



ZONTA
INTERNATIONAL

EMPOWERING WOMEN
THROUGH SERVICE & ADVOCACY

A Practical Guide to Zonta Club Risk Management



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Expected Outcome

You will

- gain a better understanding of risk
- increase your awareness of risks to a Zonta club
- learn how to prevent risks from developing into problems

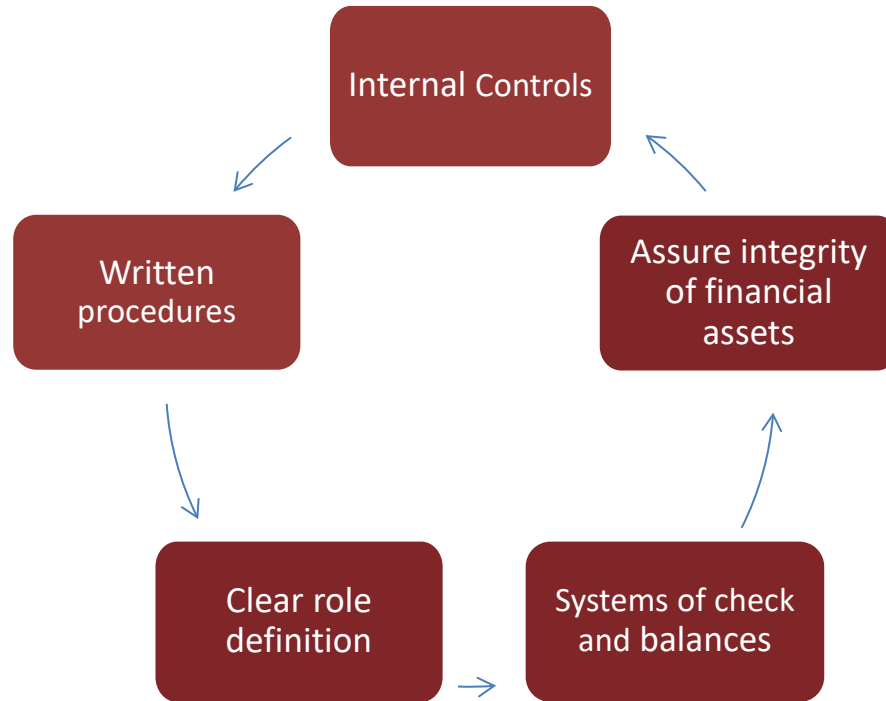


What is a Risk?

- It is the potential of losing something you have, such as physical health, social status or financial wealth.
- Biggest risk for a nonprofit – losing its good reputation



Financial Control



Clear Role Definitions

- Define roles and responsibilities
- Avoid conflict of roles
- Check that responsibilities are understood
- Write it down
- Provide training where required



System of Check and Balances

- Check conflict of interest
- Always two signatures on a contracts
- Appoint an external examiner or auditor
- Make sure the auditor has all information needed
- Red flags – warning signs to look out for



Ensure Integrity of Financial Assets

- Regular and frequent financial reports
- Reconcile bank accounts monthly
- Keep valuables and cash safe
- Two signatures on checks and bank accounts
- Be alert to fraud/embezzlement



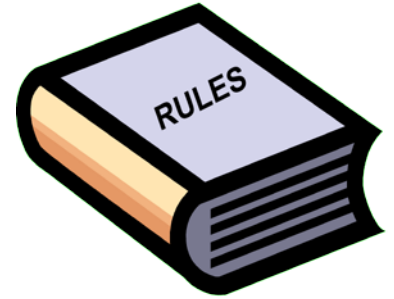
Internal Control



- Check cash disbursements regularly
- Check that all checks are in the check book
- Do not accept repeated late or entirely missing financial reporting or bank reconciliations
- Investigate any 'red flag' concerns immediately



Written Procedures



- Write down all club procedures
- Write detailed role/job descriptions
- Review and update procedures each biennium
- Make sure all documentation is stored securely
- Pass on the documentation to incoming officers

Fundraising & Fundraising Events

- Keep accounting separate from club accounts
- Separate club foundation should have its own treasurer
- Two people handling cash at events
- Encourage online credit card donations
- Ensure you have general liability insurance to cover guests and event equipment



Club Leadership

- Train club members to become future leaders
- Plan the succession of your officers, directors and committee chairs
- Lack of a future leadership is a risk to the club
- A strong leadership makes a strong club!





Fiduciary Duty of Club Officers

- **Duty of Care** – you always have to act prudently and reasonably when managing the club
- **Duty of Loyalty** – you cannot use your position in the Zonta club to further your own interests
- **Duty of Obedience** – you must ensure that the club is run in accordance with its governing documents and applicable laws

Directors & Officers Liability Insurance

- Why needed? → To protect the club officers while doing club business.
- Protect them from? → Claims of error or mismanagement.
- What claims? → Wrong decision, misuse of funds, discrimination etc.
- Covering what? → Legal costs defending the board members.

