

# Risk Management: Statement, policy and risk register

Updated: 20.09.24

## **Risk policy purpose**

We recognise that the trustees of Fences & Frontiers have responsibility for any risks and their potential outcomes. The aim of this risk management policy is to ensure that the charity makes every effort to manage risk appropriately by maximising potential opportunities whilst minimising the adverse effects of risks.

## **Risk policy objectives**

- To confirm and communicate the charity's commitment to risk management.
- To establish a consistent framework and protocol for determining appetite for and tolerance of risk and for managing risk.
- To assign accountability to management and staff for risks within their control and provide a structured process for risk to be considered, reported and acted upon throughout the organisation.

## **Risk policy statement**

The trustees and executive management of Fences & Frontiers believe that sound risk management is integral to both good management and good governance practice. Risk management forms an integral part of our decision-making and is incorporated within our strategic and operational planning. Risk assessment will be conducted on all new activities and projects to ensure they are in line with the charity's objectives and mission. Any risks or opportunities arising will be identified, analysed and reported at an appropriate level. A risk register covering key strategic risks (later in this document) will be maintained and updated annually and more frequently where risks are known to be volatile.

The risks are identified, reviewed and assessed by the board of Fences & Frontiers.

## Risk Register

Risks:

- Governance
- Operational
- Financial
- Environmental
- Law and regulation compliance
- Reputational

The table below outlines the key risk we have identified for Fences & Frontiers, and lays out our plans to mitigate these risk. This table will be updated on an annual basis (or sooner as risk arise).

Potential risk	Potential impact	Severity /Likelihood score score *(see appendix 1)	Actions to mitigate risk
<b>Governance - making the best strategic decisions</b>			
The charity lacks direction, strategy and forward planning	<p>the charity has no clear objectives, priorities or plans</p> <p>issues are addressed piecemeal with no strategic reference</p> <p>needs of beneficiaries not fully addressed</p>	Impact 3, Likelihood 2	<p>create a strategic plan which sets out key aims, objectives and policies</p> <p>create financial plans and budgets</p> <p>use job plans and targets</p> <p>monitor financial and operational performance</p>

	<p>financial management difficulties</p> <p>loss of reputation</p>		<p>get feedback from beneficiaries and funders</p>
<p>Trustee body lacks relevant skills or commitment</p>	<p>charity becomes moribund or fails to achieve its purpose</p> <p>decisions are made bypassing the trustees</p> <p>resentment or apathy among trustees, volunteers or staff</p> <p>poor decision making reflected in poor value for money on service delivery</p>	<p>Impact 3, Likelihood 2</p>	<p>review and agree skills required</p> <p>draw up competence framework and job descriptions</p> <p>implement trustee training and induction</p> <p>review and agree recruitment processes</p>
<p>Trustee body dominated by one or two individuals, or by connected individuals</p>	<p>trustee body cannot operate effectively as strategic body</p> <p>decisions made outside of trustee body</p> <p>conflicts of interest</p> <p>pursuit of personal agenda</p> <p>culture of secrecy or deference</p> <p>arbitrary over-riding of control mechanisms</p>	<p>Impact 3, Likelihood 1</p>	<p>consider the structure of the trustee body and its independence</p> <p>agree mechanisms to manage potential conflicts of interest</p> <p>review and agree recruitment and appointment processes in line with governing document</p> <p>agree procedural framework for meetings and recording decisions</p> <p>Consult with service users and volunteers on decisions when appropriate.</p>

<p>Conflicts of interest</p>	<p>charity unable to pursue its own interests and agenda</p> <p>decisions may not be based on relevant considerations</p> <p>impact on reputation</p> <p>private benefit</p>	<p>Impact 3, Likelihood 2</p>	<p>agree protocol for disclosure of potential conflicts of interest</p> <p>put in place procedures for standing down on certain decisions</p> <p>ask that people stand back from certain activities where conflicts exist</p> <p>review recruitment and selection processes</p>
<p>Loss of key staff, volunteers and trustees)</p>	<p>experience or skills lost</p> <p>operational impact on key projects and priorities</p>	<p>Impact 4, Likelihood 3</p>	<p>succession planning</p> <p>document systems, plans and projects</p> <p>Implement training programmes</p> <p>Agree handover process</p> <p>review and agree recruitment processes</p> <p>Ongoing recruitment of new trustees and volunteers as required</p>
<p>Ineffective organisational structure</p>	<p>lack of information flow and poor decision making procedures</p> <p>remoteness from operational activities</p>	<p>Impact 3, Likelihood 2</p>	<p>create an organisation chart for clear understanding of roles and duties</p> <p>delegation and monitoring should be consistent with good</p>

