Junior Achievement Risk Analysis Framework for JA Areas

The goal is to conduct a systematic and holistic process of evaluating, identifying, and prioritizing the potential significant risks for the protection of the organization and the people involved. Minimizing organizational risks allows JA to advance its critical mission of inspiring and preparing young people to succeed in a global economy. It also allows JA to ensure a sustainable approach to growth with impact.

The specific objectives are:

* To provide a basis for development or refinement of risk mitigation and monitoring strategies;
* To identify areas where deeper internal reviews would be warranted; and
* To develop a benchmark for ongoing risk assessment and measurement of the effectiveness of mitigation steps that may be taken.

Key factors that should be part of the evaluation process are potential consequences and likelihood of occurrence. A filter of reasonableness should be applied, as some recommendations will require additional time and financial resources.

Note: This framework provides general guidance only. Each JA Area should independently assess its circumstances, what risks may arise in that context, and whether those risks have been adequately addressed. The requirements noted in the framework are only a summary of certain requirements set forth in the JA Area Operating Agreement and the related Policies and Procedures. In the event of any conflict, the JA Area Operating Agreement and Policies and Procedures will prevail.

# Health/Safety

Potential significant risks:

→ Sickness, injury, death

→ Negligence litigation

Required:

• Follow local, state, and federal guidelines (Operating Agreement Section 4m).

 **YES**

# Strategy

Potential significant risks:

→ Organizational irrelevance → Obsolescence

Required:

* Create and execute a strategic plan (Policies and Procedures, Attachment A).

 **YES**

Recommended:

* Conduct a periodic competitor assessment in your market. **ANNE -YES**
* Create mechanism for ongoing stakeholder feedback. **ANNE - YES**
* Conduct a periodic internal and external landscape analysis that evaluates trends and disruptive forces that could impact JA. **ANNE & KATHERINE - YES**

# Employment

Potential significant risks:

→ Employee litigation

→ Child safety

→ Inadequate staff talent

→ Employee theft/fraud

→ Employee related brand damage

Required:

* Adopt an Employee Handbook and conduct a review at least every three years (Policies and Procedures Section 6.1). **LIZ – NEED TO DO BY 12/31**
* Ensure no discrimination of any characteristic protected by law (Policies and Procedures Section 6.2). **LIZ - YES**
* Establish position descriptions and implement a formal system of performance management (Policies and Procedures Section 6.3). **LIZ – MAY NEED TO DO SOME DESCRIPTIONS**
* Adopt and adhere to a zero-tolerance policy for child abuse that includes a criminal background check completed on all employees who may have access to children (Policies and Procedures Section 6.2). **LIZ - YES**
* Compensate employees competitively using ranges provided by JA USA or ranges approved by the local board (Policies and Procedures Section 6.4). **LIZ - YES**
* Have Conflict of Interest Declaration Forms signed annually by officers of the corporation and key employees, with processes in place to monitor (Policies and Procedures Section 6.6). **AMY – Yes, Annually, Lily sends out Conflict of Interest forms to be completed. Amy sends an IRS questionnaire annually to State Board Members and Leadership which asks specific questions about business transactions with JAAZ and each other.**

Recommended:

* Adopt and follow a compensation philosophy that defines a compensation strategy which aligns with career and compensation framework. **LIZ - YES**
* Periodically conduct a criminal background check on all employees who may have access to children. **LIZ - ?**
* Periodically conduct a credit check on employees engaged in financial management in compliance with applicable law. **LIZ - ?**
* Adopt and follow a diversity policy that encourages inclusion. **LIZ - YES**
* Create a social media policy for staff. **LIZ & ANNE - YES**
* Have a succession plan for key staff positions. **LIZ - YES**

# Governance/Board

Potential significant risks:

→ Ineffective strategy / mission drift

→ Brand damage

→ Regulatory noncompliance

→ Inadequate insurance coverage/financial damage

→ Inadequate board leadership

→ Violation of Junior Achievement Operating Agreement/Loss of Charter

Required:

* Establish, maintain and train a volunteer board of directors of at least five people that will meet at least quarterly and be responsible for the financial soundness, strategic direction, and oversight of operations of the JA Area (Operating Agreement Section 5). **KATHERINE - YES**
* File all necessary reports to enable JA USA to maintain 501(c)(3) status (Policies and Procedures Section 2.4). **KATHERINE – YES**
* Maintain required insurance (Policies and Procedures Sections 2.15-2.17).  **AMY - YES**