Data Protection



- New data legislation in place between USA and EU.
- Do not post club minutes or member data on website
- Get permission in writing before sharing member data outside of the club.
- All websites must have a *Privacy Policy*.
- Read *Data Protection Policy* and *Electronic Communications Policy & Guidelines* on ZI website.

Fraud

What is fraud?



Theft, embezzlement, corruption and bribery.

How prevent it?



Good ethical culture, sound internal controls, periodic reviews, train leaders.

What to do?



Do not ignore warning signs, act quickly. Engage lawyers and prepare a file.

'Red Flags'

- Late or no bank reconciliation or finance reports
- One member in charge of all cash
- Checks missing in check book
- Money owed for a long time
- Missing donation receipts
- Questions not being answered



How to Retain Members



- Interesting and engaging club meetings
- Spread the workload
- Set up achievable goals for the club activity
- Train your officers
- Deal with conflicts



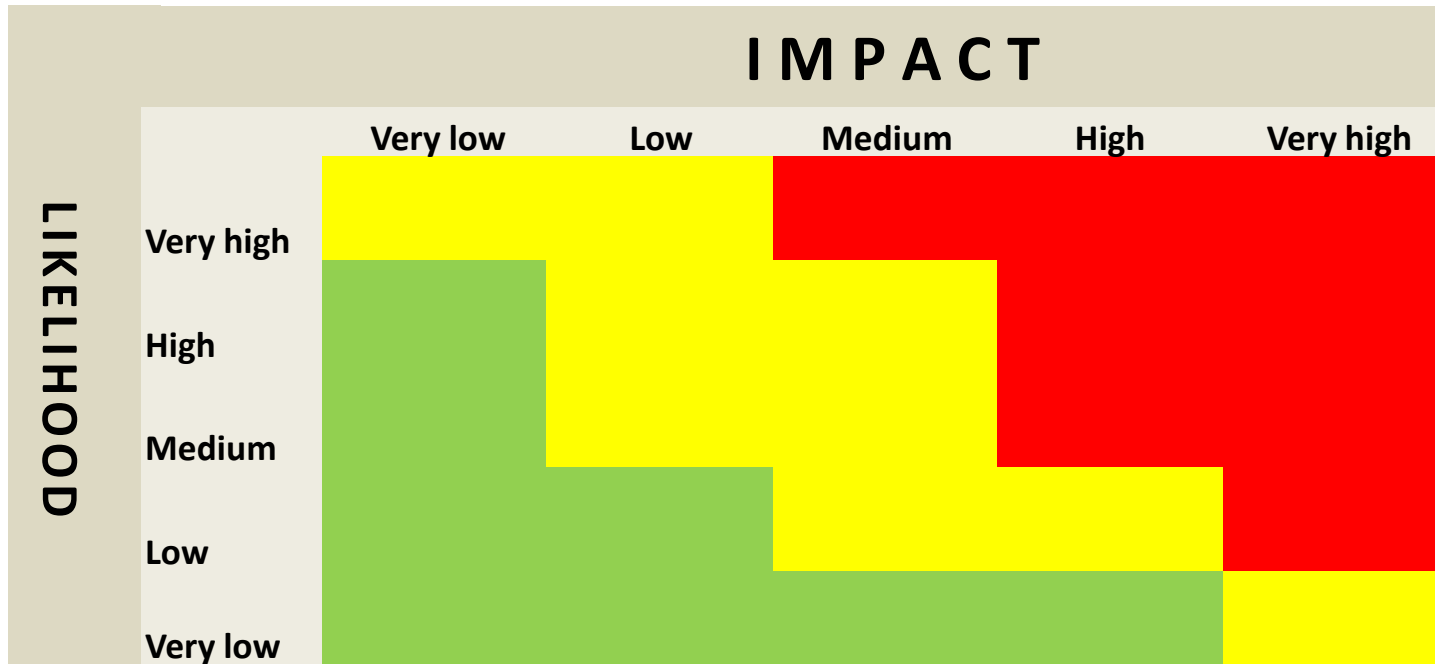
A Few More Possible Risks

- Social Media
 - Archiving
 - Password Protection
 - Awards
- Write a *Club Social Media Policy* outlining use and ethics. Appoint one or more administrators to manage.
 - Use Dropbox or other electronic filing programs that will make transfer to new leaders easy.
 - Keep your passwords well protected and change them when you change leadership
 - Check eligibility and accuracy of application. Beware of discrimination.

Risk Assessment Process



Example of a Risk Matrix



Now,
take the first step,
discuss risk in the next board meeting.