

Risk Management

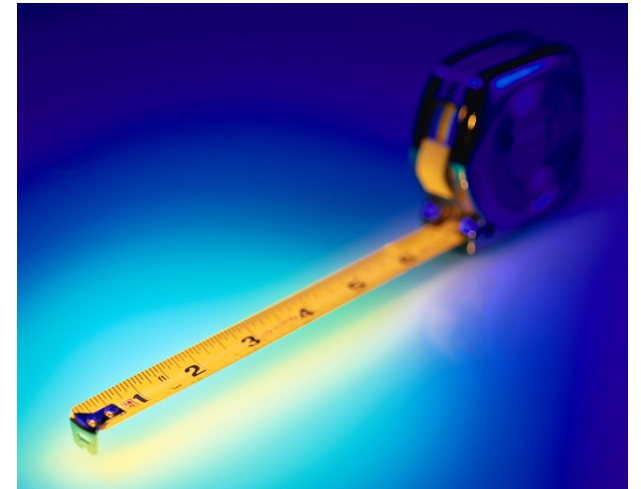
“Better Safe than Sorry”

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What is Risk Management?

- An approach to reducing the chances of injury, damage or loss by taking steps to
 - Identify Risk
 - Measure (analyze) Risk
 - Control Risk
 - Evaluate



Would you be prepared to deal with.....

- Police charge a 25-year-old for allegedly embezzling money (\$2.5 million) from the Salvation Army, where he worked as a senior property accountant.
- A volunteer was operating a pallet truck in order to move fencing. When the pallet truck stalled on a ramp, another volunteer attempted to push it up the ramp with a fork lift. The driver of the pallet truck lost control and a handle used to operate the truck swung around pinning the volunteer's leg against a battery pack case on the truck. This resulted in a fracture to the left leg of the worker.
- A teen dies in a motor vehicle accident after leaving your festival. The autopsy shows there was alcohol in their system. Your board members are charged with serving a minor.

Why is Risk Management Important?

- It helps the organization practice good business management
 - helps improve customer service and public image
 - helps reduce insurance costs
 - helps organizations and individuals defend themselves in a lawsuit
 - it reduces injuries to participants
 - it protects staff, volunteers and board of directors
 - it reduces the occurrence of harmful disputes
 - it enables the organization to govern more effectively
 - insurers and funding agencies/partners may require it

Examples of negative risks...

- Fraud, theft or embezzlement
- Loss of key staff and/or volunteers
- Board/staff mismanagement
- Fines, penalties, non-compliance to government requirements



Predictable risks.....

1. Fiscal matters
2. Human resource matters
3. Technology and intellectual property matters
4. Regulatory matters



Fiscal Risks

- Property loss
- Asset loss, damage or theft
- Misappropriation of funds
- Event mishaps, lack of attendance



Human Resource Matters

- Loss of key staff/volunteers
- Staff/volunteer performance issues
- Training and development
- Health & Safety



Technology and intellectual property matters

- Catalogue of valuable assets
- Computer Crashes & Viruses
- Phones, Fax & Copier Malfunction
- Information Protection
- Website Content
- Social Media



Regulatory Matters

- Tax Filings
- Incorporation Review
- By-Law Review
- Insurance
- Health & Safety
- Ministry of Labour



Who will do Risk Management?

- Board of Director's
- Staff
- Volunteers
- Contractor's
- **Team Effort!**



Risk Management Committee

- knowledgeable about risk management and monitoring
- mix of volunteers, staff and board
- mix of program/activity knowledge
 - Administration
 - Sponsorship
 - Security
 - Marketing
 - Entertainment
 - Finance
 - Volunteer Management
 - Venue Management
 - Concessions
 - Amusements
- legal expert
- insurance expert
- finance/accounting/auditing

Establish Terms of Reference

- purpose
- accountability
- authority
- membership
- terms of office



Where do we start?

- Identify
- Measure (assess)
- Control
- Evaluate



Identify.....

- identify potential, predictable risks
- careful and critical review of facilities, equipment, programs, events and people
- inspections, surveys, review of current practices
- understand the concept of negligence, including duty and standard of care

Risk Assessment Matrix
based on FM 5-19

RISK ASSESSMENT MATRIX						
Severity	Probability					
	Frequent A	Likely B	Occasional C	Seldom D	Unlikely E	
Catastrophic	I	E	H	H	M	
Critical	II	E	H	M	L	
Marginal	III	H	M	L	L	
Negligible	IV	M	L	L	L	
E-Extremely High H-High M-Moderate L-Low						



Measure (Analyze)

- Determine risk tolerance
- Review detailed records (reports/data)
- Measure the severity of the risk
- Measure the frequency of the risk



Control

- Retain the risk
- Reduce the risk
- Transfer the risk
- Avoid the risk



Evaluate

- Following your event, revisit your plan
- Discuss what risks evolved
- Could the issue be handled differently next time?
- Update your plan



A good risk management plan.....

- is an appropriate, reasonable and affordable “mix” of strategies, suited to an organization’s needs, circumstances and resources.



Risk Management Tools

- Insurance
- Waivers
- Contracts
- Health & Safety Program
- Policies & Procedures
- Manual/Handbooks
- Signage
- Training
- Emergency Response Plan
- Asset Protection Plan
- Communication/Media Plan



Summary: The RM Planning Process

- Step 1 Assign responsibility for risk management and develop terms of reference.
- Step 2 Complete a risk assessment.
- Step 3 Select appropriate measures to control these risks. Evaluate risk control measures in light of:
- magnitude of risk
 - standard of care
 - resources that you have
- Step 4 Implement your risk control measures.
- Step 5 Review and adjust your plan on a regular basis



Resources/Reference Materials

www.ibc.ca

Insurance Bureau of Canada

www.nonprofitscan.ca

NonprofitsCan – Imagine Canada

www.volunteer.ca

Volunteer Canada

www.charityvillage.com

Charity Village

www.charitylaw.ca

Carters Professional Corporation

www.nonprofitrisk.org

Nonprofit Risk Management Centre

www.myriskmanagementplan.org

Nonprofit Risk Management Centre



Questions??????

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