect to understanding the property & casualty coverage purchased by your agency.

Risk Manager

You indicated that risk management has not been assigned to a key staff person at your agency, such as a risk manager. Designating a full-time risk manager can be an important step in strengthening a risk function. However, the vast majority of community action agencies do not have a risk professional on staff.

If resources do not permit the hiring of a professional risk manager, consider naming one or more 'risk champions'--team members who can champion risk management initiatives at your agency.

Risk champions:

- ▶ uplift the notion of 'risk' as something more dynamic than a threat--something that is worth consideration and investment
- ▶ cultivate a culture of inquiry and candor among team members who must be willing to openly discuss and deconstruct risks
- ▶ drive a holistic or systems perspective that takes into account many diverse perspectives on risks and recognizes how risks intersect and play out across many departments and functions of an organization

| 24

24

Or Executive Summary

Assessment Summary

📄 📄   Close

Your Risk Assessment Executive Summary is shown below based on your assessment. The Summary, as shown, is a fully formatted HTML document. You may print it from your web browser or copy the text and paste it into a word processor for final formatting and printing.

If you prefer you may generate a rich text formatted document compatible with MS Word or an Adobe PDF file by clicking on the appropriate icon above. You may then save the rendered document to your hard drive or open it in the compatible software application.

Risk Assessment Executive Summary

Risk Management Basics

This segment of the executive summary contains recommendations related to Risk Management Basics, including the assignment of responsibility for risk management, risk oversight, and risk committees.

▶ Consider forming a risk committee to ensure a diverse array of perspectives in agency risk management. See the full report for tips to increase the effectiveness ofyour risk committee, or reach out to NRMC for Risk Help on this topic.

| 25

25

3 Tips and Takeaways
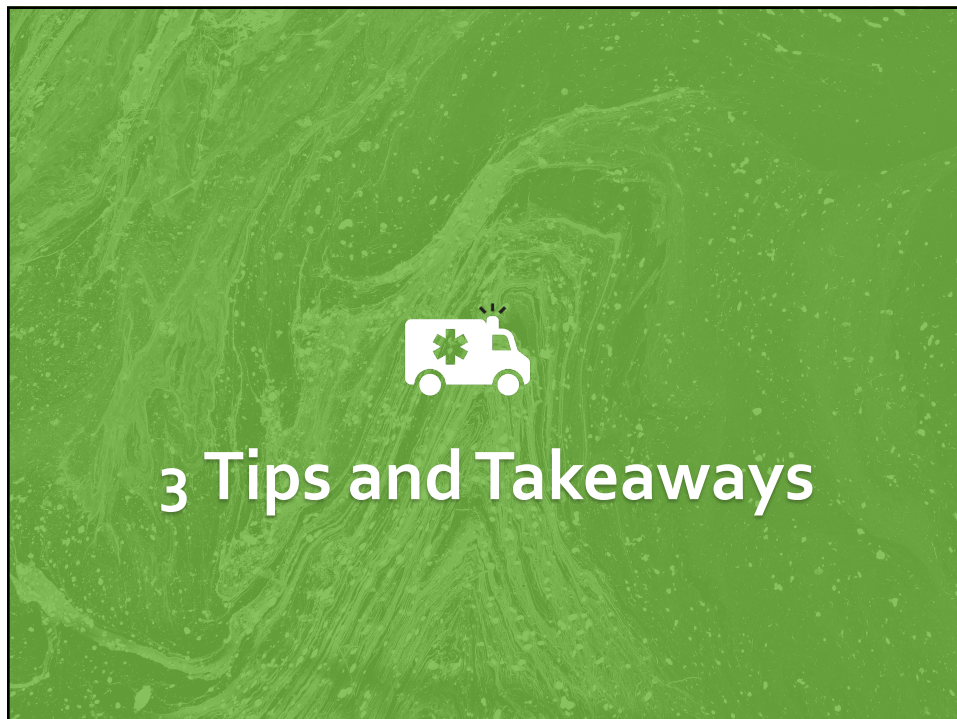
26

There are many ways to conduct a Risk Assessment!

27

Starting by thinking about goals + purpose!

- Who is the audience for your Risk Assessment? How will the results be used?
- What are you trying to learn or understand?
- Is ranking risks an important step?
- How much time and budget do you have?

