



Chapter Risk Assessment Guide

Chapter Risk Assessment Guide

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Overview

This guide is to be used by your chapter's board to conduct a risk assessment for your chapter. The intent is for this guide to stimulate thinking among the leaders of your chapter about best practices regarding the reduction of risk for your chapter, its leaders and its members.

Through the completion of this guide and the discussion held by your board, your chapter is achieving the Chapter Affiliation Requirements (CARE) Plus, [risk assessment element in the finance category](#).

It is strongly recommended that your chapter minimally has a general liability policy. Incorporation is also strongly encouraged. Both of these mitigate some of the risk your chapter has.

If you have questions regarding Risk Assessment, the completion of this guide, or any other CARE items, please contact your chapter relations manager (CRM) or your chapter's designated member of the National Advisors for Chapters (NAC).

Why is this important?

Consider this . . .

- Non-profit board members sued when leader advises group from podium not to do business with Mr. Doe because of XYZ.
- Non-profit sued for damages alleged in excess of \$25,000 when participant broke leg after stepping in a depression surrounding a lawn sprinkler head at an outdoor event.
- Treasurer loses \$300 cash deposit.
- Chapter sued by attendee who allegedly tripped over overhead cord and injured back.
- Chapter members become irate when checks are not processed within 60 days of receipt.
- VP Finance absconds with over \$2,000.00 of chapter funds.
- Chapter loses over \$14,000 dollars on one event.

Risk Basics

We all encounter risk in our day-to-day lives and each of us has varying degrees of risk tolerance. Just getting up in the morning (or choosing not to) has a degree of risk associated with it. As an ATD chapter it is important that you look at the risk you face as a chapter, what you are doing to minimize risk, and what are your plans if an activity does occur that negatively impacts your chapter. It is important to do this as a board because of the diversity of viewpoints, information, experience, and risk-tolerance you have on a board. This diversity will lead to better assessment and actions.

At the most basic level, your chapter should conduct a risk assessment. To conduct this assessment you need to work through some simple steps.

- List the activities you engage in
- Identify the Risks associated with each activity

Four main risk categories include:

- People
- Reputation
- Financial
- Safety

Many risks will fall into multiple categories.

- Assess likelihood
- Assess the severity for each risk
- Develop a risk mitigation plan (how you are planning on making a risk less likely to happen and how you can reduce the severity of the consequences to the chapter, if it does happen)
-

The following pages walk you through this process. There is an appendix listing various aspects of risk management including General Liability Insurance, Director's and Officer's Insurance, Incorporation of your chapter, maintaining a safe physical environment at chapter meetings and activities, privacy, and other risk reduction hints and tips.

This process should be completed and then updated on an annual basis or as changes occur within your chapter.

Risk Evaluation

CHAPTER ACTIVITIES

Please list the activities you engage in as a chapter. Some sample activities are listed below to stimulate your thinking. Please cross-off or rename any that do not apply to your chapter. Add additional activities as appropriate. For each activity, complete an Activity Evaluation Form (page 5).

1. Hold meetings
2. Offer programming
3. Serve food
4. Collect money
 - a. Cash
 - b. Credit cards
 - c. Checks
5. Spend money
6. Maintain a membership database – on-line database
7. Sell membership information
8. Elect officers
9. Communicate
 - a. External
 - b. Internal
 - c. Sending e-mail documents
 - d. Phone calling
10. Pay staff (chapter Administrators, etc.)
 - a. Contractors
 - b. Full Time or Part Time employees
11. Maintain a chapter website
12. Maintain a chapter office
13. Engage Volunteers
- 14.
- 15.
- 16.
- 17.
- 18.
- 19.

ACTIVITY EVALUATION FORM (complete for each activity)

Activity: _____

Consider these four main risk categories—many risks will fall into multiple categories.

People Reputation Financial Safety

| RISK | LIKELIHOOD* | SEVERITY** |
|------|-------------|------------|
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***For each risk determine the likelihood that this risk could happen, using the following scale:**

- 5 – Very likely – has happened to our chapter before
- 4 – Likely – has happened to other ATD chapters
- 3 – Possible – has happened to another voluntary organizations
- 2 – Somewhat unlikely – has never happened to another voluntary organization
- 1 – Remote – has never happened

****Rate the severity of each risk, using the scale below. If it did happen, what would be the worst consequence to the chapter/member? Always identify the worst case possible.**

- 5 – Causes the death of a member/guest
- 4 – Puts the chapter out of business
- 3 – Injures a member/guest or costs the chapter a significant amount of money or significantly harms reputation of chapter
- 2 – Costs the chapter money and/or hurts chapter reputation
- 1 – No real injury to members, guests, chapter finances, or reputation

Create a Risk Reduction Plan (page 6) for each risk that scores above a 1 in severity and a likelihood of 3 or higher. You may consider creating a Risk Reduction Plan for risks with a likelihood of 2.

