



Volunteers and Risk Management for Canadian non-profits and charities

by Mark Blumberg (May 20, 2008)

Volunteers are one of the most important assets of non-profit and charitable organizations in Canada. They bring time, enthusiasm, and skills to the organization or to a program. They can also make the delivery of programs far more cost-effective. Many programs would fold if they did not have the support of volunteers.

Running a non-profit or charity will inherently result in risk. Many non-profits are dealing with some of the most difficult issues facing our country and our world. If you want zero risk, you might as well dissolve the organization today. However, ignoring risk or throwing up one's hands and claiming that reducing risk is futile is also not helpful. Trying to manage and reduce risk is a very important and worthwhile activity for any non-profit or charity that is striving to run an effective operation and is working to preserve its reputation and assets.

Good volunteers are hard to recruit and often organizations accept anyone who offers to help. Having no standards, procedures, and policies can diminish the organizations programs and create unintended liabilities.

Risk management is an important part of proper stewardship of the assets of a non-profit or charity. Failure to manage risks can result in damage to the non-profit including injuries to people or assets, financial costs to the non-profit and perhaps most importantly loss of reputation and goodwill. Goodwill for most charities is their most important asset. Without goodwill, it would be very hard to raise funds, attract volunteers, and implement your program.

For some, the words "risk management" and "insurance" are synonymous. Actually, insurance is only a very small part of risk management. Insurance is ostensibly "risk transfer". You are paying an insurance company, often an exaggerated amount, to transfer some of the economic consequences of certain

very narrowly defined risks to the insurance company. Insurance is a business. There is nothing wrong with business. However, many insurance policies have huge exclusions and some only cover liabilities that are very unlikely to happen or the cost of them happening is nominal, and they exclude the common problems and often cap the serious liabilities. In addition, insurance only covers some of the financial costs of a liability or lawsuit. It does not cover the damage to one's reputation and good will or the stress on employees and volunteers. Therefore, while insurance can provide certain advantages, it is only a very small piece of the puzzle of avoiding risk.

What is appropriate risk management for one large organization with lots of resources may not be the same for a smaller organization that lacks those resources.

The best part of risk management is that many risks can be easily reduced without costing lots of money or impairing the ability of the organization to conduct its programs.

Below are 35 ideas for reducing risk when using volunteers:

- 1) Have a volunteer risk management policy in place, which sets out some procedures and policies to reduce risk.
- 2) Have the board adopt that risk management policy.
- 3) Create a volunteer handbook with all policies that volunteers need to be aware of and comply with.
- 4) Assign someone or a committee to review risk management procedures in your organization including for volunteers.
- 5) Have a volunteer coordinator – they can be a volunteer or paid staff depending on the circumstances.
- 6) Think about all the activities of the organization and the risks that your organization can face and make a list of them.
- 7) Prioritize the risks in term of likelihood and effect.
- 8) Think of ways to deal with risk and decide on timelines in dealing with different types of risk.

- 9) Different volunteer opportunities may have vastly different levels and types of risks associated with them. Working in the office versus being on the street working with young offenders are not the same in terms of risk.
- 10) Consider eliminating an excessively risky program or temporarily stopping that program until some of the risk can be dealt with or minimized. Sometimes the board must draw lines about what activities are too risky to involve the organization or to involve volunteers.
- 11) Have volunteers complete a written application form with all necessary information about themselves including contact information, background, skills, references, consent to check references, etc. (see example at http://nonprofitrisk.org/tools/volunteer/review/vol_application.htm)
- 12) Interview volunteers, preferably face-to-face, to ensure they understand their responsibilities and that they would be a good fit for your organization.
- 13) Have volunteers sign a written volunteer agreement, which states they are not an employee, a code of conduct, risks associated with activity and waivers, and expectations you have of the volunteer, etc.
- 14) It is acceptable to reimburse volunteers for reasonable out of pocket expenses but if you go beyond that you may have a risk that the “volunteer” could make a claim that they are “employees” with all the associated rights.
- 15) Conduct reference checks.
- 16) If the volunteer will be working with youth or vulnerable persons, then consider doing criminal background checks and far more vigorous background checks.
- 17) Have an orientation program for new volunteers.
- 18) Train volunteers in their specific duties with an emphasis on risk management.
- 19) Create a job description for each volunteer position that identifies the title, purpose of the position, scope of position, expectation, reporting relationships, time commitment, length of appointment, if there are any required qualifications, etc.

