

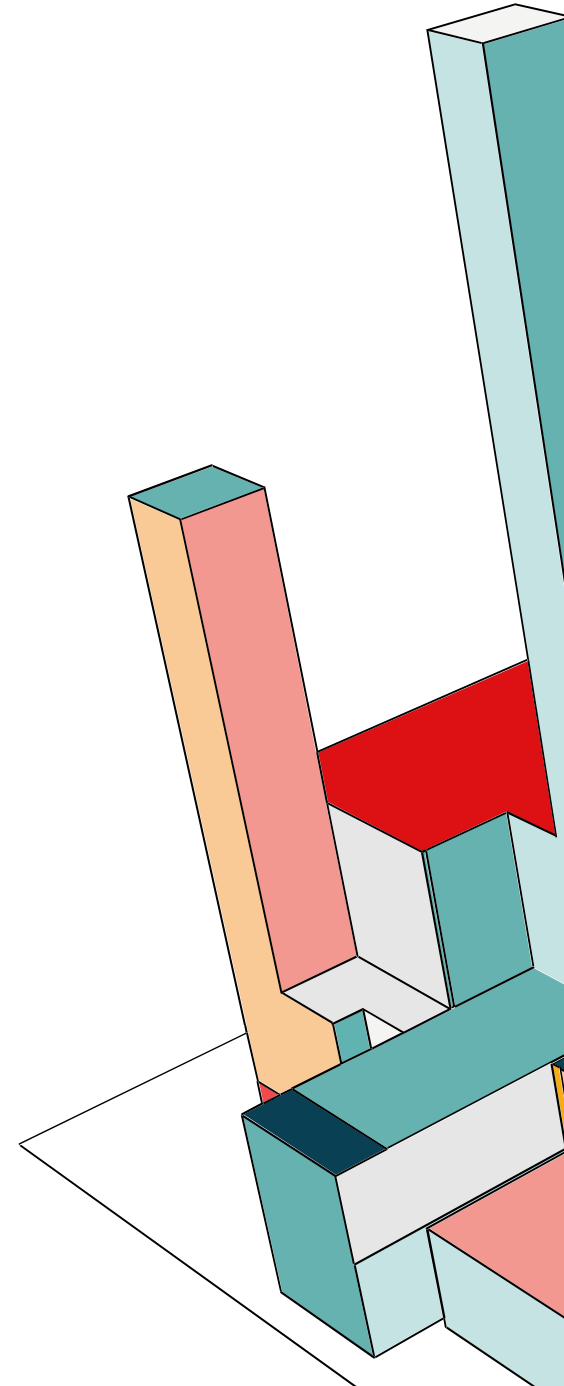
# **RISK MANAGEMENT / CYBERSECURITY**

National Self-Help Housing Conference

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NeighborGood Partners

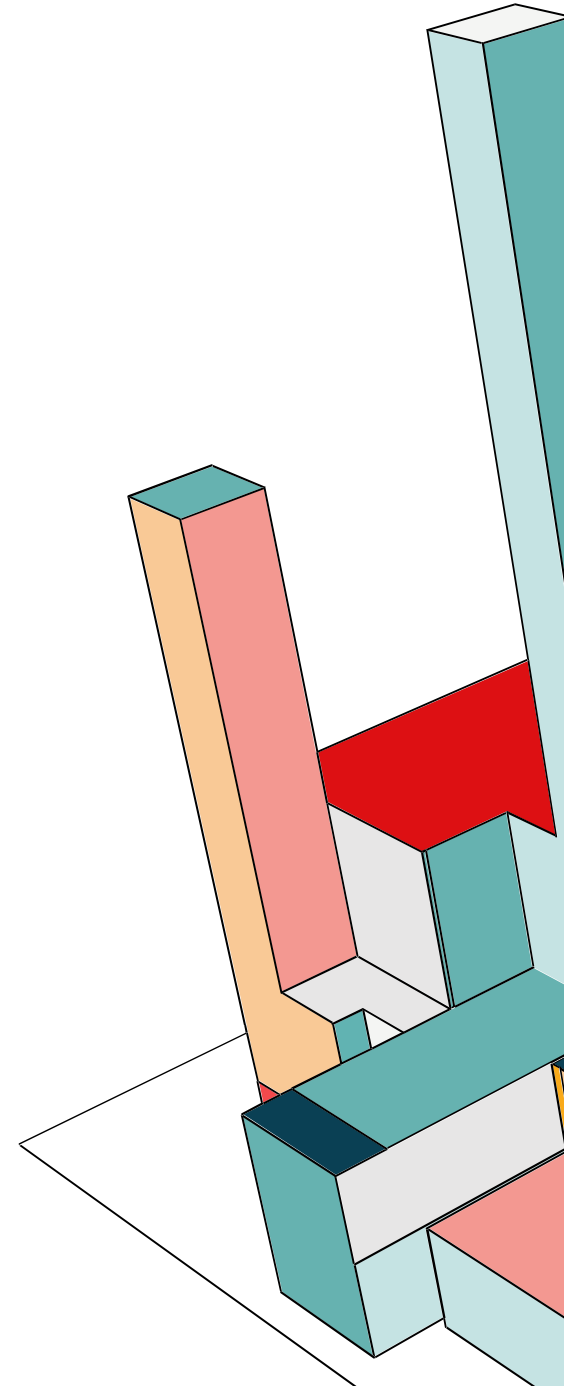
# AGENDA

- Introduction
- What is Risk Management
- Types of Risks
- Mitigation Strategies
- Cybersecurity with Ferrara IT



# WHAT IS RISK?

- The possibility of loss, harm, or uncertainty in any activity or decision
- Represents the chance that an outcome will differ from what is expected, often with negative consequences



# RISKY BUSINESS?

What types of risks can you imagine for your organization?