	uncertainty as to roles and duties		<p>practice and constitutional or legal requirements</p> <p>review structure and the need for constitutional change</p> <p>Avoid hierarchical decision making where appropriate.</p>
Reporting to trustees (accuracy, timeliness and relevance)	<p>inadequate information resulting in poor quality decision making</p> <p>failure of trustees to fulfil their control functions</p> <p>trustee body becomes remote and ill informed</p>	Impact 3, Likelihood 2	<p>put in place proper strategic planning, objective setting and budgeting processes</p> <p>timely and accurate project reporting</p> <p>timely and accurate financial reporting</p> <p>assess and review projects and authorisation procedures</p> <p>have regular contact between trustees and staff (if hired)</p> <p>Provide training opportunities when necessary</p>
<b>Operational - day to day operations of the charity</b>			
Contract risk	<p>onerous terms and conditions</p> <p>liabilities for non performance</p> <p>non-compliance with charity's objects</p>	Impact 3, Likelihood 1	<p>create cost/project appraisal procedures</p> <p>agree authorisation procedures</p> <p>get professional advice on terms and conditions</p>

			<p>put in place performance monitoring arrangements</p> <p>consider insurable risks cover</p>
Service provision - customer satisfaction	<p>beneficiary complaints</p> <p>loss of fee income</p> <p>loss of significant contracts or claims under contract</p> <p>negligence claims</p> <p>reputational risks</p>	Impact 2, Likelihood 1	<p>agree quality control procedures</p> <p>benchmark services</p> <p>Agree and implement complaints and review procedures</p>
Safeguarding	<p>Risks to safety and wellbeing of beneficiaries</p> <p>Risks to safety and wellbeing of staff, trustees, and volunteers</p> <p>Ability to operate</p> <p>Reputational risks</p> <p>Legal risks</p> <p>Insurance and funding implications.</p>	Impact 5, Likelihood 1	<p>All volunteers, staff and trustees have criminal records /DBS checks</p> <p>All representatives read and sign core safeguarding documents and understand safeguarding procedures</p> <p>Designated safeguarding lead appointed</p> <p>Safeguarding documents are updated annually or when required (whenever is sooner)</p> <p>All complaints or incidents fully investigated and</p>

			<p>dealt with by multiple trustees. All complaints and incidents reported to the full board of trustees.</p> <p>Any complaints or incidents directly involving a trustee, staff member, or volunteer will not be investigated by said person</p>
Project or service development	<p>Loss of contract income</p> <p>reduced fund-raising potential</p> <p>reduced public profile</p> <p>profitability of trading activities</p>	Impact 2, Likelihood 1	<p>monitor and assess performance and quality of service</p> <p>Review market and methods of service delivery</p> <p>agree fund-raising strategy</p> <p>ensure regular contact with funders</p> <p>monitor public awareness and profile of charity</p>
Fundraising	<p>unsatisfactory returns</p> <p>reputational risks of campaign or methods used</p> <p>compliance with law and regulation</p>	Impact 3, Likelihood 2	<p>implement appraisal, budgeting and authorisation procedures</p> <p>review regulatory compliance</p> <p>monitor the adequacy of financial returns achieved (benchmarking comparisons)</p>

