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RISK MANAGEMENT POLICY

Policy Adopted	November 2016
Last Reviewed	November 2023
Next Review Due	September 2026

Date	Reviewed by	Approved by	Date Accepted by Trustees
November 2020	Operations Manager	Policy Review Group	November 2020
August 2023	Helen Edwards	Policy Review Group	19th September 2023

Introduction

This document sets out the framework that Triple C (Liverpool), the charity, uses for implementing risk management and identifies risks, their potential impact and the steps being taken to mitigate that risk.

Risk Management Process - monitoring and assessment

The charity recognises that risk management is an ongoing process to ensure that new risks are addressed as they arise and that existing known risks are reviewed regularly, as they may have changed. Risk management is critical to the success of projects and activities carried out by the charity. The trustees will inform staff at all levels to ensure that individual and group responsibilities are understood and embedded into the culture of the charity to ensure that:

- new risks are properly reported and evaluated
- risk aspects of significant new projects are considered as part of project appraisals
- any significant failures of control systems are properly reported and actioned
- there is an adequate level of understanding of individual responsibilities for both implementation and monitoring of the control systems
- any further actions required are identified
- trustees consider and review the annual process
- trustees are provided with relevant and timely interim reports

The trustees monitor risk by:

- ensuring that the identification, assessment and mitigation of risk is linked to the achievement of the charity's operational objectives
- ensuring that the assessment process reflects the trustees' view of acceptable risk
- reviewing and considering the results of risk identification, evaluation and management
- receiving interim reports where there is an area needing further action
- considering the risks attached to significant new activities or opportunities
- regularly considering external factors such as new legislation or new requirements from funders
- considering the financial impact of risk as part of operational budget planning and monitoring

Risk Categories

The charity has identified the following risks and has allocated them to one of five categories: Governance risks, Operational risks, Financial risks, Environmental or external factors and Compliance (law and regulations). These risks are determined by the Board of Trustees to be the most likely to occur, however there may be others that remain unidentified.

1 Governance risks		
Potential risk	**Potential impact**	**Steps to mitigate risk**

The charity lacks direction, strategy and forward planning	• the charity drifts with no clear objectives, priorities or plans • issues are addressed piecemeal with no strategic reference • needs of beneficiaries not fully addressed • financial management difficulties • loss of reputation	• create a strategic plan which sets out the key aims, objectives and policies • create financial plans and budgets • use job plans and targets • monitor financial and operational performance • get feedback from beneficiaries and funders
Trustee body lacks relevant skills or commitment	• charity becomes moribund or fails to achieve its purpose • decisions are made bypassing the trustees • resentment or apathy amongst staff • poor decision making reflected in poor value for money on service delivery	• review and agree skills required • draw up competence framework and job descriptions • recruit new trustees according to reviewed recruitment process once skills needed are identified • implement trustee training and induction • review and agree recruitment processes
Trustee body dominated by one or two individuals, or by connected individuals	• trustee body cannot operate effectively as strategic body • decisions made outside of trustee body • conflicts of interest • pursuit of personal agenda • culture of secrecy or deference • arbitrary over-riding of control mechanisms	• consider the structure of the trustee body and its independence • agree mechanisms to manage potential conflicts of interest • review and agree recruitment and appointment processes in line with our Articles of Association • agree procedural framework for meetings and recording decisions
Trustees are benefiting from charity (eg remuneration)	• poor reputation, morale and ethos • adverse impact on overall control environment • conflicts of interest • possibility of regulatory action	• ensure legal authority for payment or benefit • refer to the Articles of Association regarding remuneration of Trustees for further clarification • implement controls and procedures to authorise/approve expenses and payments

