



**VIRTUS GROUP**  
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# RISK MANAGEMENT

## DEFINING THE RISKS YOU FACE

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Sheila Fillion, FCPA, FCA  
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# Agenda

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- Definition of Risk
  - Definition of Risk Management
  - Types of Risk
  - Risk Identification and Assessment
  - Approaches to Risk
  - Risk Mitigation Action Plan
  - Example
  - Monitoring and Reporting

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## WHAT IS RISK?

### Merriam-Webster definition:

- + *possibility of loss or injury*
- + *someone or something that creates or suggests a hazard*

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## WHAT IS RISK MANAGEMENT?

Risk Management is a strategy for identifying, assessing and managing risks across the organization, to support the achievement of strategic objectives

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## TYPES OF RISK

1. External (e.g. government funding, weather)
2. Strategic (e.g. locations/buildings, services provided)
3. Financial (e.g. cash flows, financing)
4. Operational (e.g. retention of employees, student safety, IT)
5. Compliance (e.g. privacy, payroll, union agreements)
6. Other (e.g. disaster recovery, environmental, litigation, reputation)

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## RISK IDENTIFICATION AND ASSESSMENT

- + Brainstorm risks for the organization
- + Assess each identified risk in terms of likelihood (high or low) and impact (high or low)
- + Some risks can be measured by a “dollar impact” which can be helpful to assess its importance

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## RISK IDENTIFICATION AND ASSESSMENT

- + Prioritize your risks, focusing first on those that are high likelihood, high impact
- + Next, focus on those that are high/low combination
- + Low/low can be dealt with last (if at all)

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## APPROACHES TO RISK

- Avoidance: stay clear of the risk so it is not encountered
- Ignorance: ignore the risks and face the consequences
- Acceptance: aware of the risks and the consequences
- Risk management: identify and potentially transfer or mitigate the risk



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## RISK MITIGATION ACTION PLAN

### For each risk:

- + Define the action steps to reduce the risk to an acceptable level
- + Risk will not necessarily be reduced to zero
- + Cost/benefit must also be considered (both \$ and time)

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## EXAMPLE: RISK IDENTIFICATION AND ASSESSMENT

Risk	Likelihood	Impact	Net Assessment	Financial Impact
Loss of grant funding	Low	High	Low	Annual funding
Loss of key employee	Low	High	Low	?
Decrease in donors	Moderate	High	Moderate	Donations decrease
Loss of building due to fire	Low	High	High	High
Insufficient cash to cover expense	Moderate	High	High	Inability to pay expense and run programs

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## EXAMPLE: ACTION PLAN

Risk	Action Plans	Action Plans	Action Plans	Who is Responsible	Time frame
Loss of grant funding	Work to maintain key relationships	Identify new funding partners		Executive Director	June 2025
Loss of key employee	Employee retention plan	Measure and maintain employee engagement		HR manager	August 2025
Decrease in donors	Increase marketing	Add new fundraising events	Focus on donor engagement	All team members	
Loss of building due to fire	Fire insurance	Regular fire inspections		Board chair	Annually
Insufficient cash to cover expense	24 month budget	Bank financing	Other grant funding available	Finance Chair	October 2025

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# MONITORING & REPORTING

- + Ongoing monitoring is important, focus on what has changed
- + Management responses to changes should occur in real time
- + Regular reporting to the board is typical, but frequency depends on the types of risks monitored
- + Are the action plans working as anticipated?

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## CONTACT US!



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