			<p>stewardship reporting in annual report</p> <p>Utilise a diverse fundraising strategy and avoid dependency on one stream of income.</p>
Employment and staff turnover	Not currently relevant but here as recognition to be added if/when required	Impact NA, Likelihood NA	
Volunteers	<p>lack of competences, training and support</p> <p>poor service for beneficiaries</p> <p>inadequate vetting and reference procedures</p> <p>recruitment and dependency</p>	Impact 3, Likelihood 3	<p>review and agree role, competencies</p> <p>review and agree vetting procedures</p> <p>review and agree training and supervision procedures</p>
Health, safety and environment	<p>injury to beneficiaries, staff, volunteers and the public</p> <p>product or service liability</p> <p>ability to operate</p>	Impact 4, Likelihood 3	<p>comply with law and regulation</p> <p>train staff and compliance officer</p> <p>put in place monitoring and reporting procedures</p> <p>Insurance cover</p> <p>Utilise a health and safety plan and procedures during all activities</p> <p>Fill in <a href="#">accident book</a> and consider means to prevent</p>



			reoccurrence
Procedural and systems documentation	<p>lack of awareness of procedures and policies</p> <p>actions taken without proper authority</p>	Impact 3, Likelihood 3	<p>properly document policies and procedures</p> <p>audit and review of systems</p>
Information technology	<p>systems fail to meet operational need</p> <p>failure to innovate or update systems</p> <p>loss/corruption of data eg donor base</p> <p>lack of technical support</p> <p>breach of data protection law</p>	Impact 3, Likelihood 2	<p>appraise system needs and options</p> <p>appraise security and authorisation procedures</p> <p>implement measures to secure and protect data</p> <p>agree implementation and development procedures</p> <p>use service and support contracts</p> <p>create disaster recovery procedures</p> <p>review insurance cover for any insurable loss</p>
<b>Financial</b>			
Budgetary control and financial reporting	<p>budget does not match key objectives and priorities</p> <p>decisions made on inaccurate financial projections or reporting</p> <p>decisions made based on unreliable costing data or</p>	Impact 2, Likelihood 2	<p>link budgets to business planning and objectives</p> <p>monitor and report in a timely and accurate way</p> <p>use proper costing procedures for product or service delivery</p>

	<p>income projections</p> <p>inability to meet commitments or key objectives</p> <p>poor credit control</p> <p>poor cash flow and treasury management</p> <p>ability to function as going concern</p>		<p>ensure adequate skills base to produce and interpret budgetary and financial reports</p> <p>agree procedures to review and action budget/cash flow variances and monitor and control costs</p> <p>regularly review reserves and investments</p>
Reserves policies	<p>lack of funds or liquidity to respond to new needs or requirements</p> <p>inability to meet commitments or planned objectives</p> <p>reputational risks if policy cannot be justified</p>	Impact 2, Likelihood 2	<p>link reserves policy to business plans, activities and identified financial and operating risk</p> <p>regularly review reserves policy and reserve levels</p>
Cash flow	<p>inability to meet commitments</p> <p>lack of liquidity to cover variance in costs</p> <p>impact on operational activities</p>	Impact 3, Likelihood 1	<p>ensure adequate cash flow projections (prudence of assumptions) identify major sensitivities</p> <p>ensure adequate information flow from operational managers</p> <p>monitor arrangements and reporting</p> <p>Diversify fundraising strategy and open</p>

			new channels of income
Dependency on income sources	cash flow and budget impact of loss of income source	Impact 2, Likelihood 2	identify major dependencies  implement adequate reserves policy  consider diversification plans and put into operation
Compliance with donor imposed restrictions	funds applied outside restriction  repayment of grant  future relationship with donor and beneficiaries  regulatory action	Impact 3, Likelihood 1	implement systems to identify restricted receipts  agree budget control, monitoring and reporting arrangements
Fraud or error	financial loss  reputational risk  regulatory action  impact on funding	Impact 3, Likelihood 1	review financial control procedures  segregate duties  set authorisation limits  whistle-blowing policy  review security of assets  identify insurable risks
Counterparty risk	financial loss  disruption to activities or operations	Impact 2, Likelihood 2	research counter party's financial sustainability  contractual agreement  consider staged

