

Maui Economic Opportunity, Inc.,
Risk Assessment and Management Plan

June 1, 2023 – September 30, 2025

Assessment completed in March 2023



Approved by the Board of Directors

May 25, 2023



Background and Risk Assessment Process

Maui Economic Opportunity (MEO) Inc. is a private nonprofit Community Action Agency established in 1965 under Economic Opportunity Act of 1964.

MEO receives private, County, State and Federal funding, to include core funding provided by the Community Services Block Grant (CSBG). The CSBG provides funds to alleviate the causes and conditions of poverty in communities.

CSBG funds are awarded to the State of Hawaii based on the State poverty rate identified during the most recent census. The State Office of Community Services (OCS) is the recipient of the State of Hawaii's allocation of CSBG funds. OCS is the CSBG Grantor for the four Community Action Agencies in Hawaii. MEO is the designated eligible entity to receive CSBG funding for Maui County.

Recipients of CSBG funding must comply with the national CSBG Organizational Standards, to include:

Standard 4.6 An organization-wide, comprehensive risk assessment has been completed within the past 2 years and reported to the governing board.

MEO is designated an Agency of Excellence by the national Community Action Partnership and is committed to preventing fraud, waste and abuse. The term "fraud" encompasses three key areas:

- Misappropriation- theft or misuse for personal gain of goods or services.
- Misstatement- asserting that information is true, accurate, and complete when it is not.
- Corruption- decisions or actions that benefit individuals or other entities but are not in the best interest of the CAA.

Internal Controls are designed to prevent and detect various types of errors or irregularities. MEO has established controls to protect from internal and external threats.

The MEO Board of Directors are informed and engaged. The agency undergoes an annual single audit performed by an outside audit firm hired by the Board of Directors. MEO is regularly monitored by the State Office of Community Services, the County of Maui Grants Management, and the Maui Department of Transportation, the federal Office of Head Start, the federal Department of Labor and more.

General Risk Categories may include:

- Personal Injury
- Property Damage
- Employment Practices
- Fraud
- Illegal Activity

Business Risk Categories may include:

- Financial
- Operational
- Contract Compliance
- Strategic; Legal
- Economic
- Political

Risks are identified through ongoing monitoring using various reports and tools to include:

- Audit and monitoring reports
- Quarterly and annual program reports
- Monthly financial reports
- Client and staff surveys
- Self-assessments
- Accident Reports
- Claims History
- Community Needs Assessment

Upon completion of the Assessment, risks are identified and placed on a Vulnerability Matrix. Risks are categorized as:

- Negligible
- Marginal
- Critical
- Catastrophic

Risks are rated based on the certainty of a particular risk occurring:

- Certain
- Likely
- Possible
- Unlikely
- Rare

Finally, risks prioritized based on severity and certainty. Resources are identified and assigned and the risk is monitored or eliminated.

Management Plan

Board members and staff identified more than 30 potential risks, ranking each by Probability and Risk Tolerance. The risks were collated, identifying the top six priorities. While all risks will be monitored, additional time and resources will be dedicated to minimize the impact of the top risks. The top ranked risk was identified as Under Enrollment, however Head Start has reduced funded enrollment for the next fiscal year based on the rising cost of operations and the need for a third person to be assigned to each center. This will minimize the risk.

Risk-1- Loss of Institutional knowledge-

- Update and maintain succession plans for key positions.
- Utilize annual reports to obtain a historical view of the agency while developing future leaders.
- Increase content on website to archive historical data.
- Focus on agency's history during Community Action Month.
- Create operation manuals for departments to capture processes and procedures and why things flow the way that they do.
- Provide cross training within departments.

Risk 2- Revenue insecurity/Loss or revenue-

- Regularly monitor program performance and make adjustments in real time to ensure program outcomes are achieved.
- Keep a pulse on the community to ensure programs are relevant and responsive.
- Build up agency reserves through fundraising to maintain operations during a fluctuation in funding.

Risk 3- Reputation-

- Say what you mean and mean what you say.
- Make customer service a number one priority.
- Follow-up and resolve any client or staff concerns in a timely manner.
- Be consistent.
- Coach, direct and support staff to ensure they truly support MEO's core values.
- Highlight client testimonials via written word and video whenever possible.

Risk-4-Emergency Preparedness-

- Analyze and/or revise the role of the safety committee.
- Reassess the designated safety officer's roles and responsibilities.
- Update the Agency's Emergency Preparedness Plan and review and train all staff in the implementation.
- More frequent safety drills to include active shooter drills.

Risk -5- Lack of qualified Staff-

- Increase recruitment of entry level staff and develop and support a career plan to assist the individual with obtaining industry related credentialing within 18 months of hire.
- Create an apprenticeship program to develop future staff, targeting high school seniors who many not be interested in going to college right after graduation.
- Create a leadership cohort for future MEO leaders.

Risk-6- Loss of Real Property-

- Ensure security systems are current and operable. Improve lighting in facilities after hours and invest in antitheft equipment for catalytic converters.

The Chief Executive, Fiscal, Operating Officer and Human Resources Officers as well as the department directors are responsible to implementing and monitoring the mitigating measures identified in this Management Plan.