Conflicts of interest	• charity unable to pursue its own interests and agenda • decisions may not be based on relevant considerations • impact on reputation • private benefit	• agree protocol for disclosure of potential conflicts of interest • allow trustee to stand down on certain decisions • review recruitment and selection processes
Ineffective organisational structure	• lack of information flow and poor decision making procedures • remoteness from operational activities • uncertainty as to roles and duties • decisions made at inappropriate level or excessive bureaucracy	• use organisation chart to create a clear understanding of roles and duties • delegation, reporting and monitoring should be consistent with good practice and constitutional or legal requirements • review structure and the need for constitutional change
Activities potentially outside objects or terms of funding (restricted funds)	• loss of funds available for beneficiary class • liabilities to repay funders • loss of funder confidence • potential breach of trust and regulatory action • loss of beneficiary confidence • taxation implications (if nonqualifying expenditure)	• when reviewing new projects, staff and trustees always to ensure we work within our objects and terms of funding. • create financial systems to identify restricted funds and their application
Loss of key staff	• experience or skills lost • operational impact on key projects and priorities • loss of contact base and weakening of key relationships	• succession planning • document systems, plans and projects • implement training programmes • agree notice periods and handovers • review and agree recruitment processes
Reporting to trustees (accuracy, timeliness and relevance)	• inadequate information resulting in poor quality decision making • failure of trustees to fulfil their control functions • trustee body becomes remote and illinformed leading to action from regulatory bodies and funders.	• put in place proper strategic planning, objective setting and budgeting processes • timely and accurate project reporting • timely and accurate financial reporting • assess and review projects and authorisation procedures

2 Operational risks		
Potential risk	**Potential impact**	**Steps to mitigate risk**
Project or service development	• compatibility with objects, plans and priorities • funding and financial viability • project viability • skills availability	• appraise project, budgeting and costing procedures • review authorisation procedures • review monitoring and reporting procedures
Competition from similar organisations	• reduced funding potential • reduced public profile	• monitor and assess performance and quality of service • review market and methods of service delivery • ensure regular contact with funders • monitor public awareness and take steps to raise the profile of the charity
Fundraising	• Failure to make a compelling case • Failure to maintain a successful relationship with the grantor leading to grantor requesting/filing a claim for return of funds • Failure to follow best practice and fundraising regulations incurring fines, removal of charitable status or limiting charitable activity • Compliance with donor imposed restrictions • reputational risks of campaign or methods used • compliance with law and regulations	• agree a fundraising strategy • Fundraising requests are checked to ensure they follow the terms/articles under which the charity operates • Ensure requests for funding cover all relevant project costs and that budgeting requests and assumptions are supported by clear documentation. • Fundraisers are reviewed to ensure their values are a strong match with the values of the charity • implement appraisal, budgeting and authorisation • review legal and regulatory compliance

Employment issues	• employment disputes • health and safety issues • claims for injury, stress, harassment, unfair dismissal • equal opportunity and diversity issues • adequacy of staff training • child protection issues • low morale • abuse of vulnerable beneficiaries	• review recruitment processes • agree reference and qualification checking procedures, job descriptions, contracts of employment, appraisals and feedback procedures • implement job training and development • implement health and safety training and monitoring • be aware of employment law requirements • implement staff vetting and legal requirements (eg DBS checks) • a whistle-blowing policy is in place
Volunteers	• lack of competencies, training and support • poor service for beneficiaries • inadequate vetting and reference procedures • recruitment and dependency	• review and agree role, competencies • review and agree vetting procedures • review and agree training and supervision procedures • support and develop volunteers
Health, safety and environment	• staff injury • product or service liability • ability to operate (see Compliance risks) • injury to beneficiaries and the public	• comply with law and regulation • ensure staff and volunteers understand their responsibilities for monitoring and reporting • liaise with churches and others to ensure health and safety matters are appropriately dealt with
Procedural and systems documentation	• lack of awareness of procedures and policies • actions taken without proper authority	• properly document policies and procedures • audit and review of policies
Information technology	• systems fail to meet operational need • failure to innovate or update systems • loss/corruption of data eg donor base • lack of technical support • breach of data protection law	• appraise system needs and options • appraise security and authorisation procedures • implement measures to secure and protect data • agree implementation and development procedures • review insurance cover for any insurable loss

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Most recent review:- September 2023 Next scheduled review September 2026