RISK REDUCTION PLAN

| RISK | LIKELIHOOD | SEVERITY |
|------|------------|----------|
| | | |

How can we reduce the likelihood that this risk will occur?

If we implemented these items – what would the new likelihood be?

If the risk did happen, how can we reduce or eliminate the severity? (In some cases it may be impossible to reduce the severity).

Given this reduction – what would the new severity be?

Transfer actions from this page to the Chapter Risk Reduction Action Plan.

CHAPTER RISK REDUCTION ACTION PLAN

Please list each of the actions you are going to take to reduce risk in your chapter. For each action, assign a deadline and an individual responsible for seeing it to completion. **RETAIN THIS PAGE FOR YOUR CHAPTER RECORDS.** (This is the page that will be required as documentation for CARE item 13).

Review this action plan at chapter leadership meetings to ensure that all actions are completed; eliminating or reducing risks that impact your chapter.

| Action | Deadline | Assigned to | Completed |
|--------|----------|-------------|-----------|
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APPENDIX A: THINGS TO CONSIDER IN RISK REDUCTION

Liability Insurance

Insurance coverage to protect against claims alleging that one's negligence or inappropriate action resulted in bodily injury or property damage.

Director's and Officer's (D&O) Insurance

D&O insurance covers a corporation's directors and officers for some covered claims made against them. D&O insurance also reimburses the corporation for the cost of indemnifying officers and directors for covered claims. For an extra fee, the insurance will cover the corporation itself for a more limited group of covered claims. This coverage of the corporation's liability is called entity coverage. The principal risk that D&O insurance is designed to cover are claims brought by a corporation's shareholders, including securities fraud claims. Another risk to which D&O insurance is directed is the risk of employment-related lawsuits brought by employees against officers or directors for discrimination, harassment, and the like. If your company is concerned about employment practices liability, you should consider other insurance in addition to D&O insurance.

How do we get Director's and Officer's liability insurance?

ATD has a partnership with [Lockton](#) for chapters interested in establishing individual D&O policies. For more information on this policy and to apply to join the group, visit <https://www.td.org/chapters/clc/atd-partnerships>

What claims against Directors and Officers are covered by a typical D&O policy?

A typical D&O policy covers officers and directors for claims made within a stated period because of actions officers or directors of a corporation took or failed to take in their official capacity. A number of exclusions and the stated retention limit the scope of coverage provided.

Incorporation

A nonprofit corporation is a corporation formed for purposes other than generating a profit and in which no part of the organization's income is distributed to its directors or officers. Nonprofit corporations are formed pursuant to state law, often under the Revised Model Non-Profit Corporation Act (1986). A nonprofit corporation can be a church or church association, school, charity, medical provider, legal aid society, volunteer services organization, professional association, research institute, museum, or in some cases a sports association. Nonprofit corporations must apply for tax-exempt status at both the federal and state level.

What are the advantages of forming a nonprofit corporation?

If your nonprofit is granted tax-exempt status under 501(c)(3) of the tax code, your corporation will be exempt from payment of federal corporate income taxes. With federal income tax rates at between 15%

and 34% this can amount to quite a tax savings.

A 501(c)(3) nonprofit is eligible to receive both public and private grants. Individual donors can claim a federal income tax deduction of up to 50% of income for donations made to 501(c)(3) groups.

Nonprofits also receive the same limited liability protection as for-profit companies. This means that directors or trustees, officers, and members are typically not personally responsible for the debts and liabilities of the corporation.

Other benefits include:

- A corporation's life is not dependent upon its members. A corporation possesses the feature of unlimited life. If an owner dies or wishes to sell their interest, the corporation will continue to exist and do business.
- 501(c)(3) corporations receive lower postal rates on some bulk mailings.

What are the disadvantages of forming a nonprofit corporation?

The main disadvantage of forming a nonprofit company is the increased paperwork that is required. Articles of incorporation must be filed with the state, bylaws prepared, and meeting minutes must be kept with your corporation's records.