Recommended: **ALL ARE KATHERINE**

* Create clear understanding of the board’s employment responsibilities and authority in the organization. **KKC - YES**
* Create clear understanding of the board’s fiscal responsibilities and authority in the organization. **KKC - YES**
* Have access to qualified legal counsel. **KKC - YES**
* Have board leadership conduct CEO performance reviews. **KKC - YES**
* Maintain documented board approval of reasonable executive compensation based on comparability data. **KKC - YES**
* Have board leadership conduct board performance reviews or board evaluations. **KKC – NEED TO DO**
* Have a whistleblower policy and process in place. **KKC - YES**
* Have a board member removal procedure defined in the bylaws. **KKC – NEED TO CHECK, IF NOT WILL ADD**
* Have a board leadership succession plan. **KKC – SORT OF**
* Ensure that all board members, including district advisory boards, are covered by Directors’ and Officers’ (D & O) insurance. **KKC - YES**
* Review the Tax Form 990, including sections related to governance, management and disclosure to ensure appropriate alignment of practices and protocols. **KKC - YES**
* Consider confidentiality / non-disclosure agreements for all external vendor partnerships. **KKC - ???**

# Regulation

Potential significant risks:

→ Violation of local, state or federal laws

→ Incongruent mission-related legislation

Required:

* Comply with Junior Achievement USA/JA Area Operating Agreement. **KKC - YES**
* Comply with all applicable local, state and federal laws (Operating Agreement Section 5N). **KKC - YES**
* Remain in good standing in the state where registered as a nonprofit corporation (Policies and Procedures Section 2.3) **KKC - YES**
* Maintain approved bylaws (Policies and Procedures Section 2.6). **KKC - YES**
* Have Conflict of Interest Declaration Forms signed annually, with processes in place to monitor (Policies and Procedures Section 6.6) **KKC – YES**

Recommended:

* Create a mechanism to monitor mission-related state and local policy to ensure alignment. Be prepared to address legislation that is misaligned with the ability to advance JA’s mission. **KKC & ANNE – NEED TO DO**
* Review bylaws periodically and at least every five years with qualified legal counsel to ensure relevance and compliance. **KKC – NEED TO DO BY 3/24**

# Programs/Learning Experiences

Potential significant risks:

→ Student number misrepresentation

→ Program irrelevance

→ Inappropriate volunteer behavior

→ Volunteer-related brand damage

→ Stakeholder injury/death

Required:

* Implement learning experiences in accordance with the current Learning Experiences Implementation Standards, R & D, program materials and enrollment guidelines (Policies and Procedures Section 8). **ANNE - YES**
* Train all volunteers [in accordance with the current Learning Experiences Implementation Standards and Volunteer Conduct Standards] (Policies and Procedures Section 8). **ANNE - YES**
* Have all volunteers read, understand and sign the approved Volunteer Conduct Standards Form (Policies and Procedures Section 8). **ANNE - YES**
* Comply with state and local provisions regarding volunteer background checks (Policies and Procedures Section 8). **ANNE - YES**

Recommendations:

* Follow the guidelines on the JA Program Insurance Policies and Security Summary. **ANNE – NEED TO VERIFY**
* Follow the capstone center safety and security recommendations. **ANNE – NEED TO REVIEW**
* Meet school technology requirements to deliver the fidelity of our model/content. (see JA Innovation @ Work for guidelines) **ANNE - YES**
* Engage and establish working relationships with state and district education policy decision-makers and decision influencers. **ANNE – COULD IMPROVE**
* Align to school state standards for specific JA programs – JA Finance Park, semester courses, 3DE (see JA Innovation @ work for high level guidelines). **ANNE - YES**
* Establish confidentiality/data agreement with schools that meet federal regulations (e.g. COPPA); collect, use and protect student data in accordance with COPPA and state and other applicable data privacy laws, with access by JA USA/JA Areas to analyze, as allowable (JA Intranet – Education, Evaluation Tools section – MOA and data sharing agreements). **ANNE - YES**

# Brand

Potential significant risks:

→ Loss of brand goodwill

→ Brand inconsistency

→ Crisis-related brand damage

→ Intellectual property litigation

Required:

* Adhere to the approved brand image, message and standards (Operating Agreement Section 5K). **ANNE - YES**

Recommended:

* Conduct brand training for board and staff to ensure the JA experience is aligned with national standards, consistent, compelling and persuasive. **ANNE - ??**
* Proactively create a crisis communication team, which should include senior JA leadership, outside counsel (can be in-kind support) and members of the board executive committee. **ANNE – YES?**
* Proactively create a crisis communication plan and conduct an orientation of the plan with key members of JA Area staff and area board of directors **ANNE – TO DO**
* Align special events, fundraisers and promotions with the JA brand, whether managed by JA or by a third party. **ANNE - YES**
* Recognize the brand implications related to operational success or challenges, including the impact of chronic deficits. **ANNE - YES**

# Financial Management

Potential significant risks:

→ Financial mismanagement

→ Donor dissatisfaction

→ Unsustainable business model

Required:

