

## Developing a Risk Management Plan for Organisations

This information sheet discusses how best to prevent potential liabilities for volunteers. It was first produced by Wimmera Volunteers in 2003 and has been updated to ensure the information is still relevant for volunteering groups and organisations across the Wimmera.

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Risk management is an integral part of good management. Risk management is not a one-off activity, but rather an ongoing process. It is defined by Volunteering Australia as:

*"The strategic planning process of managing an organisation's potential exposure to liabilities, by preventing or minimising them, and/or by providing for funds to meet the liability if it occurs. The process has 4 steps:*

1. *Identify risks,*
2. *Evaluate the risks;*
3. *Decide on strategies; and*
4. *Implement and review the program."*

Apart from reducing potential liabilities, the advantages of having a risk management plan in place include:

- Aids with strategic planning
- Reduces unexpected and costly surprises
- More effective and efficient allocation of resources
- Better results from projects and programs
- Assists you to clearly define insurance needs
- Compliance with regulatory requirements
- Assists in preparation for auditing
- Assists you in obtaining insurance cover

This information sheet will outline the steps required to develop a risk management plan. It is important to note that throughout each step it is essential that there is consultation and communication with everyone - including volunteers - involved in your organisation's functions, activities and events.

### Step1. Identify Risks

This involves making a systematic assessment and list of all the hazards that could arise from your organisation's activities. You can do this by:

- Brainstorming with staff, volunteers and clients. This will involve organising a session to gain input from those people who may know what can go wrong in your organisation.
- Conducting an Occupational Health & Safety Audit. Methodically review the effectiveness of your occupational
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- Health and safety system. This would ideally be completed by an independent auditor, but as most organisations are usually under resourced this may not be feasible. The O.H & S review may be as simple as identifying fire or trip hazards in your meeting area or as complex as identifying potential legal hazards.
- Conducting workplace inspections. These should be regular spot checks to observe what hazards exist.
- Looking at illness and injury records. These may reveal underlying occupational health and safety problems over time.
- Looking at worker, volunteer and customer complaints.

### Step2. Evaluate the Risks

Once you have *identified the risks* in your organisation, they need to be evaluated to establish an order of priority. This will separate the high risks from the low risks. This will assist to prioritise the areas where resources should be allocated. This process is done through *risk classification* and is evaluated in the following way:

1. Establishing the **Frequency** of the event. The event should be identified as occurring along the following scale: - Almost certainly: Likely: Moderately Likely: Unlikely: Rarely.
2. **Consequence** of the event. This examines the possible outcomes of the event if it occurred. These can be classified along another sliding scale: - Trivial: Minor: Moderate: Substantial: Intolerable.

Once this has been done for each identified risk, the risks can be prioritised. Remember to revisit this process regularly because as circumstances change so too, will your risks.

### Step3. Decide on Strategies

Once you have identified the risks in your organisation (step 1) and prioritised them (step 2), it is time to develop strategies to manage them.

The following strategies are commonly used to manage risk:

1. Risk **avoidance**: this involves an organisation deciding to avoid the risk altogether by not entering into the activity or not providing the service. Examples include cancelling a project or seeking alternative methods of service delivery.

Risk **control**: this, means an organisation continues the activity but manages the activity in such a way that any adverse risk outcomes will be less likely to occur.

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For example, an organisation may move an activity to another location because it is a safer site.

Strategies to control risk include:

- Communication: Opening up the lines of communication within your organisation helps volunteers and Staff to understand the risks involved. They in turn will be in a better position to manage potential risks.
  - Training: appropriate training for volunteers and staff will help lessen risk
  - Documentation: A checklist or a 'step-by-step' procedure document can help lessen the likelihood of the risk occurring.
2. Risk **financing**: an organisation decides to provide resources to meet the liabilities caused by risks when they eventuate. This involves estimating the cost of a risk over a period of time and building financial reserves to cover the cost of an eventual liability. It is like a self insurance scheme. Sometimes not-for-profit organisations band together to finance combined risks in 'insurance pools'.
3. Risk **transfer**: an organisation decides to have a third party perform the risky activity or to transfer the consequences of the risk to another person/organisation.

Once you have developed the strategies to address risk, the next step is to have the plan approved by the board or management committee to ensure their support.

#### **Step4. Implement, Monitor and Review the Program**

Implement Once the program of strategies has been approved by the board or management committee, the next step is to *develop an action plan to implement the strategies*. The action plan should address each strategy by outlining:

- The major steps to be undertaken to achieve the strategy
- who in the organisation will be responsible for implementing the strategy
- A timetable for the strategy.
- The costs that may be involved with the strategy.
- Key performance indicators. These are pointers that clearly show your plan is working. It might be as simple as volunteers regularly communicating perceived hazards or more complex indicators such as a reduction in operating costs.

Monitor: at the same time as implementing the program, a process for monitoring the plan's implementation and its effectiveness has to be devised. This will involve receiving ongoing feedback from volunteers, staff and clients. The goal here is to ensure the effectiveness of your strategy and to minimise and/or eliminate potential risks.

Review: Your group or organisation will need to *review the plan at least once a year* to ensure that it remains current and up-to-date. Another important reason to review your plan regularly is that budgets can fluctuate over time. This can affect the strategies you decide to implement to address risk. Reviewing your plan can be completed by:

- Gaining feedback from volunteers, staff and clients
- Conducting regular risk assessments to identify new risks.

Your plan needs to be also reviewed whenever there are any changes in the law or changes within your organisation so that the plan reflects these legal requirements.

Remember, risk management should be built into *every aspect* of your organisation. Everyone connected with your organisation plays a part in controlling and minimising risk. Therefore, new volunteers and employees need to be made aware of risk management as part of their induction and orientation. Make it a point to highlight to prospective volunteers, their responsibilities to report potentially dangerous equipment, situations or facilities. Remember to advise them of how to do this.

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*The material used in the original Information Sheet/s on this subject were sourced from the following documents:*

Office for Volunteers & Government of South Australia (2002) *Risk Management for Community Groups Reference Manual*

RiskCover (2003) *Can you Risk It? - An Introduction to Risk Management for Community Organisations. A Risk Management Initiative of the Government of Western Australia.*

Volunteering Australia (2003) *Running the Risk? – A risk management tool for volunteer-involving organisations.* [This document is very useful and is available to download as a PDF from [www.volunteeringaustralia.org](http://www.volunteeringaustralia.org)]

More information and examples of risk management plans can be accessed by contacting Wimmera Volunteers on (03) 53 825 607.

Disclaimer: The information provided in this sheet is for general knowledge purposes only. It is recommended that your group seek advice and assistance from a Volunteer Resource Centre and/or a legal representative when assessing risk specific to your group or organisation's activities.