			<p>payments</p> <p>agree performance measures</p> <p>monitor and review investments</p> <p>establish monitoring and review arrangements</p>
<b>Environmental and external</b>			
Public perception	<p>impact on voluntary income</p> <p>impact on use of services by beneficiaries</p> <p>ability to access grants or contract funding</p>	Impact 4, Likelihood 1	<p>communicate with supporters and beneficiaries</p> <p>ensure good quality reporting of the charity's activities and financial situation</p> <p>implement public relations</p> <p>training/procedures</p> <p>Ensure key communications are approved by multiple trustees and volunteers</p>
Adverse publicity	<p>loss of donor confidence or funding</p> <p>loss of influence</p> <p>loss of beneficiary confidence</p>	Impact 3, Likelihood 1	<p>implement complaints procedures</p> <p>agree proper review procedures for complaints</p> <p>agree a crisis management strategy for handling - including consistency of key messages and a nominated spokesperson</p>

Relationship with funders	deterioration in relationship may impact on funding and support available	Impact 2, Likelihood 2	ensure regular contact and briefings to major funders  report fully on projects  meet funders' terms and conditions
Demographic consideration	Increase or decrease in donors or beneficiaries	Impact 2, Likelihood 1	profile donor base  profile and understand beneficiary needs
Government policy	availability of contract and grant funding  impact of tax on voluntary giving  impact of general legislation or regulation on activities undertaken  role of voluntary sector	Impact 2, Likelihood 3	monitor proposed legal and regulatory changes  consider membership of appropriate umbrella bodies (NCVO, Locality, NAVCA, Localgiving, FSI, SCC, etc.)
<b>Law and regulation compliance</b>			
Compliance with legislation and regulations appropriate to the activities, size and structure of the charity	finances, penalties or censure from licensing or activity regulators  employee or consumer action for negligence reputational risks	Impact 3, Likelihood 2	identify key legal and regulatory requirements  allocate responsibility for key compliance procedures put in place compliance monitoring and reporting  prepare for compliance checks and visits

			obtain compliance reports from regulators (where appropriate) - auditors and staff to consider and action at appropriate level
Regulatory reporting requirements	regulatory action reputational risks impact on funding	Impact 2, Likelihood 2	review and agree compliance procedures and allocation of staff responsibilities

**Risk Assessment Methodology**

**Impact**

Descriptor	Score	Impact on service and reputation
------------	-------	----------------------------------

<b>Insignificant</b>	<b>1</b>	<ul style="list-style-type: none"> <li>• no impact on service</li> <li>• no impact on reputation</li> <li>• complaint unlikely</li> <li>• litigation risk remote</li> </ul>
<b>Minor</b>	<b>2</b>	<ul style="list-style-type: none"> <li>• slight impact on service</li> <li>• slight impact on reputation</li> <li>• complaint possible</li> <li>• litigation possible</li> </ul>
<b>Moderate</b>	<b>3</b>	<ul style="list-style-type: none"> <li>• some service disruption</li> <li>• potential for adverse publicity - avoidable with careful handling</li> <li>• complaint probable</li> <li>• litigation probable</li> </ul>
<b>Major</b>	<b>4</b>	<ul style="list-style-type: none"> <li>• service disrupted e.g. long term sickness</li> <li>• adverse publicity not avoidable (local media)</li> <li>• complaint probable</li> <li>• litigation probable</li> <li>• Sudden loss of funding</li> </ul>
<b>Extreme</b>	<b>5</b>	<ul style="list-style-type: none"> <li>• service interrupted for significant time</li> <li>• major adverse publicity not avoidable (national media)</li> <li>• major litigation expected</li> <li>• resignation of senior management</li> <li>• resignation of board</li> <li>• major premises related issue e.g. burglary</li> <li>• loss of beneficiary confidence</li> </ul>

**Likelihood**

Descriptor	Score	Example
<b>Remote</b>	<b>1</b>	<b>may only occur in exceptional circumstances</b>
<b>Unlikely</b>	<b>2</b>	<b>expected to occur in a few circumstances</b>
<b>Possible</b>	<b>3</b>	<b>expected to occur in some circumstances</b>
<b>Probable</b>	<b>4</b>	<b>expected to occur in many circumstances</b>