Risk Assessment Vulnerability Rating

List of Risks	Identification Techniques or Methods	Risk Category	Probability-Certain	Likely	Possible	Unlikely	Rare	Risk Tolerance-Negligible	Marginal	Critical	Catastrophic	Weighted Total
Vendor conflicts of interest	Procurement compliance	Financial	0	0	4	2	0	2	5	0	0	0
Competition	Private Sector Startups or dissatisfaction of services provided	Operational/Financial	0	0	1	0	0	0	1	0	0	0
Community Relations	Installation of cell tower on Molokai; possible resistance.	Political	1	2	3	0	0	0	5	1	0	2
Newly elected public officials	2022 election results-nonprofit support unknown	Political/Financial	1	1	1	2	0	0	4	1	0	2
Lack of information for program operations	Procedure or operations manuals for all programs	Operational	0	0	2	3	0	1	2	2	0	2
Adequate or obsolete accounting software system	Support discontinued or unable to integrate with newer technology.	Operational/Financial	0	3	4	0	0	0	4	3	0	3
Staff retention	Timely address issues or concerns raised by staff	Operational	0	2	3	1	0	0	3	3	0	3

List of Risks	Identification Techniques or Methods	Risk Category	Probability-Certain	Likely	Possible	Unlikely	Rare	Risk Tolerance-Negligible	Marginal	Critical	Catastrophic	Weighted Total
Natural disasters	Ongoing monitoring of environmental forecasts and conditions	Operational	0	1	4	0	0	0	2	1	2	3
Child left unattended or unsupervised	Staff training and ongoing monitoring of procedures	Operational/Legal	0	0	2	1	3	0	0		3	3
Program Management	Reporting discrepancies; program meetings and follow-up	Operational/Financial	0	1	3	2	0	0	3	3	0	3
Loss of physical assets	Physical inventory and adequate insurance analysis	Financial	0	4	1	1	0	0	3	4	0	4
Staff retention	Losing staff to other employers or leaving the workforce	Operational	2	1	2	1	0	0	4	2	0	4
Fraud and mismanagement of funds	Internal controls and separation of duties	Financial	0	0	2	2	2	0	2	2	2	4

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Investments	MEO investments and 401K plans are exposed to market risk in an uncertain economic environment.	Financial	1	1	4	0	0	0	4	3	0	4
Natural disasters	Is there a response plan for hurricane, flooding, fire, etc.?	Operational	0	1	4	0	0	0	1	1	3	4
Break-ins and theft	Property loss and damage	Operational/Financial	1	1	4	0	0	0	3	3	0	4
Workplace Violence	Response plan, which may differ depending on site HQ, Head Start, neighborhood, transportation	Operational	0	0	2	1	3	0	2	2	2	4
Community needs does not meet program eligibility	Unspent funds, ineligible community members, unmet needs	Operational/Political	0	0	4	1	1	0	2	4	0	4

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Accidents	Loss runs-frequency and severity	Operational	1	6	1	0	0	0	4	4	0	5
Government grant funding cash flow	Amount of discretionary funding available until funding received	Financial	1	1	5	0	0	0	3	4	0	5
IT, capacity	Aging phone system, systems no longer supported by vendor. Working	Operational/Financial	3	3	1	0	0	3	2	2	0	5
Equipment theft or damage	Regular inspection	Operational	0	3	3	0	0	0	0	5	0	5
Ke Kahua	Ongoing effort to remove trespassers	Legal/Financial	2	3	1	0	0	0	2	3	0	5

List of Risks	Identification Techniques or Methods	Risk Category	Probability-Certain	Likely	Possible	Unlikely	Rare	Risk Tolerance-Negligible	Marginal	Critical	Catastrophic	Weighted Total
Cyber security vulnerability	Could impact finance, transportation, overall organization	Operational	0	0	3	2	0	0	0	4	1	5
Disasters, (i.e. fires, floods, hurricanes, tsunamis)	Injuries, damage, replacement cost	Operational	0	0	6	0	0	0	1	2	3	5
Labor Disputes	Grievances, Collective Bargaining Agreement through June 2024.	Legal/Financial	1	4	3	0	0	0	3	5	0	6
Aging Facilities and Equipment	Maintenance and Repair frequency and expense	Operational/Financial	4	1	1	0	0	0	3	2	0	6
Overworked staff	Unmet deadlines, EAP, Call Outs	Operational	1	1	4	1	0	0	2	5	0	6
Fraud Risk	Compromised bank accounts, ransomware attacks, computer fraud, internal, etc.	Financial	1	0	2	1	2	0	1	1	4	6

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Hacking and ransomware attacks	Extent of operational problems, costs of ransom	Operational/Financial	0	0	4	2	0	0	0	4	2	6
Cyber security, protection of sensitive financial information, private information from clients and employees.	Assessment of IT infrastructure (IT equipment and software). Third party IT services monitor and make suggestions on cybersecurity infrastructure and protocols. Continuous improvement and training as new cybersecurity threats surface.	Operational	0	0	5	1	0	0	0	4	2	6
Loss of Real Property	Vandalism, theft of MEO bus part (e.g. catalytic converters)	Operational/Financial	1	4	3	0	0	1	1	6	0	7

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Lack of qualified staff	Vacant positions, unmet outcomes, underspent grants	Operational/Financial	1	2	3	0	0	0	0	6	0	7
Emergency Preparedness	Monthly practice drills, shelter in place, monthly monitoring of stability of buildings and alarm devices.	Operational	2	0	2	1	1	1	0	3	2	7
Reputation	Customer complaints, surveys, on-time performance	Political/Financial	2	1	3	0	1	0	1	6	0	8
Loss of Revenue	Grants and contracts are typically year to year	Financial	1	0	6	0	0	0	1	4	4	9

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Revenue Insecurity	Heavy reliance on government grants and funding, lack of diverse funding streams, especially having access to unrestricted funds. MEO is fortunate to have Melissa Hampe as a resource on that front.	Financial	2	3	4	0	0	0	3	7	0	9
Loss of institutional knowledge	Senior and Executive leaders and key staff reaching retirement age	Operational	5	2	0	0	0	0	1	5	0	10
Under enrollment	Tracking enrollment in real time; monitoring waitlists	Operational	2	6	1	0	0	0	0	9	0	11

