

## CHF Canada Risk Management Model September 2008

	Probability of occurrence <sup>1</sup>	Impact (quantifiable)	Response <sup>2</sup>	Mitigation: Preventive	Mitigation: Reactive ("After the fact")	Composite Risk Score
<b>Operational Risks: Financial</b>						
1. financial management failure	1	<input type="checkbox"/> loss of monetary assets <input type="checkbox"/> lack of spending control <input type="checkbox"/> poor performance against budget <input type="checkbox"/> payroll/tax outcome	M, A	<input type="checkbox"/> adequate financial policies adopted <input type="checkbox"/> financially competent management at senior levels <input type="checkbox"/> thorough hiring processes established <input type="checkbox"/> internal financial controls in place ( <i>Policy 4.2.1</i> ) <input type="checkbox"/> active role for Finance and Audit Committee <input type="checkbox"/> financial statements and reports provided to Board, Council <input type="checkbox"/> finance orientation provided to new Board/Council members <input type="checkbox"/> monthly and annual statements prepared by chartered accountants <input type="checkbox"/> expert investment manager engaged <input type="checkbox"/> investment manager services evaluated at regular intervals <input type="checkbox"/> auditors evaluated annually; audit to be tendered every five years	<input type="checkbox"/> claims against D&O insurance coverage for volunteers and staff <input type="checkbox"/> management/financial personnel changes	<b>5</b> (time to recover may be longer than 1 year, but less than 5)
2. investment return failure	3	<input type="checkbox"/> poor return on investments <input type="checkbox"/> loss of revenue <input type="checkbox"/> possible cuts to approved	M, A	<input type="checkbox"/> internal investment strategy for portfolio management	<input type="checkbox"/> cuts to approved budgets <input type="checkbox"/> cancellation or deferral of projects and/or activities	<b>15</b> (time to recover may be longer than 1 year, but less than 5)

<sup>1</sup> 1 – Very unlikely, 2 – Unlikely; 3 – Likely; 4 – Very likely

<sup>2</sup> Response options: **AV** (avoidance: do not take on the risk); **T** (transfer: outsource, arrange insurance); **M** (mitigation: internal controls); **A** (acceptance: becomes part of accepted risk threshold)

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		budgets				
3. general liability exposure	1	<input type="checkbox"/> exposure to legal action <input type="checkbox"/> physical injury to staff, volunteers, visitors	M, A	<input type="checkbox"/> caution followed in offering expert advice to members <input type="checkbox"/> due diligence in place for meeting legal requirements ( <i>e.g. Privacy Act, see Appendix B, attached</i> ) <input type="checkbox"/> appropriate premises standards maintained at all CHF Canada offices, including Occupational Health and Safety representatives and systems in place, as required by law, and sharing of this information with other offices, where it is not required	<input type="checkbox"/> insurance <input type="checkbox"/> maintain adequate corporate liability (physical premises and D&O)	<b>1</b> (time to recover is immediate or less than 6 months)
4. member retention failure	2-3	<input type="checkbox"/> loss of revenue base	M	<input type="checkbox"/> recruitment and loyalty strategies in place and subject to periodic revision <input type="checkbox"/> value for dues proposition maintained	<input type="checkbox"/> active targeted recruitment campaign	<b>11-16</b> (time to recover may be longer than 5 years)
<b>Operational Risks: Non-financial</b>						
5. loss of non-monetary assets	2	<input type="checkbox"/> cost of replacements <input type="checkbox"/> business interruption	M, T	<input type="checkbox"/> office security system in place	<input type="checkbox"/> up-to-date inventory maintained for efficient asset replacement <input type="checkbox"/> insurance coverage maintained	<b>1</b> (time to recover is immediate or less than 6 months)
6. loss of staff	2-3	<input type="checkbox"/> loss of continuity <input type="checkbox"/> loss of expertise/experience	M, A	<input type="checkbox"/> staff loyalty encouraged through competitive salary, benefits package <input type="checkbox"/> positive work environment given priority <input type="checkbox"/> staff input to organization development invited	<input type="checkbox"/> key responsibility (short-term) succession planning in place	<b>10-15</b> (time to recover may be longer than 1 year, but less than 5)

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7. computer system failures	2	<input type="checkbox"/> high cost of correction <input type="checkbox"/> critical data loss <input type="checkbox"/> loss of operational functionality, professionalism	M, T	<input type="checkbox"/> high quality, current hardware and software installed <input type="checkbox"/> systems servicing contracts in place with qualified service provider <input type="checkbox"/> current anti-virus systems in place	<input type="checkbox"/> adequate insurance coverage <input type="checkbox"/> current back-ups available <input type="checkbox"/> industry standard software in use more easily replaced	<b>3</b> (time to recover may be longer than 6 months, but less than 1 year)

### Strategic Risks

8. loss of relevance to members	2-3	<input type="checkbox"/> diminished value for dues <input type="checkbox"/> reduced acceptance of dues levels <input type="checkbox"/> competitive services from other organizations	M	<input type="checkbox"/> expert staff recruited <input type="checkbox"/> future-focused workplans in place <input type="checkbox"/> emphasis on member services maintained <input type="checkbox"/> mechanisms for member feedback in place <input type="checkbox"/> large-scale annual meetings held in different regions <input type="checkbox"/> co-ordination of roles/services with other organizations	<input type="checkbox"/> leadership renewal	<b>13-20</b> (time to recover may be longer than 1 year, but less than 5)
9. political bias	1	<input type="checkbox"/> seen as aligned with a political party <input type="checkbox"/> loss of neutrality, independent voice <input type="checkbox"/> loss of access to government <input type="checkbox"/> loss of capacity to defend our members' interests	AV	<input type="checkbox"/> priority placed on CHF Canada's policy of taking a non-partisan approach in our dealings with government		<b>9</b> (time to recover may be longer than 5 years)

<sup>1</sup> 1 – Very unlikely, 2 – Unlikely; 3 –Likely; 4 – Very likely

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<b>Reputation Risks</b>						
10. public embarrassment	1	<ul style="list-style-type: none"> <li><input type="checkbox"/> failure of CHF Canada's personnel / volunteers to live up to its values</li> <li><input type="checkbox"/> loss of ethical "high ground"</li> </ul>	M, A	<ul style="list-style-type: none"> <li><input type="checkbox"/> comprehensive personnel policy in place</li> <li><input type="checkbox"/> ethical conduct agreements signed annually by staff</li> <li><input type="checkbox"/> volunteers required to testify to good standing and ethical conduct throughout term</li> <li><input type="checkbox"/> training for volunteers</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> removal of volunteers from leadership positions</li> <li><input type="checkbox"/> legal action</li> </ul>	<b>3</b> (time to recover may be longer than 6 months, but less than 1 year)
<b>Governance Risk</b>						
11. director liability	2	<ul style="list-style-type: none"> <li><input type="checkbox"/> possible personal financial loss for directors</li> <li><input type="checkbox"/> indemnity cost to CHF Canada</li> </ul>	M, T	<ul style="list-style-type: none"> <li><input type="checkbox"/> overall quality control of CHF Canada's services maintained</li> <li><input type="checkbox"/> clear division of roles between board and staff established</li> <li><input type="checkbox"/> legal and general board training and orientation provided</li> <li><input type="checkbox"/> director access to corporate and independent legal counsel</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> adequate D&amp;O insurance</li> </ul>	<b>5</b> (time to recover may be longer than 6 months but less than 1 year)

<sup>1</sup> 1 – Very unlikely, 2 – Unlikely; 3 –Likely; 4 – Very likely

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