

**CAPLAW**  
Community Action Program Legal Services, Inc.

# **BEYOND THE BASICS**



*Strategic Approaches to Organization-wide Compliance,  
Risk Management, and Resource Development*

# **Risk Management Plan Template**

# **Risk Management Plan**

Fiscal Year 20XX

**INSERT YOUR ORGANIZATION'S NAME  
HERE**

Approved by the Board of Directors

DATE

# Overview

This document consists of the three sections listed below. Page numbers have not been included. The length cannot be predicted of any of the sections into which information will be placed. Also, the number of Risk Mitigation Tracking Worksheets, Reports, and Corrective Action Plans to be included is also unpredictable.

## **Risk Assessment**

### **Methods**

### **Anticipating Vulnerability**

## **Responses to Risk**

### **Mitigation Strategies**

### **Implementation Responsibilities**

## **Monitoring**

### **Evaluation of success**

### **Corrective action**

This document has been laid out as a series of worksheet for completing tasks necessary to development of a Risk Management Plan. Users should feel free to expand the basic format of any worksheet in ways that make elements of the plan easier to understand and apply.

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## Risk Assessment

The risk management process begins with determination of the range of risks faced by your organization. It is very important to acknowledge and record the methods you used to identify risks and the assumptions you made in assessing the organization's vulnerability to them. Experience carrying out your risk management plan is likely to highlight mistakes and weaknesses in your methods and assumptions. You will want to revisit and update them at the beginning of each planning cycle. As the webinar quote from Donald Rumsfeld warns us: we want to turn as many **unknowns** as possible into **knowns**.

### Methods

In this section you should describe the risks you have identified, the techniques you used to make those identifications, and the category to which each risk belongs. This task can be simplified by using the following matrix to document your results. Add as many rows as needed.

**Possible Identification Methods might include:**

- Program monitoring data
- Insurance claims history
- Audit and monitoring reports
- Accident reports
- Employee focus groups

**Risk categories might include:**

- Employment practices
- Financial management practices
- Personal injury
- Property damage

List Risks	Identification Technique(s) or Methods	Risk Category

Just TAB through the end of the last row to add more rows.

## Anticipating Vulnerability

The next step is to document the assumptions you have made about your organization’s vulnerability to risks. The Risk Matrix explained in the webinar provides a useful first step in assessing both the **likelihood** a risk will occur and the **severity of the consequences**.

You can simplify this task by inserting the *Vulnerability to Risk* worksheet in your plan in this section.

The table below will help you to go about that process systematically.

- ✓ Transfer list of risks you have identified from the previous page.
- ✓ Note factors you considered relative to the likelihood of the risk occurring.
- ✓ Note factors you considered relative to the severity of the consequences should the risk occur.
- ✓ Estimate what it might cost to take steps to limit or reduce the consequences of this risk.
- ✓ Estimate a range of costs the organization might have to absorb if it takes no remedial action.

Risks	Likelihood	Severity	Cost

**Relative Vulnerability**

Based on your analysis of vulnerability to the risks you identified above, place each of the risks in what you judge to be the correct cell in the matrix below. This will help you draw conclusions about the relative urgency of responding to these risks.

	Negligible	Marginal	Critical	Catastrophic
Certain				
Likely				
Possible				
Unlikely				
Rare				
	Low	Moderate	High	Extreme

## Responses to Risk

The response section of your plan contains the strategies you will use to lessen your exposure to risks. You need to describe the strategies and identify the person(s) responsible for putting those strategies in place.

**Risk** – Copy into the first column the list of risks you ended up with in the previous section.

**Mitigation Strategies** – In this column list all of the strategies you will carry out to lessen each risk.

**Implementation Responsibility** – List the position responsible for carrying out each risk mitigation strategy. Include employee names if you wish.

Risk	Mitigation Strategies	Implementation Responsibility

## Monitoring

The last phase of risk management consists of systematic follow-up on the mitigation strategies you have chosen. You will develop plans to **collect and analyze data** about instances when your strategies have not worked. You will describe the **corrective action** steps to be taken to make your strategies more effective.

### Evaluation

A template for a **Risk Mitigation Tracking Worksheet** is attached to this plan. A form should be created to monitor all mitigation strategies. Those forms should be enclosed behind this page.



## Risk Mitigation Tracking Worksheet

Mitigation strategy being monitored: \_\_\_\_\_

Documents monitored (✓)  Application documents  Client files    Location \_\_\_\_\_

### Indicator Code Key

Replace the numbers in the top row with the **warning signs** for this risk mitigation strategy you are tracking.

Recopy the matrix if you need to list more elements. Place the copy below the first matrix.

In each column, list specific types of mitigation errors you want to track.

