



**NOVA SCOTIA  
FEDERATION OF  
MUNICIPALITIES**

**Risk Management Assessment**

**2025**

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## **Executive Summary**

The Nova Scotia Federation of Municipalities is a member-based, non-profit organization that advocates on behalf of the province's 49 municipalities. This includes identifying priorities from a diverse range of local governments by engaging with municipal councils, meeting with senior level officials at the provincial and federal levels to communicate priorities, negotiating opportunities for consultation, and securing the necessary resources to fund municipal services for Nova Scotians.

In the course of its member-driven operations, NSFM incurs risk. To be proactive, risk must be evaluated. The Risk Management Assessment provides a framework for identifying, evaluating, quantifying, and managing risk. The management of NSFM commits to conducting this assessment on an annual basis and reporting the results of the assessment to the Board for review.

## **The Not-for-Profit Sector**

### Six Strengths of the Not-for-Profit Sector

- Able to mobilize and inspire others
- Agility
- Continuously listen and improve
- Develop diverse funding sources
- Digitally-savvy
- Focused on Mission

### Eight Risks of the Not-for-Profit Sector

- **Compliance Risk** – risk of fines or other regulatory penalties for offences such as the failure to remit payroll taxes or violation of privacy laws. It might include management of restrictions of funds from donations or other funding agencies
- **External Risk** - risk of becoming irrelevant or losing support of the members, failure to respond to changing economic demographics or other trends
- **Financial Risk** - risk of fraud, financial failure, or making decisions based on inaccurate or inadequate information
- **Governance Risk** - ineffective oversight of management, poor management decision making, or a weak board of directors
- **IT Risk** - technology chosen is not accurate, dependable, or secure
- **Operational/Program Risk** - poor service delivery, reoccurring day to day crisis, staffing issues, or program failure
- **Reputational Risk** – loss of status or credibility in the community
- **Strategic Risks** - risk of continuation or development of inappropriate programs and initiatives; failure to keep the organization strong and relevant

## **Role of Risk Management Assessment**

- Assists with the development of policy and business decisions
- Enables the organization to identify and address its risks
- Ensures a consistent approach for considering, evaluating, and managing risk
- Safeguards the resources of the organization
- Supports the organization's governance and management by incorporating risk management principles into business processes

## **Risk Management Principles**

- Align risk management with the mission and values of the organization
- Create an environment where all stakeholders are engaged in identifying and mitigating risk
- Create and enhance a culture of risk management
- Ensure legal, ethical, and contract compliance
- Guide risk to a point where it can be effectively managed
- Improve outcomes through informed decision making
- Incorporate transparency and accountability within the operations of the organization
- Inform business continuity planning

## **Risk Management Categories**

The identified categories of risk for NSFAM are:

- Conference & Events Program
- Finance
- Governance
- Health & Safety
- Operations
- Programs & Services
- Reputation

## Risk Management Tool

### Likelihood

- Rare – only occurs in exceptional circumstances
- Unlikely – less than 25% chance of occurrence
- Possible – 25%-50% chance of occurrence
- Likely – 50%-75% chance of occurrence
- Certain – more than 75% chance of occurrence

### Impact

- Insignificant – negligible impact on the operation of the organization
- Minor – operation of the organization is delayed or impaired
- Moderate – operation of the organization is compromised
- Major – inability to operate for a brief period of time
- Catastrophic – inability to operate for a sustained period

### Risk Classification Matrix

Likelihood	Impact				
	Insignificant	Minor	Moderate	Major	Catastrophic
Rare	Low	Low	Low	Low	Low
Unlikely	Low	Low	Low	Medium	Medium
Possible	Low	Low	Medium	Medium	Medium
Likely	Low	Medium	Medium	High	High
Certain	Low	Medium	Medium	High	Extreme

## **Risk Management Assessment**

The assessment identified risks and mitigation strategies to manage the risks. 60 risks were identified and assessed as follows:

- Low: 11
- Medium: 43
- High: 6
- Extreme: 0

## **Conclusion**

The Risk Management Assessment is a useful tool to discuss excess organizational threats. By doing this, the organization will be better positioned to address challenges as they emerge. It is not possible to eliminate all risks, however, if the risk can be adequately managed, then the interests of NSFM will be protected, either through awareness, education, policy, procedures, procurement, or professional development.

As a result of the assessment, the highest risks facing the organization are:

- Lack of revenue diversification (finance)
- Policy incongruence with Province or stakeholders (governance)
- Political activity/affiliation of Board members (governance)
- Deterioration of relationship with AMANS (reputation)
- Deterioration of relationship with provincial government (reputation)
- Impact of municipal positions/policy on the Board or Board members (reputation)

A possible emerging risk related to the NSFM Health & Dental Plan, which is one of the organization's key programs. The possibility exists that competition to this plan may emerge over the next few years.