Also, applications for tax-exempt status must be filed at both the federal and state levels. It is important to remember that nonprofits cannot be used to generate profits for the owners, and the purpose must conform to IRS regulations.

What steps need to be taken to form a nonprofit corporation?

The first step is to file nonprofit articles of incorporation with the proper state agency. It is important that the articles contain the required clauses to make sure your articles will qualify for tax-exempt status.

After the nonprofit articles are filed, tax-exempt status must be applied for at both the federal and state levels. To apply at the federal level, a timely filing of form 1023 must be made. To determine what form needs to be filed at the state level, contact the state department that deals with taxation.

The corporation must comply with corporate formalities and hold annual meetings of directors and members. Bylaws must be adopted for the corporation.

Chapter Speakers

In order to minimize certain risks with speakers, your chapter may require all speakers review and sign a written policy. Example:

Presentations and Non-Solicitation Policy

Your presentation will be limited to approximately 45 minutes. Your presentation should be as interactive as possible. The program should be on a topic that is timely and beneficial to the members.

Unless specifically designated, ATD programs are noncommercial forums. Individuals should refrain from the use of brand names and specific product endorsement whenever practicable. Under no circumstances should the Chapter podium be used as a place for direct promotion of a speaker's product, service or monetary self-interest. If you offer a door prize and ask that the members give their business cards in order to participate in the drawing, you must tell them *first* that they may be contacted by you for the purpose of presenting your company's services to them.

The <Your Chapter> of ATD practices an open approach to learning and growth. Those appearing on ATD programs may represent disparate views. The Chapter is not endorsing these individuals, their viewpoints, or their organizations.

Presenters from any Chapter podium must refrain from inappropriate language, overt statements or pointed humor, which disparages the rightful dignity and social equity of any individual or group.

I hereby understand the policies set forth above and agree to abide by them during my ATD presentation.

Speaker

Date

Chapter Representative

Date

If you have any questions, please contact:

John Doe, Chapter Title

Chapter Name

City, State Zip

Telephone: xxx-xxx-xxxx

Fax: xxx-xxx-xxxx

E-Mail:

Privacy

Due to regulations within the Privacy Act, nonprofit organizations need to be careful when they disseminate information about their members.

There are three areas to be considered; Do Not Call, Selling Contact Information, and Web Access (Member Directory).

Do Not Call (or Email)

There are some members that do not want to be contacted by vendors. A good way to protect your chapter is to include a line item on your membership application as to whether or not the member can be called about ATD.

For email purposes, you can use the same disclaimer on the membership application. Some members would not like to receive electronic newsletters or email flashes about ATD events.

Selling Labels

A chapter can sell mailing labels for a one-time use to different training organizations. If a member wants to be excluded from this list, then they should have a couple of options to let the board know that they do not wish to be included. As a board, you can protect yourselves by making sure that labels are sold only to HR and training related organizations. Therefore, a car insurance salesman cannot make an offer to buy a mailing list. Again to protect the chapter, include an option on the membership application.

Web Access to Membership Information

Several chapters have web sites with their membership directory information listed on those sites. Please keep membership information password protected and included in a members-only area of the site.

Examples:

Email address: _____

ATD does not sell email addresses

- Check here if you wish to be excluded from chapter emails.
- From time to time, the Chapter sells a one-time use of mailing labels. This is for training related events only. Check the box if you want to be excluded from the mailing list.

Resources

Web Sites

td.org/care - ATD detailed CARE elements provides information on many risk prevention strategies, including those related to financial management and chapter communications. For resources to support your completion of each CARE element, visit the [CARE Foundation Element Matrix](#) and [CARE Plus Element Matrix](#).

www.nonprofitrisk.org - Nonprofit Risk Management Center

allianceonline.org - The Alliance for Nonprofit Management

primacentral.org - Public Risk Management Association

<https://www.nonprofitoregon.org/page/principles-practices-nonprofit-excellence> - The Nonprofit Association of Oregon (Nonprofits questions and answers)

www.insurancefornonprofits.org - Nonprofits Insurance Alliance Group

Books

No Surprises: Harmonizing Risk and Reward in Volunteer Management, 3rd Edition

Managing Facility Risk, 10 Steps to Safety

Enlightened Risk Taking: A Guide to Strategic Risk Management for Nonprofits

Coverage, Claims & Consequences: An Insurance Handbook for Nonprofits

Chapter Considerations

- Is your chapter 100 percent CARE achieved?
- Does your chapter board identify risks facing your chapter on an annual basis? Do you have a written plan?
- Do you have an insurance provider that is not a member of your chapter? Do they understand non-profits?
- Do you disseminate reports to your board regarding progress and actions taken to reduce risk in your chapter? Do you discuss risk at your monthly board meetings?
- Do you involve people from various viewpoints to “weigh in” with their opinions regarding the types of risks they believe the chapter is vulnerable to?

