

Risk Management

Boards and managers must do everything they can to ensure the safe and smooth running of an organisation. If you ignore a risk, not only could a mishap occur, but your board and staff could be found to be negligent.

Who me?

'Risk management planning' sounds very bureaucratic. You might feel your group is too small to bother, too informal, too friendly, or that your activities are just not that risky.

But think about this:

- There is risk in everything we do, even making a cup of tea at a meeting
- Size doesn't matter: it could still be your fault if something goes wrong, even if you're small
- If you haven't done what you can to prevent a risk or minimise its impact, you could be sued for negligence.

You also have a **moral obligation**, as well as a legal one, to try to prevent people from coming to harm and to ensure your organisation runs as it should to achieve its aims.

Risk management is not about avoiding penalties or legal action. It's about doing what you do with care and forethought to ensure the best possible result.

Free insurance

Insurance is important. But it's like a bandaid: it might replace stolen computers but it won't bring back the work that was in them; it might pay someone's medical expenses but it won't heal an injury or restore a career.

There are also things you can't insure for, such as your organisation's good name and the trust of your community.

Doing what you can to prevent an incident is the first and best response to risk.

For more details about getting the right insurance see our fact sheet: *Fast Facts - Insurance and Liability*.

Think before you...

Nothing is 100% safe. But some activities carry obvious risks for which you must plan.

Working with children

Children can be unpredictable. They are also incredibly vulnerable. As a result there are laws designed to protect them of which all **staff and volunteers** must be aware.

Big events

More people = more risk. Injury, food poisoning and property damage are common concerns.

At-home services

What would happen if a volunteer robbed a client in their home? As well as monetary compensation, your good name is at risk.

Speaking your mind

Defamation is one of the most common causes of professional indemnity insurance claims, according to Volunteering Australia*. Manage publishing and public speaking in your organisation.

Oops!

Slipping, tripping or falling is the most common cause of personal accident claims by volunteers*. An organisation and its board is responsible for the safety of volunteers and anyone else who comes in contact with its activities.

*In *Running the Risk: A risk management tool for volunteer-involving organisations*, Volunteering Australia, 2003, p 20

Planning for risk

Risk management is a natural process: you do it every day when you move a box out of the way or back up your files.

The detailed risk management **planning tools** listed under More Information (below) will help you through a structured process to ask:

- What can go wrong in my operations?
- How can we stop it?
- What will happen if it does?

Your organisation can decide to what extent you use these tools. If you are small or your activities limited you may want to keep it simple; larger organisations or those dealing in risky activities would benefit from a more formal process.

How you **think about risk** is what's important – not the paperwork.

Weigh it up

You've identified a risk. Now what do you do about it?

You must carefully balance the cost of action against the **likelihood** of a risk occurring and the **consequences** if it does.

Unlikely but terrible

For example, there may be only a small risk that a client will attack a volunteer. But if it happened you might face a law suit, an exodus of volunteers and a Public Relations nightmare.

What to do? You could hire bodyguards for your volunteers, but only at great cost. The consequences are serious though, so doing nothing is not an option.

In your risk management plan you would detail procedures and policies to limit this risk.

Likely but not so bad

With cash fundraising there is probably a fairly high chance that some money will go astray, either by accident or by design.

Do you invest in portable safes for deposits and hire security to monitor collectors?

Or do you decide to mitigate the risk by improving how you screen volunteers but – ultimately – wear some loss?

Take note

There are some risks that you have a legal obligation to address. You cannot choose to wait for things to go wrong then deal with the outcome.

Make sure you know your obligations regarding:

- financial management
- governance
- working with children checks
- occupational health and safety
- police checks (where required).

More information

These risk management planning tools have been created specifically for community organisations and those working with volunteers.

Queensland University of Technology's Risk Management (Note: Queensland law may differ from Victoria's but the processes described are useful.)

Volunteering Australia's Running the Risk? A Risk Management Tool for Volunteer Involving Organisations

Ourcommunity.com.au's Seven Stages to Implement Risk Management for Your Group



Volunteering Victoria is the state peak body for volunteering. We provide support to volunteers and not for profit organisations, and represent the interests of volunteering in Victoria.

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