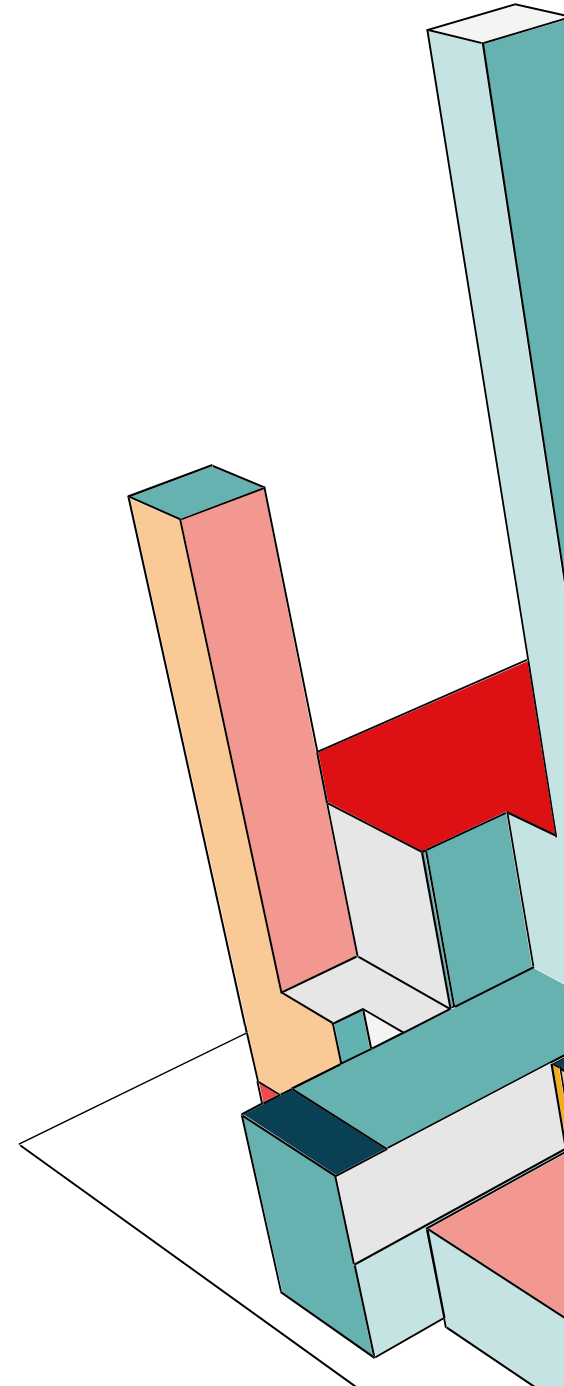


# WHAT IS RISK MANAGEMENT?

- **Identify Risks** – Recognizing potential risks.
- **Risk Assessment** – Evaluating the likelihood of each risk, it's potential impact and prioritizing risks to address.
- **Risk Mitigation Strategies** – Implementing policies, procedures and controls to minimize risks.
- **Monitor & Review** – Continuously tracking risks and updating strategies as needed (conduct regular audits, board reviews, staff training).
- **Crisis Response & Recovery** – Preparing for worst case scenarios and have contingency plans.

# CATEGORIES OF RISKS FOR NONPROFITS

- Organizational
- Financial
- Operational
- Legal & Compliance
- Strategic Risks
- Environmental & Safety
- Technology & Data





