

OLTA Risk Management Plan

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BACKGROUND

Ontario Land Trust Alliance has established and approved a Board policy framework through the work of BD&GC, along with a Board manual in Dropbox, orientation & learning for Governors and Board recruitment to support OLTA risk management. This includes an approved Board policy on Accountability & Risk Management that discusses the limits of liabilities and insurance for OLTA Governors (Policy 4 Board Accountability and Risk Management) and an approved OLTA Risk Management Framework which was used to guide the development of this plan.

Risk Management Philosophy

All Board members have a fiduciary duty and a duty of care regardless of the legislation the non-profit is incorporated under. Directors of charities can personally face legal action for breach of their fiduciary duty or breach of trust in failing to adequately protect the assets of a charity from risk. The management of risk is an on-going process.

OLTA has embraced a collaborative, strategic approach to risk management, which includes identifying and addressing the threats and opportunities the organization faces. OLTA believes all Governors, staff and volunteers should work collaboratively to identify risk management priorities and implement realistic strategies to manage them.

General Safety Principles

- OLTA strives at all times to operate in compliance with municipal, provincial, and federal laws and regulations and learn about and comply with Indigenous rights, laws and protocols in the territories where they are active.
- OLTA adheres to its policies and standards in matters related to human resources, financial accounting as well as the health, safety and well being of employees and clients/stakeholders.
- All adults involved in the work of OLTA bear responsibility for their own and the organization's health, safety and security. This is a primary responsibility of the Board of Directors, Executive Director and staff.
- Safety and risk management activities are multi-faceted and include:
 - Thoughtful screening, selection and training of volunteers (this includes the Board) and employed staff.
 - Creation and enforcement of policies, standards, guidelines, procedures as guides for planning.
 - Maintaining safe and secure facilities.

- Establishing procedures to be followed in the event of an emergency.
- Maintaining clear communications channels.
- OLTA purchases insurance coverage as a financing mechanism for certain risks, but recognizes that insurance is not a substitute for vigilance in planning and implementing programs.

Responsibility for Risk Management

Board of Governors

- Sets and approves goals, adopts annual operating objectives and budget.
- Reviews operational reports to determine compliance and future priorities.
- Develops and ensures compliance with policies of OLTA.
- Reviews the insurance policy annually.
- Reviews this Risk Management Plan annually.

Executive Director

- Assigns staff to design and carry out risk management activities like policy or budget review.
- Assigns staff to perform annual review of risk management activities.
- Executes contracts for the organization.
- Keeps the Board apprised of emerging threats and opportunities facing the organization.

RISK ASSESSMENT METHODOLOGY

OLTA has implemented a universally accepted risk assessment model to identify and evaluate risks for all OLTA's activities. A summary of each step is detailed below.

- 1) **Categorize** - Risks will be categorized using the following categories (as defined and developed by the UK Charity Commission):
 - Governance
 - External
 - Regulatory
 - Financial, and
 - Operational

- 2) **Identify** - All potentially significant risks to OLTA will be identified. A significant risk is defined here as a risk that could have an impact on OLTA activities, such that a change will occur to OLTA's assets which if not mitigated may have an impact on the operation or governance of the organization. Imagine Canada's Sector Source defines the broad assets of all not-for-profits as:
 - People (directors, volunteers, employees, clients, donors)
 - Real property (includes buildings, facilities)

- Income (donations, membership fees, grants & contributions, investment earnings)
- Goodwill (reputation, stature in the community, ability to raise funds, appeal to prospective volunteers, board members, & staff)

3) **Evaluate** - Next the potentially significant risks will be evaluated. This approach will allow us to quantify the risks of the potential impact, and the likelihood to allow us to prioritize all the risks identified.

For each risk OLTA will assess:

- the likelihood of the risk happening
- the impact of the risk on the organization if it happens.

To assess the impact of a risk, we will consider all the possible implications. Each risk will receive a score for likelihood and impact.

Likelihood:

Score	Likelihood of risk occurring
1	Rare: not likely to happen or will only happen in exceptional circumstances
2	Unlikely: not expected to happen, but there is a remote possibility that it will occur
3	Possible: may occur on some occasions, but not frequently
4	Likely: is likely to occur or will happen on more occasions than not
5	Certain: Likely to occur in the majority of cases

Impact:

Score	Level of impact	Possible Consequences
1	Insignificant	No impact on service
		No impact on reputation
		Complaint unlikely
		Litigation risk remote
2	Minor	Slight impact on service
		Slight impact on reputation
		Complaint possible
		Litigation possible
3	Moderate	Some service disruption
		Potential for adverse publicity – avoidable with careful handling
		Complaint probable
		Litigation probable
4	Significant	Service disrupted

		Adverse publicity not avoidable (local media)
		Complaint probable
		Litigation probable
5	Major	Service interrupted for significant time
		Major adverse publicity not avoidable (national media)
		Major litigation expected
		Resignation of senior management and board
		Widespread loss of beneficiary confidence

Calculating the initial risk score

The initial risk score is calculated by multiplying the likelihood score by the impact score. For example, a risk with a likelihood of 2 and an impact of 3 would have a score of 6 (2 x 3).

