

ORGANIZATIONAL RISK ASSESSMENTS

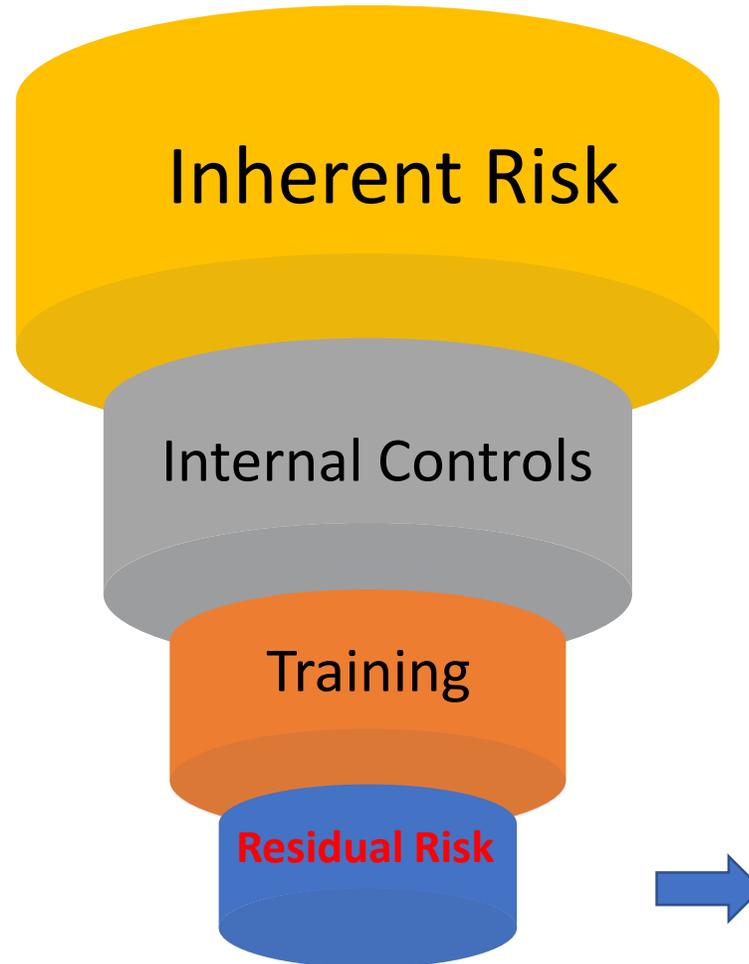
GETTING STARTED



WHAT IS RISK MANAGEMENT?

Types of Risk:

- ☑ OPERATIONAL
- ☑ FINANCIAL
- ☑ COMPLIANCE/LLEGAL
- ☑ FRAUD
- ☑ IT
- ☑ REPUTATIONAL



Mitigants:

- ☑ Policies and Procedures
- ☑ Internal Financial Controls
- ☑ Segregation of Duties
- ☑ Training
- ☑ Employee Policies
- ☑ Clear Lines of Communications
- ☑ Whistleblower Policy
- ☑ Documented Reporting Procedures
- ☑ Cybersecurity Training
- ☑ Physical security
- ☑ Job Descriptions
- ☑ Internal Audit function
- ☑ Engaged Board
- ☑ External Communication Training

CONDUCTING A BASIC RISK ASSESSMENT

Risk is inherent to all organizations. You can't avoid it. What you can do is *mitigate risk*. Identifying risks and adopting policies and procedures that meaningfully mitigate those risks is the art of *risk management*.

This tool provides an outline for a high level risk assessment for non-profit organizations. It provides a series of questions that should be posed to executive management and department heads. The answers to these questions will identify areas that are potentially putting the organization at risk. At the end of the process you should have a list of areas that need to be strengthened and risks that need to be mitigated.

The following set of questions should be posed to all Department heads. It can be administered as a survey or as face-to-face interviews. Make sure that the employee knows the purpose of the questions and that all responses will be held confidential. Keep it casual and have a real dialogue about concerns the employee may have.

ASKING THE RIGHT QUESTIONS

1. What is the objective and business strategy of your Department?
2. What is your organization mission?
3. How many employees in your Department?
4. Are there documented employee policies?
5. Does the Department of a SOP manual?
6. Are all employees aware of the policies?
7. Do you have clearly defined, documented job descriptions?
8. Does the organization offer formal training for all job functions?
9. Are department personnel cross-trained for key activities?
10. Do you have a whistle blower policy?
11. What are the security issues relevant to this de Department?
12. Does this department handle cash transactions?
13. How is interaction with the public, the press or other external stakeholders managed in this Department?
14. What are the regulations, laws, reporting or other compliance issues that affect your Department?
15. Are you aware of any instances of management override that may affect the organization? If yes, please describe.
16. Are you aware of any Segregation of Duties issues that could put the organization at risk?
17. Are you aware of any IT issues, breaches or glitches that may put the organization at risk? If yes, please describe.
18. What do you perceive as the largest risk to the organization?
19. What do you perceive as the largest risk within your area of control?
20. What does your Department need to effectively reach its goals?
21. Is there a specific process area that you believe should be strengthened/audited?

INTERPRETING THE ANSWERS

1. Answers to this question will indicate whether the department manager has a clear understanding of the business objectives of their department and a clear strategy on how to meet those objectives.
2. Does the manager have a clear understanding of the organization's mission and the role that their department plays in achieving that mission? If not, then they are not strategically aligned and it could pose a risk to the overall success of the organization.
- 3-9. If there is more than one person in a department, then there should be policies and procedures as well as documented standard operating procedures. There should be cross training to ensure coverage during absence of key employees. All employees should have a clear understanding of their role and responsibilities and the organization should ensure there is some type of training for all employees to meet the requirements of their role. The answers to these questions should identify the gaps.
10. Every organization should have an outlet in place for employees to confidentially report mismanagement and other issues.
11. This question will identify whether there is a weakness in internal controls or physical security.
12. Red Flag! Any Department that handles cash must have strong controls, training, physical security and segregation of duties.

INTERPRETING THE ANSWERS

- 13-14. If employees in this department interact with the public, there must be formal guidance and training provided.
- 15. All managers should be aware of the compliance issues relevant to their departments. Mostly relevant for grants and legal departments but virtually every department has compliance responsibilities. Managers must be up to date and conversant on their specific responsibilities.
- 16. This question gives the manager an opportunity to identify instances and areas where policies may not be being followed properly, management has specifically overridden documented policies, or where there are policies that are not being followed consistently.
- 17. Segregation of duties is critical to sound financial management. Sometimes difficult in smaller organizations but still necessary to prevent fraud and mismanagement.
- 18. This will identify weaknesses in IT systems and controls, strength of cybersecurity awareness and gaps.
- 19-22. Candid discussion with employees on what they are concerned about in their area and for the organization as a whole can provide vital insight into operational strengths and weakness, organizational alignment, knowledge gaps and employee engagement.

For more information or help getting started
please contact us!



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