* Review the financials at each board meeting and forward to JA USA at least quarterly (Policies and Procedures Section 3.2). **AMY – Yes, Finance & Audit Committee and State Board review at each of their meetings.**
* File IRS 990 report by the deadline or approved extension deadline (Policies and Procedures Section 3.2). **AMY – Yes, we try to have 990 prepared, reviewed and submitted by the November 15 deadline annually. File for extension if we cannot meet the original deadline.**
* Conduct annual audit by independent CPA (Policies and Procedures Section 3.2). **AMY – Yes, CliftonLarsonAllen is our current independent CPA firm. Always aim to have audit completed no later than mid-October.**
* Solicit for funds inside of area territory (Policies and Procedures Section 4.1). **ANNE & KATHERINE - YES**
* Seek approval from JA USA if public sector funding from one source will exceed 33% of the operating budget for learning experiences that are not aligned with specific existing or preapproved JA mission-based learning experiences. (Policies and Procedures Section 4.3). **AMY – Yes, as required, we submit for variance approval when needed for public sector funding exceeding 33% of operating budget.**

Recommended:

* Provide excellent stewardship of donations, always delivering on donor intent. **ANNE & KATHERINE - YES**
* Fundraising costs should be reasonable and aligned with recommendations of charity watchdogs. ANNE & KATHERINE – TO DO MORE
* Review revenue generation mix to ensure sustainability. **ANNE & KATHERINE - YES**
* Ensure that names of special event fundraisers comply with trademark restrictions. **ANNE - YES**

# Technology

Potential significant risks:

→ Operational obsolescence

→ Security data breach/theft

→ Identity theft litigation

Requirements:

* Use a nationwide information/data management system made available by JA USA, the cost of which shall be included in the program and support fees (Operating Agreement Section 5m). **LIZ - YES**
* Use organizationally approved technology platforms (Operating Agreement Section 5m). **LIZ - YES**

Recommended:

* Solicit a 3rd party to conduct a security assessment regularly and at least once every 3 years, encompassing business process analysis, personnel training, hardware, networking, firewall, and general I/T maintenance procedure reviews. **LIZ – YES?**
* Consider purchasing a supplemental cybersecurity insurance policy to cover these areas of risk: data breach, cyber extortion, and network disruption. Many insurance policies will also provide access to online cybersecurity assessment tools. **LIZ & AMY – In process of getting quotes.**
* Engage in ongoing cybersecurity training to help JA associates identify and avoid phishing and other malicious attacks. **LIZ – YES, MORE?**
* Backup critical systems and data regularly. Create a plan to validate that data can be restored and test the plan no less than annually. **LIZ - YES**
* Follow defined account management procedures. Ensure access to systems is deactivated as soon as an associate leaves your organization. Ensure your external I/T support firm follows adequate security protocols, including defined account management procedures for associates who come and go at their company. **LIZ - YES**
* Create an incident response plan, including a disaster recovery plan around critical systems. Identify and work with vendors/partnerships to implement an incident response plan to quickly restore systems and data and address data loss in the event a disaster occurs. Can consider redundant remote servers for business-critical systems. **LIZ - YES**
* Ensure Payment Card Industry (PCI) compliance with credit card payments, which is required by law. **LIZ & ANNE - YES**

# Operational Success/Sustainability

Potential significant risks:

→ Loss of competitive edge

→ Unsustainable organization

Required:

* Adhere to the Operational Standards (Policies and Procedures Section 2.5, Attachment A). **KATHERINE - YES**

Recommended:

* Periodically benchmark against similar JA Areas. **KATHERINE - YES**
* Periodically review the key performance indicators and compare to best practices. **KATHERINE - YES**

# Facilities/Equipment

Potential significant risks:

→ Asset obsolescenceRecommended:

* Have adequate insurance. **AMY & LIZ – Yes, currently in process of getting Cyber Security insurance quotes at that is an area in need. Review insurance coverage with Finance & Audit Committee annually.**
* Have an adequate inventory of all assets. **AMY & LIZ – Program materials are inventoried annually, certain prepaid items are inventoried annually, new fixed assets that are to be capitalized are added at date placed in service, or as soon as possible thereafter. Disposed assets are removed at disposal. Asset list is reviewed every year for accuracy and any missed additions or deletions are accounted for.**
* Have a systematic approach to maintenance and replacement. **AMY & LIZ – YES?**
* Apply appropriate safety and security protocols. **LIZ – YES?**
* Have a long-term asset plan. **AMY & LIZ – Yes, leadership maintains a list of desired capital or expensive projects and develops a capital budget annually which is approved by the Finance & Audit Committee and the State Board every spring. (Liz, might want to add something regarding technology, especially computers/laptops/ipads)**

# Natural Disasters, Geopolitical Crisis

Potential significant risks:

→ Poor crisis coordination/chaos

Recommended:

• Have a plan, including a communications strategy for staff and board, for potential disasters that could impact JA’s ability to advance the mission. **KATHERINE & ANNE - YES**