- 20) Insurance – check what insurance you have and what insurance you should have – discuss with your insurance agent or broker your requirements. Insurance may be helpful in covering harm to volunteers and harm caused by volunteers. Some of the policies that may be helpful include CGL, D&O, Professional Liability, Automobile, etc.
- 21) Respond appropriately to inappropriate or illegal behavior by employees and volunteers. Fire volunteers who seriously misbehave or abuse others. The “bully on the board” or in the program can really drain the energy of an organization. For those who do not do what is reasonably expected from them and outlined in their volunteer contract or the code of conduct of the organization, consider discussing their shortcomings with them or reassignment but if neither is feasible consider terminating. It is best to have a policy that deals with how problems will be handled and to uniformly apply such policy.
- 22) Use care and tact when terminating a volunteer.
- 23) Have plans in place to deal with different contingencies or disasters. Although plans rarely work perfectly, having a plan, training on it and practicing it will make people more likely to understand some of the variables even if they need to adopt the plan on the spur of the moment.
- 24) Is the physical space in which your volunteers are working safe?
- 25) Is adequate security in place?
- 26) Are dangerous items appropriately stored?
- 27) Do volunteers have access to appropriate safety equipment?
- 28) Organizations that have volunteer drivers should have special policies dealing with them, their insurance, etc.
- 29) Be prepared to turn away volunteers if you do not require their services or if they do not have the right skills or “fit” with the organization.
- 30) Do not always assume that because a person is “giving of their time” that they are honest, reliable, or safe people to have as volunteers. People volunteer for as many reasons as there are volunteers and not all the reasons are necessarily going to advance your organization’s goals.

- 31)With board volunteers have a board manual, a board orientation, various appropriate policies such as confidentiality, conflict of interest etc.
- 32)Provide guidance and supervision to volunteers.
- 33)Have policies that clarify the appropriate use of the organization's equipment including vehicles and computers.
- 34)Risks change and evolve – review your organization and risks every year or two.
- 35)Governance (properly running your board and organization) is an important part of risk management whether dealing with volunteers or other risks.

Some organizations, whether intentionally or not, have gone from being largely volunteer organizations to almost exclusively “professional” ie. paid staff people doing all the work. One extreme way to deal with the liability potentially posed by volunteers is not to have any volunteers. However, if there are willing and able volunteers who can perform a task well and you are using paid staff people for everything, then you are not utilizing the resources of the charity as well as you could. With increasing pressure on non-profits to demonstrate that they operate efficiently, one of the best ways to do more with the resources you have is to make good use of volunteers. It is a win-win-win situation. The volunteer gets the satisfaction of being involved with a good cause and having their time and skills well utilized. The charity gets the benefit of the skills, energy, creativity, and time of the volunteer. The beneficiaries of the charity benefit because the charity can do more.

Just as having no volunteers to contribute to the charity is a bad strategy in most cases, so is the over reliance on volunteers by some organizations. Not everything can or should be done by volunteers. If something is important to the charity, unless you have the volunteers with the correct skill set, time, equipment, and infrastructure to accomplish the task, you are better off paying for the services. In the long run the charity will be better off. How many times have I seen a volunteer ‘bookkeeper’ who is working really hard to keep the books and records of the charity straight, but they really have little idea of what they are doing and they are potentially imperiling the registered charity status of the organization. The same applies to the lawyer or accountant on the board who knows little about legal or accounting issues specific to non-profits and charities. A charity's reliance on them may only lead to misery in the long run.

Not all of these ideas may be relevant to your organization, but I would encourage Canadian non-profits and charities to consider reducing risk if only by incrementally adopting risk management ideas. You owe it to your volunteers and to your organization.

Mark Blumberg is a lawyer at Blumberg Segal LLP in Toronto, Ontario. If you require legal advice or assistance, he can be contacted at mark@blumbergs.ca or at 416-361-1982 x. 237. To find out more about legal services that Blumbergs provides to Canadian charities and non-profits please visit the Blumbergs' Non-Profit and Charities page at www.blumbergs.ca/non_profit.php or www.globalphilanthropy.ca

This article is for information purposes only. It is not intended to be legal advice. You should not act or abstain from acting based upon such information without first consulting a legal professional.