

# RISK MANAGEMENT OVERVIEW

AND INFORMATION ABOUT AUSTRALIAN STANDARD AS/NZS 4360:2004

Traditionally many churches have failed to protect their people and property, not because they are uncaring or not interested in preserving their property in good order and condition. Not because they do not want to protect the members of their ministry team, employees and congregations, but simply because they have been focusing on the church's great commission with all their hearts, minds and strength. They have ignored the fact that we live in a less than perfect, material and often hostile world. We need to remember that whilst we may not be 'of this world' we are 'in this world'. We need to take more responsibility, with God's help, in protecting our people and property.

## What has been the traditional thinking of the church in relation to Risk Management?

Traditional thinking went something like this:

- God will look after us.
- We can shift the risk by transferring it to an insurance company. (Incidentally, insurance only covers the financial consequences of "realised risk", it does not eliminate the actual risk itself!)
- Liability and property laws don't apply to us.  
*or even*
- Completely ignored the physical, psychological, moral and other dangers that exist in today's world .

## Why 'New Thinking' by the church in relation to Risk Management?

Comprehensive Risk Management is needed to take a modern approach to the problems we face. Whilst we need to ask God's help in protecting our people and property, we

believe He expects us to develop our own skills in this area and work hard to minimise the risks we face. We do this by taking the following approach:

- Learn about the issues and dangers facing the church by consulting and communicating with our leaders to **Identify the risks** we face.
- **Assess the risks** identified, analysing each one individually.
- **Rate the risks** or evaluate them to consider the likelihood of them causing the church a problem. The greater the risk the of the risk actually happening the higher on your list of things to be addressed it should be.
- Next we need to **Control the risks**. This is where we find a way to fix or minimise the risk identified. There was a time when we believed the Risk Management process ceased here. Not so, there is one more crucial step, and it is to:
- **Monitor & Review** the controls we have put in place. On a regular basis we need to review our work and make sure that the control measures we have put in place are working, will continue to work and that we have not inadvertently created other risks with our control measures.

There is an old adage "God helps those that help themselves" and if we adopt the simple risk management process outlined above we believe that God's church will be better able to prosper.

The Risk Management Process is outlined in more detail in a simple flow chart opposite

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taken from:

**Australian Standard AS/NZS 4360:2004.**

This flowchart is an up to date and helpful tool to assist you in dealing with many of the issues raised in this book. As you look at each module and decide if it is relevant to your church consider it in light of this flowchart. If you want more detail on the formal process utilised by so many businesses in dealing with 'Risk', copies of **Australian Standard AS/NZS 4360:2004** are available from the '**Standards Australia**' office in your State.

If the concepts of Risk Management are new to you and you wish to better understand how it applies to churches, the first module of this book will be most helpful as it outlines why the church needs to be interested in Risk

Management, why insurance is but one way to provide some protection of financial risk and why a combination of good risk management and insurance provides you with a better more cost effective protection overall.

Once you have read this book you may wonder how best to start your program. To decide how you should go about managing your risks go to the module headed, 'Risk Management Programming' on page 10 which will assist you in making the decision to commence a risk management program if you haven't already, or re-vamp the one you have. It also outlines a simple 10 step process to help you in developing a program that will serve you well in minimising the risks you face in your church.

