

# RISK INFORMATION – CHURCHES

## CHURCH RISK MANAGEMENT

The information provided in this paper is intended to assist church staff in development of suitable Risk Management processes.

### Introduction to Risk Management

Risk is the exposure to the possibility of such things as economic or financial loss or gain, physical damage, injury or delay, as a consequence of pursuing or not pursuing a particular course of action.

In any church community the variety of activities and participants exposes the church to risk. Risk Management is the process by which risks are identified, evaluated and controlled.

Outlined below are the elements of the Risk Management process (derived from Australian Standard AS/NZS ISO 31000:2009 Risk management – Principles and guidelines):

- Identify Risks – identify where, when, why and how events could prevent, degrade, delay, or enhance the achievement of organisational goals.
- Analyse Risks – identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk. This analysis should consider the range of potential consequences and how these could occur
- Evaluate Risks – compare estimated level of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities.
- Control Risks – develop and implement cost-effective strategies and action plans for increasing potential benefits and reducing potential costs
- Monitor and Review – monitor the effectiveness of all steps of the risk management process and provision of feedback for improvement of the process.

BIS has developed tools to assist with the documentation of Risk Identification, Risk Analysis, Risk Evaluation and elements of Risk Treatment. Collectively these components are referred to as Risk Assessment.

In a church context there are 2 distinct levels at which risks might be assessed.

The first is a **whole of church (or enterprise) level** where matters of both strategic and operational impact are considered. A key objective of enterprise level risk assessment is to identify those activities or events of highest risk to help prioritise allocation of scarce resources to where they will have the most immediate impact in reducing overall risk. The **Church Risk Assessment (Register)** tool has been developed to document the results of whole of church risk assessments.

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The second level of risk assessment is at the **individual activity level**. At this level, the individual risks associated with an activity are identified so that the activity can be made as safe as possible. Note that if it is not possible to sufficiently control risks, a decision may be made to not proceed with a particular activity. The **Activity Risk Assessment** tool has been developed to document the results of assessing risk for individual activities.

All new activities undertaken by a church should be subject to a formal risk assessment. The risk assessments for continuing activities should be updated on a regular basis, typically annually.

Once risks have been identified, assessment of their impact is best considered by looking at the potential **likelihood** and **consequences** of events occurring. In order for the assessment to be meaningful, some thought must be given to the adoption of appropriate consequence and likelihood factors for each church and/or activity. Further guidance on these factors follows.

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### Likelihood of Risk

Likelihood factors attempt to measure the frequency with which events might be expected to occur, taking into account the effectiveness of existing control measures. The following table contains examples of likelihood values used within different churches or activity types.

### Likelihood Factors & Values

| <b>Factors</b>               | <b>Example Values</b>                                  |                  |                                |
|------------------------------|--|------------------|--------------------------------|
| <b><i>Almost certain</i></b> | Expected to occur in most circumstances                | Once a day       | Once a year or more frequently |
| <b><i>Likely</i></b>         | Expected to occur occasionally (more than 50% of time) | Once a week      | Once every 1-3 years           |
| <b><i>Possible</i></b>       | Expected sometimes (less than 50% of time)             | Once a month     | Once every 3-10 years          |
| <b><i>Unlikely</i></b>       | Occurs only in unusual circumstances                   | Once a year      | Once every 10-30 years         |
| <b><i>Rare</i></b>           | Possible but not expected to occur                     | Once in 10 years | Once every 30-50 years         |

It is important that *relevant* likelihood factors are adopted for both whole of church and individual activity risk analyses. They should be agreed and understood by the church community to be the appropriate measures for the church and/or activity being assessed and that they are consistently applied to similar activity types.

The likelihood or expected frequency of occurrence should be expressed in terms that enable effective distinction between frequently occurring and seldom occurring events.

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### Consequence Of Risk

Consequence factors consider the impact of events, should they occur. In considering impact, the effectiveness of existing control measures should be taken into account. The following table contains examples of consequence factors and values used within different churches or activity types.

**Consequence Factors and Values**

| <b>Factors</b>       | <b>Example values</b>        |   |                              |
|----------------------|------------------------------|---|------------------------------|
|                      | <b>Physical Injury</b>       | <b>Reputation</b>                                     | <b>Financial</b>             |
| <b>Extreme</b>       | Death                        | Sustained negative national media coverage            | 5% of value of own funds     |
| <b>Major</b>         | Extreme / permanent Injuries | Major negative state media coverage                   | 2% - 5% of own funds         |
| <b>Moderate</b>      | Medical treatment            | One off state media or sustained local media coverage | 1% - 2% of own funds         |
| <b>Minor</b>         | First Aid                    | One off digital media TV or newspaper coverage        | 0.5% - 1% of own funds       |
| <b>Insignificant</b> | No treatment                 | One off local media coverage                          | Less than 0.05% of own funds |

Other values that might be considered could include: property loss dollars, activity interruption, legal and compliance impacts, and environmental impacts.