Risk Score	Level	Action level
1–8	Low risk	Accept risk. To be managed at the activity level.
9–14	Medium risk	Accept risk. To be managed at the activity level. All medium risks to be review annually for change.
15 and above	High risk	Potential unacceptable risk. Board action/awareness required.

- 4) **Manage** - For each high risk we will determine a response: avoid, reduce/control, transfer or accept. And we may develop mitigation plans for those risks that need further management. For medium and low risks items, we review items and identify any specific further management.
- 5) **Monitor** - To properly monitor risks, activities are put into a monitoring schedule, risk management will be on the board agenda at regular intervals and adequate resources provided for risk management and training.

OLTA ASSESSMENT OF RISK

The Table 1 (next page) includes an evaluation of risks to OLTA. These risks have been identified through consideration of all aspects of OLTA's governance and operations, and in consultation with the OLTA Board. Risks have been evaluated using the methodology outlined above. Control measures, monitoring and additional recommendations are included for every identified risk.

Table 1. OLTA Risk Assessment Spreadsheet

Identified Risks	Likelihood	Impact	Risk Score	Existing Management/Control Monitoring	Further Action required/comments
Governance				Brief text on board or ops monitoring process, annual review and governance policies in effect	Brief text on further actions e.g. outreach, mitigation or strategic measures
1. Absence of a declaration of eligibility and board member & confidentiality agreement undermining the quality of contribution of OLTA Governors and the ability to conduct assessment or measure excellence.	1	5	5	Policy # 1 – OLTA Code of Conduct, Standards and Conflict of Interest. Plus, Policy #6 Directors and Officers Declaration of Eligibility and Policy #7 - Board of Governors Job Description & Agreement	
2. Governors liability and insurance coverage is impaired without proper Board policies, orientation, training or recruitment process.	2	5	10	OLTA Board Manual (and all encompassing policy and managing guidelines)	
3. Lack of Board oversight in review of operational reports from the ED on approved programs, priorities & policies increases risk.	2	5	10	At least bi-monthly board meetings in accordance with by-laws including operational reports and regular communication between ED and Board Chair and Board Committees.	
4. Board decisions and motions not supported by quorum and minutes can be legally challenged in court.	1	5	5	All board meeting carried out in accordance with organizations by-laws, including ensuring quorum and appropriately approved motions and minutes	
5. AGM procedures in the OLTA bylaw and policies are prescriptive and if not followed create an un-authorized Board and decisions.	1	5	5	AGM procedures reviewed by OLTA Chair, Executive Director and BD&GC Chair annually.	
6. Not consistently implementing Emergency Leadership process and Board Succession process which affects both short & long term program sustainability.	3	4	12	Policy #15 – Succession Planning and Policy #16 – Emergency Leadership Plan are in effect.	The board will monitor implementation of these planning documents and processes with annual review by the board

Identified Risks	Likelihood	Impact	Risk Score	Existing Management/Control Monitoring	Further Action required/comments
7. Lack of board approved governing policy framework and strategic plan says OLTA is rudderless and our membership, partners, associates and funders will abandon OLTA.	1	5	5	Board has approved a Governing Framework - Policy #14 and Strategic Plan (2017-20) - Policy #13.	
External					
1. Changes to government legislation/priorities	3	5	15	Board Approved Strategic Plan, Operational Plan and policies directing bylaws and policies, resulting in effective operational oversight provide opportunity for appropriate operational and governance shifts required by changing legislation and/or government priorities.	Where risk is identified, board and senior staff will adapt plans to mitigate changes in government focus.
2. Economic change impacting operations	3	5	15	Board Approved Strategic Plan, Operational Plan and policies directing bylaws and policies, resulting in effective operational oversight provide opportunity for appropriate operational shifts to changing economic environment.	OLTA will continue to work with all land trusts, NCC, Ontario Greenbelt Alliance, etc. to gain policy and funding support for community conservation
3. Climate change adversely impacting operations	2	2	4	Board Approved Strategic Plan, Operational Plan and policies directing bylaws and policies, resulting in effective operational oversight provide opportunity for appropriate operational shift to address future climate change impacts.	Climate change considered unlikely to have a large or negative impact on the OLTA operations due to the nature of our focus on standards and education
4. Property changes, unexpected physical problems or changes to leasing arrangements	2	4	8	Unexpected changes to contractual arrangements are considered to be rare or unlikely.	Insurance is available for some unexpected property damage. Probability is low but an emergency plan would be beneficial.