Key	1	2	3	4	5
<b>1</b>					
<b>2</b>					
<b>3</b>					
<b>4</b>					
<b>5</b>					

### Mitigation Exceptions Identified

What has been monitored? \_\_\_\_\_ Sample size \_\_\_\_\_

Identifier	1	2	3	4	5	6	7	8	9	10

**Monitor** Annie Bahdi      **Position** Quality Control Specialist      **Date** 12/29/18

**Signature** \_\_\_\_\_      **Received by** \_\_\_\_\_      **Date** \_\_\_\_\_

### Corrective Action

When your tracking data shows a pattern of ineffectiveness, you need to develop a **Corrective Action Plan** to restore your strategy's effectiveness.

A corrective action plan need not be complicated. It will be focused on the causes of the reduced effectiveness of the specific mitigation strategy you have evaluated.

A corrective action plan is a more narrowly focused version of a mitigation tracking process. It has the same basic components:

#### Risk Management Corrective Action Plan

CAA Name \_\_\_\_\_ Fiscal Year \_\_\_\_\_

Risk \_\_\_\_\_ Strategy \_\_\_\_\_

Responsible	Date
Causes identified in analysis	
Cause to be corrected	

A list of strategies	Specific success indicators that you will track	Mechanisms for reporting results to top management and the board
1.	a.	
	b.	
	c.	
2.	a.	
	b.	
	c.	
3.	a.	
	b.	
	c.	

This template can be copied to create a corrective action plan.

## **Risk Management Planning Worksheet Templates**

The attached worksheets can be printed separately to complete specific tasks in the planning process.

In most cases, the completed worksheets can be inserted into a finished plan.

Worksheets included:

- Risk Identification Worksheet
- Anticipating Vulnerability Worksheet
- Responding to Risk Worksheet
- Risk Mitigation Tracking Worksheet
- Corrective Action Plan

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# Indicators of Risk

# Indicators of Possible Risk

## General

### Personal injury


### Property damage


### Employment practices


### Fraud


### Illegal activity


### Reputation


## Business

### Financial


### Operational


### Strategic


### Legal


### Economic


### Political


## Indicators of Possible Risk

### Instructions

Use this worksheet as a brainstorming device to identify risks that your organization may be facing. Keep in mind:

**Risk is** “any uncertainty about a future event that threatens your organization's ability to accomplish its mission.”

BUT - Not all risks are negative; positive changes can be unsettling if you haven't prepared for them

**Risk is also** “the effect of uncertainty on objectives”

- Not all risks are financial, as you can see from the categories suggested on the worksheet
- Insurance is a solution for some risks, but not for all of them
- Attention to detail and sound policies and procedures can reduce or eliminate many risks, although it is good to be aware that they exist
- BEWARE the risks you are not aware of: the “Unknown Unknowns”

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# Responding to Risk

## Responding to Risk Worksheet

CAA Name           Action for Community Mobilization and Empowerment          

Fiscal Year           2010          

Complete the matrix below for all of the risks you plan to address.

Risk	Mitigation Strategies	Implementation Responsibility
List the risks you have selected	List each of the mitigation strategies you have chosen for each risk. You can list them all in one cell, or create new rows for each one.	Insert here the positions (and individual names, if you like) of who will be responsible to carry out these strategies
	1.	
	1.	



## Responding to Risk Worksheet

### SAMPLE WORKSHEET

Complete the matrix below for all of the risks you plan to address.

Risk	Mitigation Strategies	Implementation Responsibility
List the risks you have selected	List each of the mitigation strategies you have chosen for each risk. You can list them all in one cell, or create new rows for each one.	Insert here the positions (and individual names, if you like) of who will be responsible to carry out these strategies
Ineligible LIHEAP applicants approved	2. Clearly define eligibility criteria Train program staff on intake requirements and procedures 3. Monitor for warning signs	LIHEAP Coordinator Intake center managers
Insufficient cash flow	2. Print monthly profit and loss (P&L) statements for all accounts to identify those that are negative/at loss 3. Track and analyze warning signs on negative accounts	Accountant Finance Director

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# **Risk Management Corrective Action Plan**

## Risk Management Corrective Action Plan

**CAA Name** Action for Community Mobilization and Empowerment      **Fiscal Year** 2010

**Risk** \_\_\_\_\_ **Strategy** \_\_\_\_\_

**Responsible** \_\_\_\_\_ **Date** \_\_\_\_\_

<b>Causes identified in analysis</b>	
<b>Cause to be corrected</b>	

Corrective Actions	Specific success indicators that you will track	Mechanisms for reporting results to top management and the board
1.	a.	
	b.	
	c.	
2.	a.	
	b.	
	c.	
3.	a.	
	b.	
	c.	