3 Financial risks		
Potential risk	**Potential impact**	**Steps to mitigate risk**
Reserves policies	• lack of funds or liquidity to respond to new needs or requirements • inability to meet commitments or planned objectives • reputational risks if policy cannot be justified	• link reserves policy to business plans, activities and identified financial and operating risk • regularly review reserves policy, the general fund and reserve levels
Budgetary control and financial reporting	• budget does not match key objectives and priorities • decisions made on inaccurate financial projections or reporting • decisions made based on unreliable costing data or income projections • inability to meet commitments or key objectives • poor credit control • poor cash flow and treasury management • ability to function as going concern	• link budgets to business planning and objectives • monitor and report in a timely and accurate way • use proper costing procedures for product or service delivery • provide training as needed to ensure adequate skills base to produce and interpret budgetary and financial reports • agree procedures to review and action budget/cash flow variances and monitor and control costs • regularly review reserves and investments
Cash flow sensitivities	• inability to meet commitments • lack of liquidity to cover variance in costs • impact on operational activities	• ensure adequate cash flow projections (prudence of assumptions) • identify major sensitivities • ensure adequate information flow from project lead / finance support / treasurer • monitor arrangements and reporting
Dependency on income sources	• cash flow and budget impact of loss of income source	• identify major dependencies • implement adequate reserves policy

Compliance with donor imposed restrictions	• funds applied outside restriction • repayment of grant • future relationship with donor and beneficiaries • regulatory action	• implement systems to identify restricted receipts • agree budget control, monitoring and reporting arrangements
		• Information supporting the administration of a grant is effectively communicated to the relevant people in the charity
Fraud or error	• financial loss • reputational risk • loss of staff morale • regulatory action • impact on funding • loss of material assets	• review financial control procedures • segregate duties • set authorisation limits • agree whistle-blowing anti-fraud policy • review security of assets and maintain asset register • identify insurable risks • maintain asset register

4 Environmental or external factors		
Potential risk	**Potential impact**	**Steps to mitigate risk**
Public perception	• impact on voluntary income • impact on use of services by beneficiaries • ability to access grants or contract funding	• communicate with supporters and beneficiaries • ensure good quality reporting of the charity's activities and financial situation

Adverse publicity	• loss of donor confidence or funding • loss of influence • impact on morale of staff • loss of beneficiary confidence	• regularly review and implement complaints procedures (both internal and external) • agree a crisis management strategy for handling of adverse publicity - including consistency of key messages only being issued through the chair or vice-chair with the assistance of other trustees/relevant project lead, dependent on the issue raised. • Agree proper review procedures for complaints
Relationship with funders	• deterioration in relationship may impact on funding and support available	• ensure regular contact and briefings to major funders by agreed trustee/project lead • report fully on projects • meet funders' terms and conditions
Government policy	• availability of contract and grant funding • impact of general legislation or regulation on activities undertaken • role of voluntary sector	• monitor proposed legal and regulatory changes

5 Compliance risk (law and regulation)		
Potential risk	**Potential impact**	**Steps to mitigate risk**
Compliance with relevant legislation and regulations	• fines, penalties or censure from licensing or activity regulators • loss of licence to undertake particular activity (see operational risks) • employee or consumer action for negligence • reputational risks	• identify key legal and regulatory requirements • allocate responsibility for key compliance procedures • put in place compliance monitoring and reporting • prepare for compliance visits • obtain compliance reports from regulators (where appropriate) - auditors and staff to consider and action at appropriate level

Regulatory, Financial and other reporting requirements	• regulatory action • reputational risks • impact on funding	• review and agree compliance procedures and allocation of staff responsibilities
Taxation	• penalties, interest and 'back duty' assessments • loss of income eg failure to utilise gift aid arrangements • loss of mandatory or discretionary rate relief • failure to utilise tax exemptions and reliefs	• review PAYE compliance procedures • review VAT procedures • understand exemptions and reliefs available (direct tax and VAT) • take advice on employment status and contract terms and tax • implement budget and financial reporting identifying trading receipts, and tax recoveries
Professional advice	• failure to optimise fiscal position • contract risks • failure to address compliance risks	• identify and ensure access to professional advice • identify issues where advice is required • conduct compliance reviews • put in place compliance reporting and monitoring