Some churches use a single value type for consequence while others consider multiple values. Values may vary according to the types of activity being assessed. For example, when looking at church strategic issues, multiple measures are more likely to be relevant while a youth group activity may only be concerned with physical injury.

What is important is that the factor(s) used are agreed and understood by the church community to be the appropriate measures for the church and activity being assessed and that they are consistently applied to similar activity types.

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### Risk Evaluation

Once likelihood and consequence values have been determined for a particular activity, the risk rating can be determined as the intersection of the 2 values, using a matrix similar to the one below. The intersection shows the “seriousness” of each event and points to where action should be prioritised to either reduce the consequence or the likelihood or both. For example, events determined to have a risk rating of “high” will require immediate action, while those determined to be “low” may simply be monitored. The example shows 3 ratings: High, Medium and Low.

A church might adopt different ratings that better suit their circumstances.

### Risk Matrix

|            |                       | Consequence          |              |                 |              |                |
|------------|-----------------------|----------------------|--------------|-----------------|--------------|----------------|
|            |                       | <i>Insignificant</i> | <i>Minor</i> | <i>Moderate</i> | <i>Major</i> | <i>Extreme</i> |
| Likelihood | <i>Almost certain</i> | Medium               | Medium       | High            | High         | High           |
|            | <i>Likely</i>         | Low                  | Medium       | Medium          | High         | High           |
|            | <i>Possible</i>       | Low                  | Medium       | Medium          | High         | High           |
|            | <i>Unlikely</i>       | Low                  | Low          | Medium          | Medium       | High           |
|            | <i>Rare</i>           | Low                  | Low          | Low             | Medium       | Medium         |

Each church will need to determine the actions required for the different risk ratings, including communication and escalation requirements, frequency of reporting and priority of risk treatment (remediation) activities. An example is set-out below:

| <i>Risk Rating</i> | <i>Escalation and Communication</i>   |
|--------------------|---|
| High               | Immediate escalation to church leadership (Board); active remediation activities in place; regular frequent (weekly) monitoring |
| Medium             | Church management team advised; active remediation plans in place; regular (monthly) monitoring as part of existing meetings    |
| Low                | Local management team or workgroup monitoring; lower priority remediation activities  |

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### Risk Treatment

Risk treatments will depend on the underlying causes of an event and also any factors that might influence the proposed treatment (remediation) option chosen. In determining the mix of actions / controls necessary to treat risks, the following options should be considered.

#### Risk Treatment Options

| <i>Treatment Option</i>   | <i>Option Description</i>   |
|---------------------------|---|
| Avoid the risk            | Change business processes or objectives so as to avoid the risk           |
| Change the likelihood     | Undertake actions aimed at reducing the possibility of the risk occurring |
| Change the consequence    | Undertake actions aimed at reducing the impact of the risk                |
| Share / transfer the risk | Transfer ownership and liability to a third party, e.g. insurance         |
| Retain the risk           | Accept the impact of the risk.  |

Once it has been decided that a risk is to be treated (any of the first 3 steps above) the following hierarchy of control table can be used to help determine the mix of control measures that might be utilised in a treatment plan.

#### Hierarchy of Control

| <i>Eliminate or control</i>       | <i>General description</i>   |
|-----------------------------------|--|
| Eliminate the risk                | Remove the hazard. Change the activity or stop using it.   |
| Substitute the risk               | Replace the activity, material or equipment with a less hazardous one.   |
| Isolate the risk                  | Isolate the hazard from the person at risk; isolate through distance   |
| Use engineering controls          | Change the physical characteristics of the environment (with additions or subtractions) to remove or reduce the risk |
| Use administrative controls       | Establish procedures and safe practice   |
| Use personal protective equipment | Use appropriately designed and properly fitted equipment and clothing.   |

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### Events / Activities / Facilities Requiring Risk Assessment

Set out below are examples of the sorts of church based events, activities and facilities for which an activity risk assessment may be appropriate.

#### 1. Physical premises

- Auditorium
- Meeting rooms
- Offices
  - Local facilities
  - Off- premises office
- Counselling centre / rooms
- Facilities for people with a disability
- Catering / cafe
- Manse
- Recording facilities

#### 2. Regular activities

- Worship services
  - English speaking
  - Non-English speaking
- Small groups
- Kids' church / Sunday school
- Pre-school
- Play groups
- Mainly music
- Youth group
  - On church premises
  - Off premises events
    - Concerts
    - Adventure
    - Excursions generally
  - Clubs
- Senior citizens activities
- Men's shed
- Care activities
  - Community dinner
  - Counselling
  - Food hampers
  - Tuition
  - Legal advice

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- Courses
- Café / meals
- Sporting teams
- Pre-school
- Transport
  - Church (owned) bus
  - Hired vehicles
  - Private vehicles
- Hiring facilities

#### 3. Events

- Working bee
- Fair / fun day
- Christmas carols
- Fund raising event
- Camps
  - Family
  - Youth
  - Children
  - Men
  - Ladies
- Mission trips
  - In Australia
  - Overseas



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### References

AS/NZS ISO 31000:2009 Risk management – Principles and guidelines