

**SAMPLE
RISK MANAGEMENT MATRIX
SCHEDULE OF POTENTIAL RISK AREAS**

<u>POTENTIAL RISK</u>	<u>POTENTIAL IMPACT</u>	<u>MITIGATION</u>
<u>A. Governance and Management</u>		
1. Company lacks direction, strategy or forward planning.	Issues are addressed piecemeal with no strategic reference. Financial management difficulties.	Creation of a strategic plan setting out key aims, objectives and policies. Creation of financial plans and budgets. Funding plan. Managing of financial and operational performance. Feedback from funders. Time out for creative thinking.
2. Board of Directors lacks necessary skills.	Company is too reliant on a few people. Decisions are made bypassing the Board. Company fails to grow and its impact is restricted.	Skills review. Competence framework and job descriptions. Trustee training. Recruitment process.
3. Conflicts of interest.	Decisions may not be based on relevant considerations. Compliance failure.	Understanding of the law. Protocol for disclosing potential conflicts of interest.

4. Loss of key staff.	Experience and skills lost. Operational impact on key projects. Loss of contact base and corporate knowledge.	Succession planning. Documentation of systems, plans and projects. Training programmes. Recruitment processes.
5. Reporting to the Board (Accuracy, timeliness and relevance).	Inadequate information results in poor quality decision-making. Failure of the Board to fulfil its control function. Board becomes remote and ill-informed.	Agreed reporting format. Timely and accurate project reporting. Timely and accurate financial reporting. Proper project assessment and authorisation procedures. Regular contact between Board and managers. Accountability of senior staff.

B. Operational Risks

1. Contractual risk.	Onerous terms and conditions. Liabilities for non-performance. Non-compliance with Company's obligations. Loss of reputation. Financial implications.	Cost/project appraisal procedures. Authorisation procedures. Professional advice on terms and conditions. Performance monitoring arrangements. Insurable risks cover.
2. Complaints from a Donor.	Loss of income. Reputational risks.	Quality control procedures. Complaints procedures. Benchmarking of service.

3.	Funding.	Cancellation or curtailment of programmes.	Review of adequacy of financial returns achieved (benchmarking). Development of appropriate fundraising plan. Buy-in from Board and senior managers.
4.	Employment issues.	Employment disputes. Health and Safety claims. Equal opportunity issues. Low morale.	Recruitment processes. Adequate staff training and development. Health and Safety training and monitoring. Staff appraisals and exit interviews.
5.	Volunteers.	Need for supervision and training. Vetting and reference procedure. Indirect cost to charity.	Assessment of role and competences. Vetting procedures. Training and supervision procedures. Development and motivation.
6.	Health, Safety and Environment.	Staff injury. Product or service liability. Inability to operate.	Knowledge of law and regulation. Compliance officer and training. Monitoring and reporting.

7.	Disaster recovery and planning.	Destruction of property, equipment, records through fire, flood, etc.	Insurance. Disaster recovery plan for alternative accommodation.
10.	Procedural and systems documentation.	Lack of awareness of procedures and policies and obligations. Actions taken without proper authority.	Proper documentation of policies and procedure. Audit and review of systems. Adequate staff training and accountability.
11.	Information Technology.	Systems fail to meet operational needs. Failure to innovate or update systems. Loss/corruption of data. Lack of technical support. Breach of confidentiality.	Appraisal of system's needs and options. Security and authorisation procedures. IT recovery plan. Data back-up procedures and precautions. Use of service and support contracts. Outsourcing. Insurance. Authorisation procedure.

C. Financial Risks

1.	Budgetary control and finance reporting.	Budget does not match key objectives and priorities. Decisions made on inaccurate	Budget linked to business planning and objectives. Timing and accurate
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		financial projections or reporting. Decisions made on unreliable financial data. Inability to meet commitments or key objectives.	monitor reporting. Proper costing procedures. Adequate skills base to produce and interpret budgetary and financial reporting.
2.	Reserves policies.	Lack of liquidity to respond to new needs or opportunities. Inability to meet commitments or plan objectives. Reputational risk.	Reserves policy linked to business plans, activities and identified financial and operating risk. Regular review of policy. Establishment of reserves fund.
3.	Cash flow sensitivity.	Inability to meet commitments. Lack of liquidity to cover variance. Impact on operational activities.	Adequate cash flow projections. Identification of major sensitivities. Adequate information flow from operational managers. Monitoring arrangements and reporting. Availability of reserves.
4.	Dependency on income sources.	Cash flow and budget impact of loss of income source.	Identification of major dependencies. Adequate reserves policy. Diversification plans.
5.	Fraud or error.	Financial loss.	Financial control procedures.

Reputational risk.
Regulatory action.
Impact on funding.
Loss of staff.

Authorisation limits.
Security.
Insurance.
Accountability.

D. Environmental/External Factors

1. Public perception.

Impact on advertising income.
Ability to access funding.

Communications with
supporters and beneficiaries.
Quality financial and factual
reports.
PR training/procedures.

2. Adverse publicity.

Loss of donor confidence or funding.
Loss of influence.
Impact on morale of staff.
Loss of viewers/advertisers.

Complaints procedure
(internal and external).
Proper review procedures
for complaints.
Crisis management strategy.
Nominated spokesperson and
message.

3. Relationship with Members.

Distance in relationship
may impact on funding and
support available, as well as
reputation.

Regular contact and
briefings to major funder.
Project reporting.
Show “added value.”

4. Compliance Risk.
Data Protection Act.
Child Protection.

Fines, penalties.
Loss of opportunity to undertake activity.
Action for negligence.

Identify key legal
and regulatory
requirements.

Employment law.
Health and Safety.

Reputational risk.

Allocate responsibility
for key compliance.
Monitoring and reporting.
Accountability.

6. The Tyranny of the Urgent.

Burn-out.
Loss of morale.
Failure to achieve Charity's potential.
Poor service delivery.

Allocation of time for
blue-sky thinking.
Accountability.
Adequate reserves and
personnel to enable thinking
time.
Improve management and
reporting structure.
Ability to learn.

**SAMPLE
RISK MANAGEMENT WORK PLAN**

<u>Risk Area</u>	<u>Likelihood of Occurrence</u>	<u>Severity of Impact</u>	<u>Overall Risk</u>	<u>Control Procedures</u>	<u>Retained Risk</u>	<u>Monitoring Process</u>	<u>Responsibility</u>	<u>Further Action Inform</u>	<u>Date of Review</u>
Reduction of Income	5 (High)	5 (High)	25	Early Warning Meeting	High	Regular contact with Board Members	CEO	Inform Board	
Fraud	2 (Low)	5 (High)	10	Insurance	Policy Excess	Review Insurance	COO	Review Date	
Conflict of Interest	1 (Low)	2 (Low)	2	Board Policy	Low	Board Minutes	All	Disclose in Accounts	