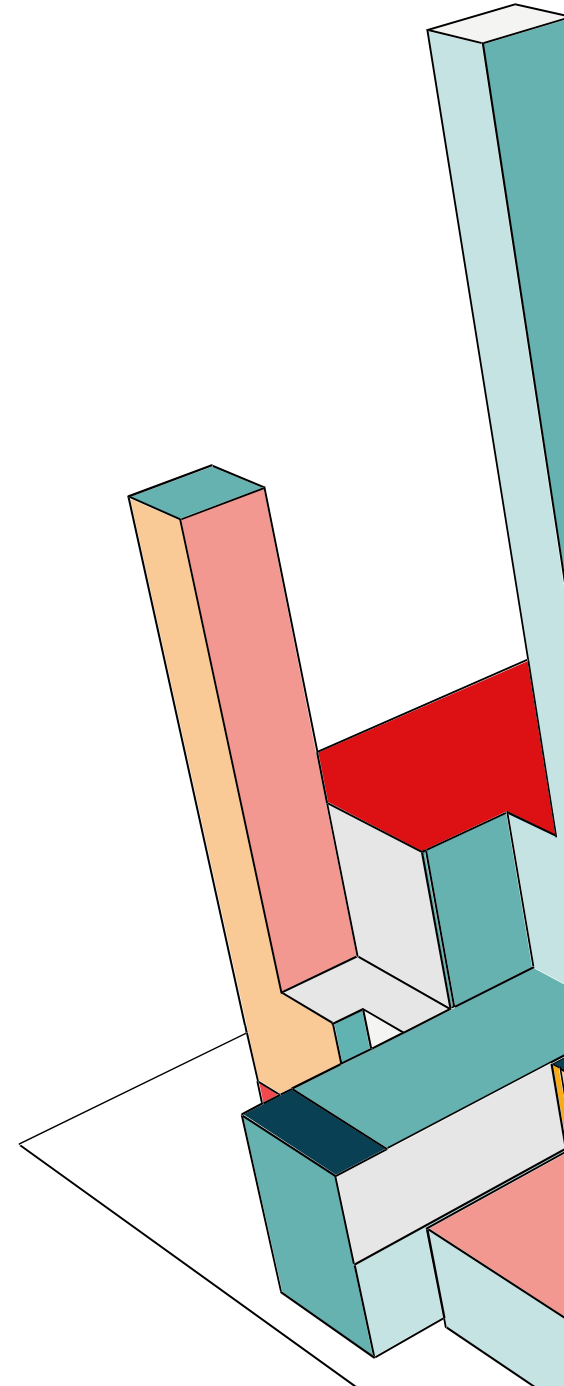


# ORGANIZATIONAL RISKS

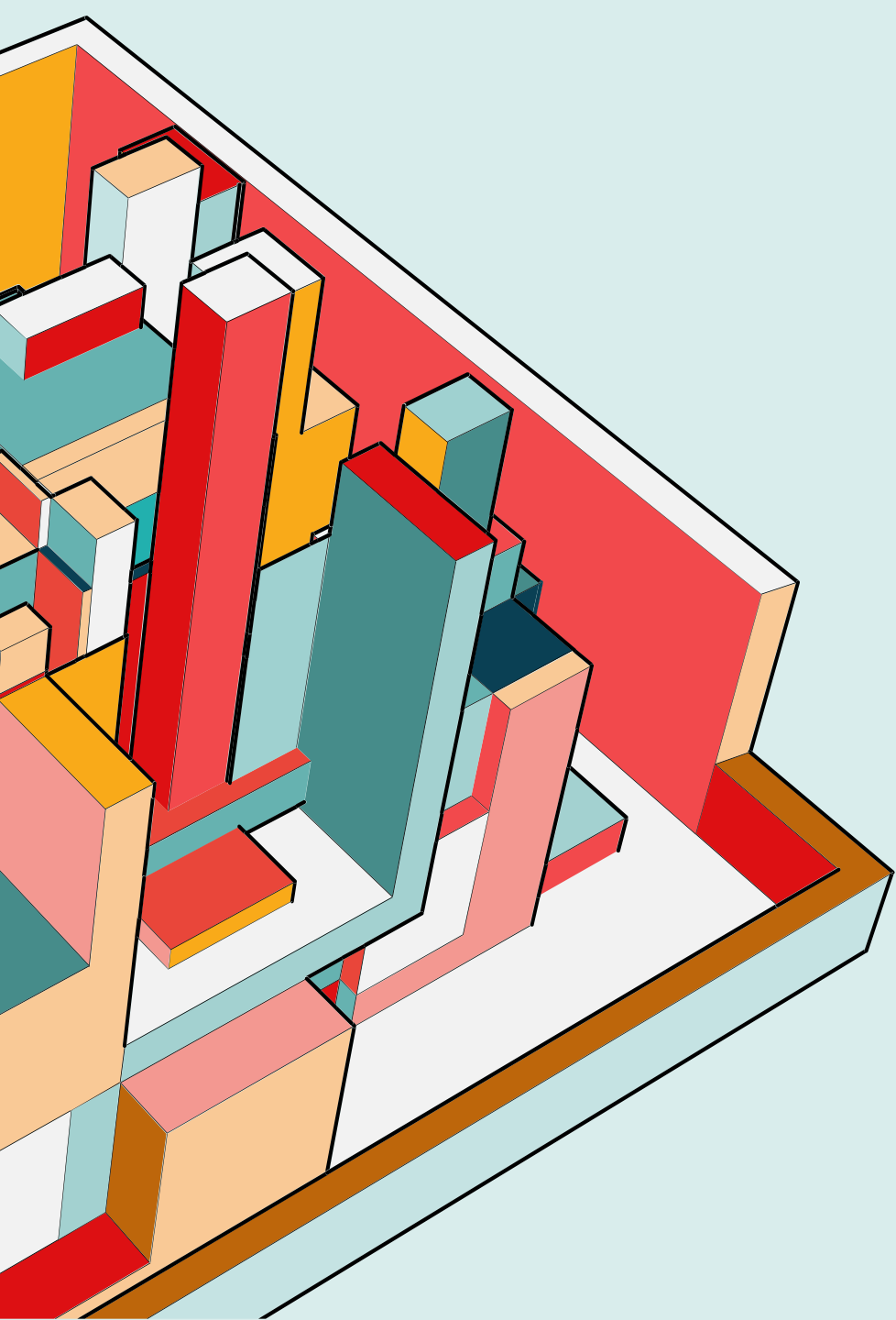
- **Governance & Compliance** – Lack of Board oversight, conflicts of interest, failure to comply with nonprofit regulations.
- **Financial Sustainability** – Dependence on grants and donations may lead to funding instability. Mismanagement of funds could result in financial shortfalls or legal consequences.
- **Reputation Management** – Public trust is crucial. Negative media attention, tenant complaints, or failed projects could harm credibility.

# FINANCIAL RISKS

- **Funding Instability** – Grants and donations can fluctuate.
- **Funding Dependence** – Over-reliance on a single donor, grant or funding source.
- **Fraud & Missuse of Funds** – Risk of mismanagement, embezzlement or lack of proper accounting controls.
- **Budget Shortfalls** – Rising costs could impact affordability and sustainability.