**Assessment**

**Risk                      Likelihood                      Impact                      Rating                      Mitigation Strategy**

**Category**

<b>Conference &amp; Events Program</b>	Consumption of alcohol	Possible	Moderate	Medium	\$5 million General Liability coverage including \$5 million Tenants Legal Liability coverage in place; Code of Conduct for volunteers, staff, Board, and participants.
	Liability at events	Unlikely	Moderate	Low	\$5 million General Liability coverage including \$5 million Tenants Legal Liability coverage in place; risk assessment conducted at each event by NSFAM staff; housekeeping announcements provided at live event re: exit locations. Manage written legal agreements with key event suppliers (venues, services, products) that clearly set out the duties and responsibilities of each party. Agreements require suppliers to indemnify, hold harmless, and defend NSFAM, and to provide Certificates of Insurance showing adequate coverage with NSFAM named as Additional Insured.
	Security issue at an NSFAM Conference or Event	Possible	Major	Medium	Venue security are on hand and present; events are held on private property so event disrupters can be removed; event planner works closely with venue staff to identify/mitigate possible risks

	Weather/Event Cancellation	Possible	Major	Medium	In person events are largely held in temperate seasons; events can pivot to online; mitigation strategies are part of event contract negotiation. At present no event cancellation coverage is in place; such insurance is a niche product offered by specialty insurers on an event and peril specific basis. Arranging such coverage involves a process including completed applications and associated information, with a minimum of 60 days lead time. A separate policy is required for each event. We do have a provision in our reserve to deal with this issue.
<b>Finance</b>	Decline in investment revenue	Likely	Insignificant	Low	Although interest rates are currently decreasing, interest revenue is conservatively estimated and often based on fixed contracts. We do not anticipate significant risk at this time, and best practices are in place to actively monitor investments and reallocate, as necessary.
	Decreased membership in programs	Possible	Major	Medium	Insurance programs seem relatively strong; budget revenues for programs are fiscally prudent; potential for competition.
	Economic downturn	Possible	Moderate	Medium	Attendance would be affected if municipal units have to tighten budgets for conference attendance; management analyzes budget performance on an ongoing basis and communicates changes that need to be contemplated to the Audit & Finance Committee.
	Employee on disability	Possible	Minor	Low	Early Assistance Program assists staff member; staff member may eventually need to transfer to long term disability; Staff Policy covers 50% of benefits for a year; additional expense required if replacement is hired.
	Fraud	Unlikely	Major	Medium	Insurance coverage, adequate separation of financial duties and internal controls; finances subject to audit; Finance & Audit Committee in place.

Insufficient cash flow	Unlikely	Minor	Low	NSFM has a reserve policy in place and currently maintains a substantial surplus. We are actively de-risking future locked-in GICs to ensure that NSFM will have access to necessary cash flow despite any locked-in investments. This strategy, alongside the existing surplus, helps mitigate liquidity risks and ensures continued financial flexibility.
Lack of revenue diversification	Certain	Major	High	Research opportunities to diversify, including innovative programs, fund administration options, and new funding sources.
Loss of event sponsorship	Possible	Major	Medium	Modest budgeting to guard against impact; ability to modify conference budget if revenues are not forthcoming.
Non-renewal of Government Contracts	Possible	Major	Medium	The discontinuation of self-contained government contracts would result in staff layoffs, though the associated costs would be absorbed by the government. The loss of government contracts which contribute to NSFM's overhead and staff time, would reduce NSFM's revenue. For instance, the SCCF currently contributes \$94,500 to NSFM's income. Looking ahead, future grant programs with ECC, DMA, and the renewal of CCBF are expected to also contribute to NSFM's revenue and would decrease the risk of income loss. To mitigate this, the NSFM is currently building an admin fee into future contracts to build capacity and safeguard against the risk of income loss.
Poor operational performance	Possible	Moderate	Medium	Poor performance from programs or events could have an impact on attendance and sponsorship.

Reduced conference attendance	Possible	Major	Medium	Advertising and programming are strong with a member-driven strategy; generally high degree of excitement for conference activities; diversification of revenue sources; reviewing trends associated with conference attendance; early-bird registration fee.
Reduced membership numbers	Unlikely	Major	Medium	Member engagement is strong; loss of larger members presents a particular risk.
Reduced participation in revenue generating workshops	Possible	Minor	Low	Modest budgeting to guard against the impact of this.
Segregation of Duties	Possible	Major	Medium	NSFM will look to diversity key tasks in finance; possibly hire additional staff resources to offer support and provide backup, when necessary
Unexpected legal costs	Possible	Moderate	Medium	Costs would be unbudgeted; adequate checks and balances in terms of policy and decision making to preclude need for this; generally, try to conduct research in advance to minimize work of legal counsel.
Estimates within rent	Unlikely	Moderate	Low	The rent expense consists of two components: a fixed cost outlined in the contract and common costs, which are estimated at the beginning of the year and adjusted at year-end for final billing. The common costs are subject to change, potentially leading to fluctuations, but NSFM remains contractually obligated to cover these expenses.