APPENDIX B: EXAMPLES

ACTIVITY EVALUATION FORM

Activity: Holding a Chapter Meeting

Create a Risk Reduction Plan for each risk that scores above a 1 in severity and a likelihood of 3 or higher. You may consider creating a Risk Reduction Plan for risks with a likelihood of 2.

| RISKS | LIKELIHOOD* | SEVERITY** |
|--|-------------|------------|
| A/V Equipment does not work | 5 | 2 |
| Attendee hit/hurt by another member | 4 | 3 |
| Attendee hit/hurt by paid staff | 4 | 4 |
| Attendee hit/hurt by volunteer leader | 4 | 4 |
| Attendee hit/hurt by wait staff/facility staff | 4 | 3 |
| Environment too cold | 5 | 2 |
| Environment too hot | 5 | 2 |
| Food dropped on member | 5 | 3 |
| Leader makes derogatory comment about a member/company/group at the podium | 5 | 4 |
| Member threatens violence against another member at meeting | 5 | 3 |
| Members are exposed to chemicals at meeting | 5 | 5 |
| Members exposed to contagious disease at meeting | 5 | 5 |
| No one shows up to the meeting | 4 | 2 |
| Paper cuts | 5 | 1 |
| Slips, Trips & Falls | 5 | 3/4 |
| Speaker does not show up to the meeting | 5 | 2/3 |
| Speaker makes inappropriate remarks | 4 | 3 |
| Speaker makes remarks that offends only 1 person in room | 5 | 2 |
| Speaker sells from the podium | 5 | 2 |
| Weather damages facility during meeting | 5 | 5 |

RISK REDUCTION PLAN

| RISKS | LIKELIHOOD | SEVERITY |
|---------------------------------|------------|---------------|
| Slips, Trips & Falls | 5 | 3 or 4 |

How can we reduce the likelihood that this risk will occur?

1. Tape down cords
2. Make sure there is sufficient walking space between tables so people are less likely to get their feet caught on chair legs
3. Ask participants to put purses, bags & briefcases under the table rather than in pathways or under chairs
4. Check the room before letting participants in to remove any obstacles and assure so spills are present
5. Make sure outside areas are sanded during icy weather
6. Have a safety briefing at the beginning of every meeting – identifying potential hazards in the area and precautions to take
7. Make sure chairs are stable and not worn out
8. Ask for safety feedback on evaluation forms
9. Discuss safety opportunities with venue - quarterly

If we implemented these items – what would the new likelihood be?

2-3

If the risk did happen, how can we reduce or eliminate the severity? (In some cases it may be impossible to reduce the severity).

1. Liability insurance to reduce financial burden on chapter – if a suit is brought against the chapter
2. Safety briefing and other actions listed above – shows chapters intent to maintain a safe meeting environment
3. Incorporation – to protect the board members personal finances

Given this reduction – what would the new severity be?

3 – member still gets injured – which we are trying to avoid by reducing likelihood – but if it happens – the injury is no less severe. Although may hurt reputation somewhat, chapter would probably not go out of business since it is financially protected with insurance.

Transfer actions from this page to the Chapter Risk Reduction Action Plan.

CHAPTER RISK REDUCTION ACTION PLAN

Please list each of the actions you are going to take to reduce risk in your chapter. For each action, assign a deadline and an individual responsible for seeing it to completion. **RETAIN THIS PAGE FOR YOUR CHAPTER RECORDS.** (This is the page that will be required as documentation for CARE item 13).

Review this action plan at chapter leadership meetings to ensure that all actions are completed; eliminating or reducing risks that impact your chapter.

| Action | Deadline | Assigned to: |
|--|----------|--------------|
| Get liability insurance for chapter | 1/1/16 | Bertha |
| Create safety check sheet to be used at all programs | 1/1/16 | Paula |
| Add safety to evaluation | 11/1/16 | Mark |
| Create script for meeting opening to focus on safety | 12/1/16 | Estella |
| Discuss safety with hotel representative | 12/1/16 | Ahmed |
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