28

A short list is ok!

"The art of being wise is the art of knowing what to overlook."

- *Williams James*

29

Resources!

1. Affiliate Member Program
   - Webinar Vault
   - RISK Help

2. Articles

3. Webinars

30

Ask A RISK HELP Question

Call our team at 703.777.3504 or use the form below to submit a RISK HELP question by email.

Click here to review frequently asked RISK HELP questions.

Ask a RISK HELP Question

First Name *

Last Name *

Name of Organization *

Email *

Phone Number *

RISK HELP Question *

Resources Menu

Ask A RISK HELP Question

RISK HELP FAQs

Affiliate Member Directory

Webinar Vault

Affiliate Member Discounts

| 31

31

---

https://nonprofitrisk.org/resources/e-news/risk-assessment-perspectives/

RISK eNews

Risk Assessment Perspectives: Re-Lens with Three Approaches
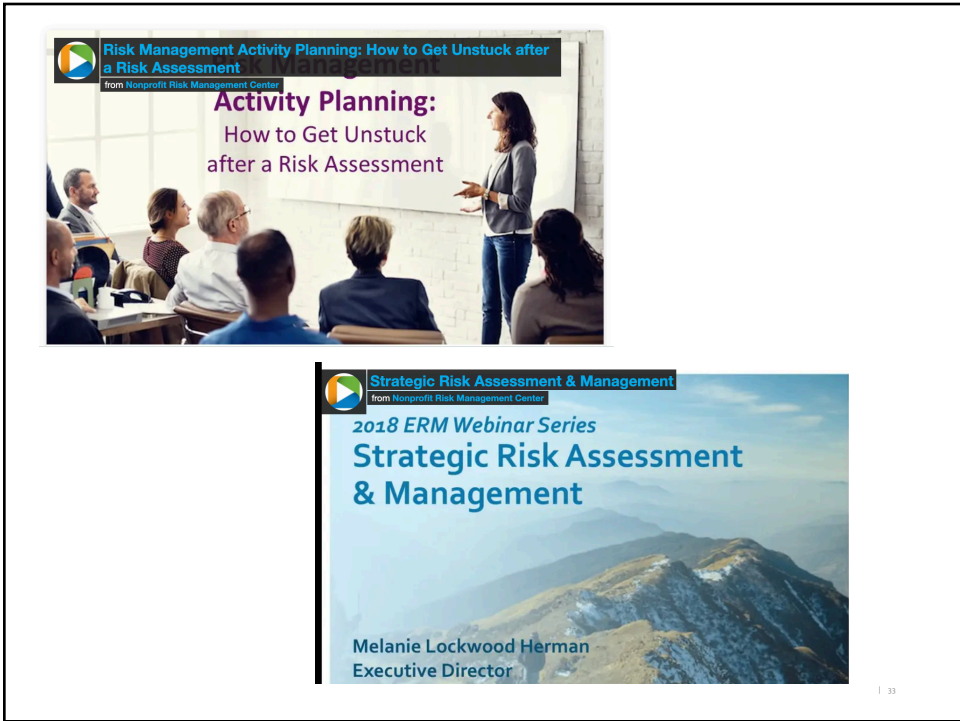
By Melanie Lockwood Herman

For some, an updated prescription from an optometrist is the perfect reason to pick out a new pair of frames. For me, a new prescription led me to purchase vintage frames, which required finding a company offering a "re-lens" service. Many retailers with optical departments are risk averse: refusing to put new lenses in an older frame due to the risk of damaging a frame that can't be readily replaced. The process of ordering new lenses to fit an old frame got me thinking about lenses—devices that focus or modify the direction of light.

During NRMC-led Risk Assessments, our clients often identify their desire for an independent view as a key motivation for engaging our team. But we recognize that NRMC's independent lens is limited by the professional experiences and worldviews that each team member brings to a project. So a first order of business in a Risk Assessment is soliciting input from a client's internal

Articles >

Book Review >

Infographics >

RISK eNews >

Risk Management Essentials >

| 32

32

16

33

Thank you!

Melanie Lockwood Herman

703.777.3504 | Melanie@nonprofitrisk.org

34