# OPERATIONAL RISKS

- **Leadership Turnover** – Loss of key executives or board members leading to instability.
- **Program Disruptions** – Unexpected issues affecting service delivery (lack of funding, pandemics).
- **Volunteer & Staff Misconduct** – Actions by employees or volunteers that harm the organization's activities or reputation.

# LEGAL & COMPLIANCE RISKS

- **Tax-Exempt Status Violations** – Engaging in activities that could jeopardize the nonprofit status.
- **Fair Housing Compliance** – Violations of fair housing laws could lead to lawsuits or penalties.
- **Land Use & Zoning Issues** – Projects may face legal challenges related to land use, zoning or permits.
- **Employment Law Compliance** – Risks include workplace safety violations, discrimination claims or improper hiring practices.
- **Contract and Grant Management** – Breaches in agreements could cause a lack of funding or liability.



# STRATEGIC RISKS

- **Mission Drift** – Expanding beyond the organization's true purpose, leading to inefficiency or dilution of impact.
- **Failure to Adapt** – Not keeping up with changing community needs, technology or funding trends.
- **Poor Stakeholder Relationships** – Weak engagement with donors, partners or the communities served.



# ENVIRONMENTAL & SAFETY RISKS

- **Natural Disasters & Climate Risks** – Damage from floods, fires, or extreme weather could affect your offices or work sites.
- **Health & Safety Concerns** – Risks include job site injuries, office injuries, or other hazards.
- **Security & Crime** – Ensuring staff safety and securing the office and job sites against crime and vandalism.





# CONSTRUCTION RISKS

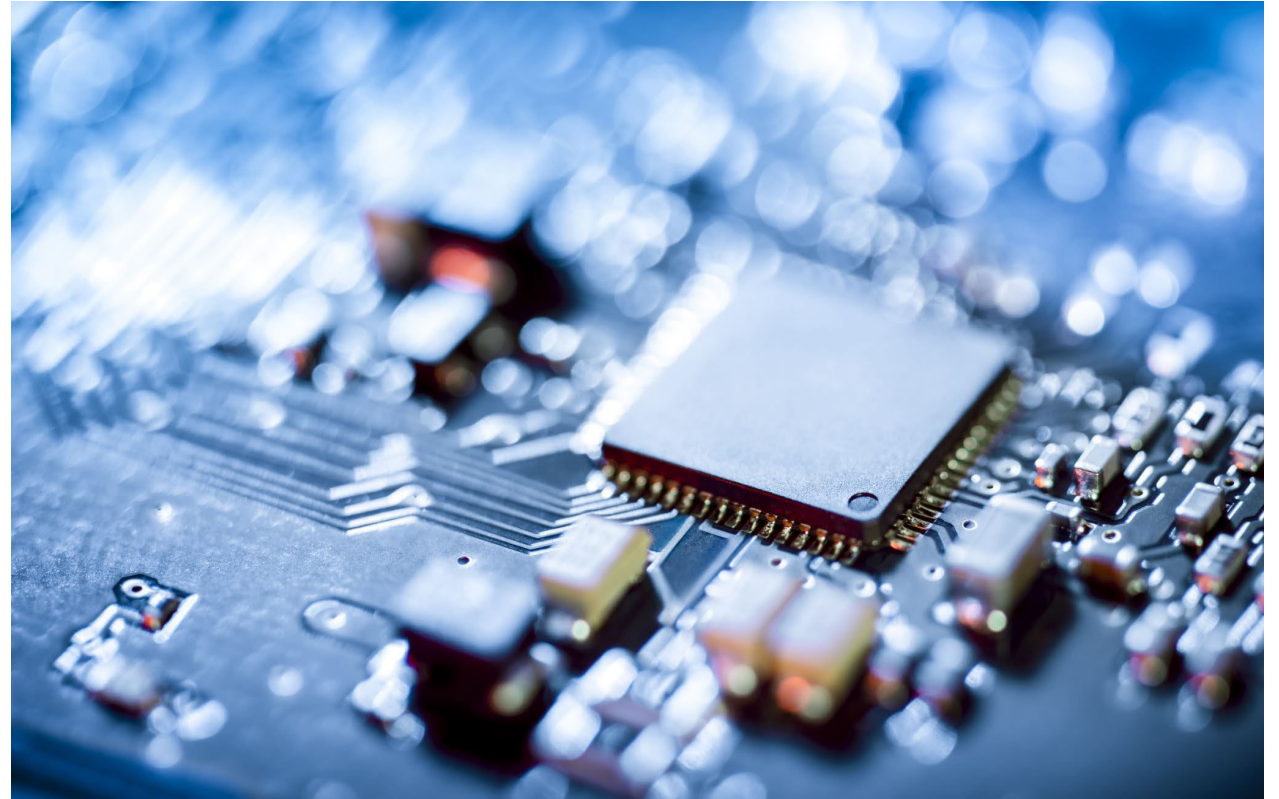
- Construction projects can be impacted by:
  - Cost increases
  - Delays
  - Shortage of materials
  - Limited number of subcontractors
  - Limited number of suppliers
  - Weather