Identified Risks	Likelihood	Impact	Risk Score	Existing Management/Control Monitoring	Further Action required/comments
5. Theft of equipment or loss of data leading to loss of financial or project data or loss of stakeholder confidence	2	5	10	Policy #11– OLTA Privacy Policy is in place to manage stakeholder confidence. Data loss - all staff are required to back up their data on a monthly basis, so maximum loss would be one month. Data is gradually being migrated to a cloud secure server, likely complete by January 2019. This server would then act as a continuous backup. Financial management is in place to ensure funds are available in the event of a catastrophic loss of equipment (e.g. complete office theft.)	
6. Successful legal challenges to a land trust or failure of a land trust in Ontario	2	5	10	Strategic Plan focus on promotion of organizational excellence as a champion of permanence and professionalism in community land conservation. Learn from others (US and BC)	
7. Successful legal challenges to a land trust in another province	2	4	8	Strategic Plan focus on promotion of organizational excellence as a champion of permanence and professionalism in community land conservation.	
Regulatory					
1. Non-compliance with CRA requirements	1	5	5	OLTA Board Manual (and all encompassing policy and managing guidelines) ensures risks of CRA non-compliance are minimized.	
2. Plans and policies not in place to ensure we are operating within federal and provincial laws appropriate for an organization of our type and size.	1	5	5	OLTA Board Manual (and all encompassing policy and managing guidelines) ensures risks of CRA non-compliance are minimized.	

Identified Risks	Likelihood	Impact	Risk Score	Existing Management/Control Monitoring	Further Action required/comments
Financial					
1. Lack of consistent funding, heavy reliance on government funding, with no plans to address	2	5	10	Current Board Approved Strategic Plan (Policy #13) focus on upgrading organizational excellence and financial stability at OLTA to Improve the pace of growth, the quality of leadership, and the permanence of impact at OLTA.	
2. Bankruptcy and/or an extreme shortfall in fundraising and bank assets forcing OLTA dissolution or drastic reduction in capacity.	1	5	5	Current Board Approved Strategic Plan (Policy #13) focus on upgrading organizational excellence and financial stability at OLTA to Improve the pace of growth, the quality of leadership, and the permanence of impact at OLTA.	
3. Improper administration of OLTA grants to other organizations, fraud in usage, lack of required reporting, nepotism and like issues.	2	5	10	Human Resources Policy (Policy #10) in place to ensure high employee standards to minimize likelihood of improper practices. Contractual agreements, purchasing policy and hiring policy all support proper financial administration.	
4. Improper gifts acceptance, failure to issue legal charitable receipts, or provide reports to funders is perilous to a registered charity.	2	5	10	Gifts Acceptance (Policy #9) and Human Resources Policy (Policy #10) are in place and implemented through operational practices to properly administer gifts and ensure high employee standards.	

Identified Risks	Likelihood	Impact	Risk Score	Existing Management/Control Monitoring	Further Action required/comments
Operational					
1. Inadequate job role terms of reference, recruiting procedures and staff audit and review processes resulting in human error.	2	4	8	Human Resources Policy (Policy #10) in place and implemented through operational practices to ensure high employee standards to minimize likelihood of employee error.	
2. An ESA violation in rates of pay, contractors vs. employees or leaves of absence or provision of vacation credits may result in fines, etc.	2	4	8	Human Resources, Conflict of Interest and Privacy Policies (Policy #1, #10, #11) in place and implemented through operational practices to minimize likelihood of infractions.	
3. OLTA infractions in confidentiality, conflict of interest, anti-harassment, privacy or code of conduct may devastate OLTA's credibility	2	5	10	Human Resources, Conflict of Interest and Privacy Policies (Policy #1, #10, #11) in place and implemented through operational practices to minimize likelihood of infractions.	
4. Process failure – in-adequate operational plans and training leading to process failure	2	4	8	Current board approved Operational Plan and regular ED reporting of operational activities to the Board.	
5. Quality - educational seminars and advice to OLTA members, if not done by qualified people with good knowledge of the best or stated practices e.g. CLT – S&Ps can result in member dissatisfaction with OLTA plus damage to professional credibility and excellence.	2	3	6	Board approved Strategic and Operational plans with a focus on research and education in conservation excellence to elevate the quality of information available in community land conservation, supported by Human Resources Policy (Policy #10) in place and implemented through operational practices to ensure high quality training activities.	

Identified Risks	Likelihood	Impact	Risk Score	Existing Management/Control Monitoring	Further Action required/comments
6. CLTA and LTA Standards & Practices are required guideposts for OLTA so if they are casually ignored or abused, OLTA will lose important status as a bona-fide member of the Land Trust community.	2	4	8	Board approved Strategic and Operational plans with a focus on promoting land trust organizational excellence to elevate the quality of information available in community land conservation, supported by Human Resources Policy (Policy #10) and implemented through operational practices to ensure growth in adherence to S&Ps.	

MONITORING AND REVIEW

For all risks identified in Table 1 each has one or more existing policies and management and control measures in place. These policies and practices are board approved and a review schedule is in place (OLTA Board Policies 2018 Review Schedule). Policies will be reviewed in accordance with the schedule, by the Executive Director and OLTA Board Governance and Board Development Committee, who where necessary will recommend changes or updates to the Board for approval. After review, if a Policy is okay it can be renewed – if not it is revised for approval. Some documents e.g. Succession Planning require an annual review or action. Other circumstances e.g. change in HR or charity legislation, or S&P updates may trigger unscheduled reviews.

This document will be reviewed annually by the Executive Director and a report with recommendations provided to the Board. This review will be timed to coincide with the Board meeting in advance of budget approval to ensure adequate financial resources for risk management and training and included in the annual budget.