**EXAMPLE**

**Risk** Insufficient cash flow      **Strategy** Analyze accounts P&L

**Responsible** Accountant      **Date** 1/17/2010

<b>Causes identified in analysis</b>	<ul style="list-style-type: none"> <li>• Purchases being made without approved Purchase Order</li> <li>• Reimbursement claims returned by funder because not signed</li> <li>• One reimbursement claim submitted 12 days after due date</li> </ul>
<b>Cause to be corrected</b>	Lack of approved Purchase Orders

Corrective Actions	Specific success indicators that you will track	Mechanisms for reporting results to top management and the board
1. Review purchasing policies and procedures with program managers	a. Pre-test on procedures b. Post-test on procedures c. 60-day procedures post-test d.	Monthly internal control report: Finance Director to Executive Director
2. Review monthly expenses against budgets with program managers	a. Note meetings on planning calendar	
	b. Publish written responses to questions raised c. Work with program managers to correct over spending	
3. Continue monitoring for invoices without PO	a. As per mitigation implementation plan	

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# **Risk Mitigation Tracking Worksheet**

## Risk Mitigation Tracking Worksheet

Mitigation strategy being monitored: \_\_\_\_\_

Documents monitored (✓)  Application documents  Client files      Location \_\_\_\_\_

### Indicator Code Key

Replace the numbers in the top row with the elements of this risk mitigation strategy you are tracking. Recopy the matrix if you need to list more elements. Place the copy below the first matrix.

In each column, list specific types of mitigation errors you want to track.

Key	1	2	3	4	5
1					
2					
3					
4					
5					

### Mitigation Exceptions Identified

What has been monitored? \_\_\_\_\_ Sample size \_\_\_\_\_

Identifier	1	2	3	4	5	6	7	8	9	10

Monitor Name Annie Bahdi      Position Quality Control Specialist      Date 6/6/16

Signature \_\_\_\_\_      Received by \_\_\_\_\_      Date \_\_\_\_\_

## Risk Mitigation Tracking Worksheet

SAMPLE WORKSHEET

Mitigation strategy being monitored: Ineligible applicants approved  
 Documents monitored (✓)  Application documents  Client files      Location Washington County

### Indicator Code Key

Replace the numbers in the top row with the elements of this risk mitigation strategy you are tracking. Recopy the matrix if you need to list more elements. Place the copy below the first matrix.

In each column, list specific types of mitigation errors you want to track.

Key	Social Security #	Income Verified	Utility Service Docs	Shut-off Notice	Intake Worker
1	Some adults	Less than 90 days	No bill	No document	Initials
2	Some children	Over 6 months ago	Not in applicant name	Overdue bill	
3	None for children	No self-declaration	Over 60 days old	Award not yet credited	
4	Applications for	Unsigned self-declaration			
5		Miscalculated			
6		Unsigned Inc. Wks			
7		No income wks			
8		Docs viewed not listed			
9		Docs copies not in file			

### Mitigation Exceptions Identified

What has been monitored? LIHEAP applications      Sample size 37

Identifier	SS#	Income	Utility	Shutoff	Worker	6	7	8	9	10
1-2345	1, 3	1	2	2	ABC					
1-6789	2	4,7	1		ABC					
2-1234		3		1	LMN					
2-9876		4,5			LMN					
<b>Total Errors</b>	<b>3</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>= 13</b>					

Monitor Name Annie Bahdi      Position Quality Control Specialist      Date 6/6/16  
 Signature Annie Bahdi      Received by Jerilyn Hughes      Date 6/10/16

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# **Vulnerability To Risk Worksheet**



## Vulnerability to Risk Worksheet

Use the matrix below to:

- 1) Make an initial assessment of individual risks
- 2) Establish an initial location of risks relative to each other

The matrix allows you to locate risk against two variables:

- 1) **Likelihood increases** as you go up a column
- 2) **Severity of loss increases** as you go right in a row

The matrix is color-coded to illustrate the relative degree of risk.

List individual risks you have identified in the cell of Table 1 that best represents your sense of its seriousness. You may place more than one risk in a cell. They will expand as needed.

Document the assumptions you have made about both the likelihood and the severity of the risk, should it occur, in Table 2.

# Vulnerability to Risk Worksheet

**Table 1: Assumptions Made About Risk Likelihood and Severity**

1. List the risks you have identified in the first column
2. In the second column, note factors you think will affect/determine the **likelihood** of this risk occurring
3. In the third column, note factors you think will affect/determine the **severity of the consequences** if this risk occurs
4. In the 4<sup>th</sup> column list **costs** you think will be associated with reducing organizational vulnerability to this risk to acceptable levels

Risk	Likelihood	Severity	Costs

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## Vulnerability to Risk Worksheet

**Table 2: Risk Estimation Matrix**

Place each of the risks in what you judge to be the correct cell in the matrix below, based on your analysis of vulnerability to the risks you identified above. This will help you draw conclusions about the relative urgency of responding to these risks.

	Negligible	Marginal	Critical	Catastrophic
Certain				
Likely				
Possible				
Unlikely				
Rare				

The colors in the Vulnerability Matrix suggest the relative overall threat to organizational well-being from the combination of likelihood and severity.

Low

Moderate

High

Extreme

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## Vulnerability to Risk Worksheet

### Example

	Negligible	Marginal	Critical	Catastrophic
Certain	Misplaced receipts	Smashed finger		
Likely	Flat tire	Minor playground accident	House too tight	
Possible			Water-damaged files Major playground accident	Building fire Accounting server hacked
Unlikely			Accounting server hacked	Death in bus accident
Rare				Tornado Hurricane Flood

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