	Office Lease	Rare	Moderate	Low	If NSFM were to terminate the lease, it would be responsible for covering the unamortized leasehold improvements and the remaining lease term.
<b>Governance</b>	Committee membership turnover	Likely	Minor	Medium	Robust application process ensures applicants have the knowledge, skill, and time to commit; relatively easy to replace members, if necessary.
	Impact on reputation and advocacy resulting from controversial behaviour by Board member	Possible	Major	Medium	New Code of Conduct in place to respond; member training; participation in training offered by DMAH; Board governance training planned.
	Issues with Grant Administration accountability and transparency	Unlikely	Major	Medium	Decisions are rules and procedure based; separation of duties between SCCF and NSFM; external expertise is employed as part of the decision-making process.
	Lack of diversity in terms of skill sets/core competencies of Board/Committees	Likely	Moderate	Medium	Creating awareness among the membership; encouraging continued engagement in diversity with elected officials; procuring the advice that is needed if it is not in place within Board or committee structure; discussion with Board around competency-based roles; membership survey planned.
	NSFM strays from its strategic direction	Unlikely	Major	Medium	Establish and adhere to the defined strategic direction (no formal strategic plan in place); ongoing discussions around the value of a formalized strategic plan; new Board Orientation format recently introduced.

Perceived lack of diversity on Board (DEIA)	Likely	Moderate	Medium	Creating awareness among the membership; encouraging continued engagement in diversity with elected officials; Advisory Committee on Equity & Community Wellbeing established and operational; ability to seek out diverse viewpoints if not a strength within the Board; membership survey planned after elections to assess.
Lack of interest in running for Board	Possible	Moderate	Medium	Maintain high member engagement and board positions are extensively promoted; value proposition of Board experience is emphasized; Board members are given an opportunity to evaluate the experience, and this provides information that can be acted on.
Limited engagement in Board participation	Possible	Moderate	Medium	New format for the Board education program, strong familiarity with by-laws; Terms of Reference are regularly updated; meaningful work is assigned; organization is respectful of time commitments of members who participate; Board survey completed on an annual basis.
Lack of interest/engagement in Committee participation	Possible	Moderate	Medium	Committee Appointment Policy; comprehensive outreach for open and available positions; Terms of Reference are regularly updated; meaningful work is assigned; organization is respectful of time commitments of members that are participating.
Loss of core documentation	Possible	Major	Medium	Records management practices are in place; IT backup is available through a contracted external vendor; cloud server and backup cloud server in place; FOIPOP training; naming convention required.
Policy incongruence with Province or stakeholders	Likely	Major	High	Needs to be evaluated on a case-by-case basis; risk analysis conducted; organization communicates rationale for areas of possible incongruence to members; organization routinely reassesses priorities to eliminate this possibility; process for determining advocacy priorities is systematic; Board education.

	Political activity/affiliation of Board members	Likely	Major	High	Policy is in place regarding Board members running for political office; roles of Pres/CEO are being reviewed; Board education.
	Political activity of staff	Possible	Major	Medium	Staff best practices will be implemented to address this.
	Resignation/loss of Board members	Possible	Moderate	Medium	By-laws and Election Policy in place to deal with this.
<b>Health &amp; Safety</b>	Liability due to lack of oversight/planning	Possible	Moderate	Medium	OHS Policy holds managers to account for oversight and planning; training; management process is in place to evaluate/respond to risks; regular inspections conducted.
	Pandemic/Public Health Emergencies	Possible	Major	Medium	Staff encouraged to adhere to Public Health guidelines re: flu season, COVID-19; sanitizers, hand wipes available on site; washrooms feature signage on proper handwashing techniques.
	Staff absence due to disability	Possible	Moderate	Medium	Early Assistance program for short term absences; LTD plan in place for employees; procedures being developed to enable a degree of cross-training; accommodations if necessary; Accommodation Policy in place.
	Staff injury at work	Possible	Minor	Low	OHS Policy in place; inspections, communication, and education designed to communicate procedures and best practices.
<b>Operations</b>	Accidental or intentional file or e-mail deletion	Possible	Major	Medium	Files and e-mail can be accessed up to 30 days after accidental deletion; files on backup server can be accessed for a period of one year; policy on e-mail retention and text disposal being considered.
	Admin passwords	Possible	Major	Medium	Password document assembles most critical passwords; IT vendor can bypass IT system password walls, if necessary; web site is arranged through Municipal Website Venture, which has appropriate backups.