# TECHNOLOGICAL & DATA RISKS

- **Cybersecurity Threats** – Risk of data breaches affecting client records, donor information or financial data.
- **IT System Failures** – Outdated or inadequate software could disrupt operations and financial tracking.





# MITIGATION STRATEGIES

- Organizational Risk Management
  - Strong Board oversight - Ensure an active and engaged Board that reviews policies and finances.
  - Legal compliance - Stay up to date on federal, state and local regulations.
  - Ethical policies - Establish clear codes of conduct, conflict of interest policies, and whistleblower protections.
- Financial Risk Management
  - Diversified funding streams - Avoid reliance on a single source of funding by pursuing grants, donations, memberships and earned income.
  - Internal controls - Implement checks and balances, such as dual signatures and regular audits.
  - Reserve funds - Maintain an emergency fund to cover unexpected expenses or revenue shortfalls.



# MITIGATION STRATEGIES

- Operational Risk Management
  - Clear policies and procedures – Document and update SOPs regularly.
  - Data security measures – Protect your data and information (more to come).
  - Contingency planning – Develop emergency preparedness and disaster recovery plans.
- Human Resources & Volunteer Management
  - Through Vetting – Conduct screening of employees and volunteers
  - Training and Development – Provide ongoing training in ethics, compliance and safety
  - Insurance coverage – Carry general liability, Directors and officers, workers' compensation and volunteer insurance



# MITIGATION STRATEGIES

- Reputation Risk Management
  - Crisis communication plan – Have a strategy in place for negative media attention.
  - Transparent reporting – Publish annual reports, financial statements, and impact assessments to maintain donor trust.
  - Stakeholder engagement – Maintain open lines of communication with donors, beneficiaries, and the community.
- Strategic Risk Management
  - Keep your mission in mind – Don't get the organization off track by focusing on too many issues or sectors.
  - Do regular strategic planning – It's easier to move forward when there is a thoughtful plan to follow.
  - Stay engaged with stakeholders.
  - Sector awareness – See what other housing and community development organizations are doing and consider opportunities for collaboration and strategic alliances.

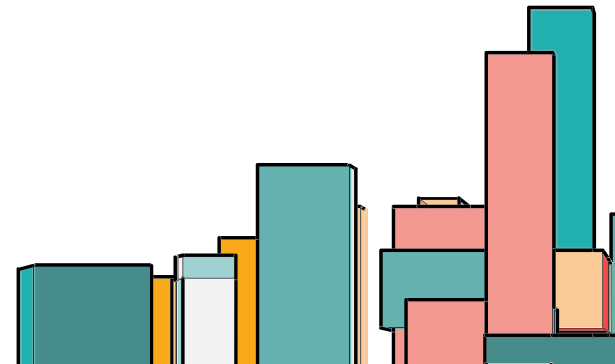


# MITIGATION STRATEGIES

- Construction Risk Management
  - Have contingency plans - Change house plans, have back up contractors, go out to bid regularly, keep up to date schedules.
  - Safety plans - Dress codes for on site, tool usage policies, clean up and storage plans.
  - Insurance - Worker's comp, builder's risk, auto insurance.



# HOW DO YOU KEEP YOUR ORGANIZATION SAFE?



# THANK YOU

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