Breach of IT system/cyber attack	Possible	Major	Medium	Strong need for staff to be aware and be diligent; multi-factor authentication of use is in place and data is backed up remotely; Office 365 provides additional security advantages; reviewing installation of Proofpoint security feature; IT consultant in place to offer support. Cyber Security insurance coverage is in place with a liability limit of \$2 million.
Building issues (fire, flood)	Rare	Major	Low	\$5 million General Liability coverage including \$5 million Tenants Legal Liability coverage in place, property owner does regular inspections; computers are portable and are generally off site when staff member is not at work; regular training on evacuation procedures.
Disengaged staff/staff turnover/dismissal	Possible	Moderate	Medium	Ongoing review of HR policies and best practices; management is focused on staff development, communication, and a better management/staff ratio; professional development opportunities available for staff development.
FOIPOP Requests	Possible	Major	Medium	NSFM will engage staff in FOIPOP training; NSFM would argue that it is not a public service body to avoid requests; review of Act of Incorporation
Insurance claim	Unlikely	Moderate	Low	Each year, an analysis of coverage is conducted to see if the level of coverage for General Liability, Non-Owned Automobile Liability, Errors & Omission Liability, Directors & Officers Liability, and other liability limits are adequate; organizational Risk Analysis conducted.
IT vendor diversification	Possible	Major	Medium	Server security document is in place, and the IT vendor has a designated backup contact to reach in case of emergency or incapacitation.

Loss of a laptop or device	Possible	Major	Medium	IT consultant can access device remotely, change passwords remotely, and remove the connection to the cloud and email (remote wipe capabilities).	
Loss/recall of laptop password	Possible	Moderate	Medium	IT consultant can reset the password remotely.	
Office closure due to pandemic	Unlikely	Minor	Low	Organization can easily pivot to work from home or implement a staggered work week in the office if necessary; accommodations would need to be made for employee adjustment and personal wellbeing.	
Position Manuals/Policy Files not current or up to date	Possible	Major	Medium	Position/role manuals on development stage for Admin Assistant, Communications Advisor, Events, and Finance Administrator; policy files have updated associated tracking documents.	
Vandalism/theft	Possible	Moderate	Medium	\$5 million General Liability coverage including \$5 million Tenants Legal Liability coverage in place; Security measures in place for office; property owner has excellent on premises security coverage, including presence of cameras (lobby and floor, not in offices); door is left closed and locked during regular operations.	
<b>Programs &amp; Services</b>	Loss of participation in Group Insurance Program	Possible	Major	Medium	Oversight Committee in place; program review ongoing; staff member dedicated as a resource to the program; regular engagement with service providers and program participants, including surveying the participants on their level of satisfaction; annual reporting at the Annual General Meeting.
	Loss of participation in Health & Benefits Program	Possible	Major	Medium	Oversight Committee in place; program review ongoing; staff member dedicated as a resource to the program; regular engagement with service providers and program participants, including a "Road Show" format to engage participants; annual reporting to the Audit Committee and at the Annual General Meeting.

<b>Reputation</b>	Deterioration of relationship with AMANS	Certain	Major	High	Continued communication between CEO, ED, and Boards; establishing clear roles and responsibilities; mutual cooperation on a variety of initiatives, including some training; agreements or understandings on collaborative items such as Wellness Fund.
	Deterioration of relationship with FCM	Possible	Major	Medium	Continued participation and engagement; initiating direct advocacy efforts with federal officials.
	Deterioration of relationship with federal government	Possible	Moderate	Medium	Staff and Board respond to issues and concerns professionally, responsibly, and strategically; effective communication channels are in place; the nature and tone of the response is situational; collaborative effort with Atlantic municipal associations underway.
	Deterioration of relationship with provincial government	Likely	Major	High	Staff and Board respond to issues and concerns professionally, responsibly, and strategically; effective communication channels are in place; the nature and tone of the response is situational; current provincial government is in regular communication with NSFM and partners with the organization on a number of initiatives.
	Impact of municipal positions/policy on the Board or Board members	Likely	Major	High	Clarity of role of President and CEO; Board member defers to another Board member if they are in a conflict position (perceived or otherwise); Board Code of Conduct; enhanced Board orientation; media communication clearly articulates when spokespersons are speaking on behalf of the organization.

Loss of credibility as a member organization	Possible	Catastrophic	Medium	Continue a high level of member engagement; always seeking increased ties and focus with members; accountability of the Board to the membership; communicate success; Board is strategic in its direction and task assignment.
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