BRAILLISTS FOUNDATION

RISK MANAGEMENT POLICY

This policy defines how the Braillists Foundation (BF) identifies, manages and mitigates risks. It gives a framework within which BF can identify major risks, make decisions on how to mitigate and respond to such risks, and make an appropriate risk management statement in the annual trustees' report. This policy follows The Charity Commission charities and Risk Management guidance.

1. Introduction

The risks faced by charities very much depends on size, nature and complexity of the activities it undertakes, and also on its finances. The nature of the risk management framework is tailored to meet the specific circumstances of BF, focusing on identifying and managing the major risks.

2. Definitions

2.1. Risk

Risk is used in this policy to describe the uncertainty surrounding events and their outcomes that may have a significant effect, either enhancing or inhibiting BF, including:

- operational performance;
- achievement of aims and objectives;
- meeting expectations of stakeholders;
- compliance with the law.

Generally, risks are managed to help avoid poor outcomes.

2.2. Major Risk

"Major risks" are those risks which have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives or could damage the reputation of BF, changing the way trustees, members or beneficiaries might deal with BF.

2.3. Serious Event

A Serious Event is one that, although it may have a low chance of happening, would, if it occurred, have an extreme impact on operational performance, achievement of aims and objectives or could seriously damage the reputation of BF. A Disaster Recovery Plan should be put in place if such an event is thought possible.

3. Risk Management Approach

BF's approach to risk management is to identify risks and categorise them according to their likelihood of occurrence and severity of impact. Responsibilities for ownership, ongoing monitoring, any action or remediation will be documented. Where possible, appropriate controls will be implemented to help mitigate risk.

There are four basic strategies that can be applied to manage an identified risk:

- transferring the financial consequences to third parties or sharing it, usually through insurance or outsourcing
- avoiding the activity giving rise to the risk completely, for example by not taking up a contract or stopping a particular activity or service
- management or mitigation of risk
- accepting or assessing it as a risk that cannot be avoided if the activity is to continue but taking steps to mitigate it.

4. Responsibilities

The Board of Trustees is responsible for ensuring that the risk assessment process is implemented and pursued, for communicating and progressing actions assigned to volunteers and staff and for the administration of the risk assessment process.

5. Risk Areas and Assessment

BF will face some level of risk for most activities undertaken, and trustees are responsible for assessing and managing risk to ensure the needs of beneficiaries continue to be met now and in the future.

In line with Charity Commission guidance, BF has adopted the below five general areas of risk, with some examples, to provide a structure to the assessment and management of risk.

5.1. Governance and Management

- inappropriate organisational structure
- trustee body lacks relevant skills or commitment
- conflicts of interest

5.2. Operational

- lack of beneficiary welfare or safety
- poor contract pricing
- poor staff and volunteer recruitment and training
- doubt about security of assets

5.3. Financial

- inaccurate and/or insufficient financial information
- inadequate reserves and cash flow
- dependency on limited income sources
- insufficient insurance cover

5.4. External

- poor public perception and reputation
- demographic changes such as an increase in the size of beneficiary group
- turbulent economic or political environment
- changing government policies

5.5. Compliance

- acting in breach of trust
- poor knowledge of the legal responsibilities of an employer
- poor knowledge of regulatory requirements of particular activities

6. Method of Assessing Risk

A scoring system is used to provide a ranking of the identified risks as follows:

Impact

Descriptor	Score	Impact on service and reputation
Insignificant	1	• no impact on service • no impact on reputation • complaint unlikely • litigation risk remote
Minor	2	• slight impact on service • slight impact on reputation • complaint possible • litigation possible
Moderate	3	• some service disruption • potential for adverse publicity – avoidable with careful handling • complaint probable • litigation probable
Major	4	• service disrupted • adverse publicity not avoidable (local media) • complaint probable • litigation probable

Descriptor	Score	Impact on service and reputation
Extreme/Catastrophic	5	• service interrupted for significant time • major adverse publicity not avoidable (national media) • major litigation expected • resignation of senior management and board • loss of beneficiary confidence

Likelihood

Descriptor	Score	Example
Remote	1	may only occur in exceptional circumstances
Unlikely	2	expected to occur in a few circumstances
Possible	3	expected to occur in some circumstances
Probable	4	expected to occur in many circumstances
Highly probable	5	expected to occur frequently and in most circumstances

Using this method, the impact score is usually multiplied by the score for likelihood and the product of the scores used to rank those risks that the trustees regard as major risks. However all risks that potentially might have an extremely high impact on BF's operations (that is scoring 5 for impact) should be considered and evaluated regardless of how remote the likelihood of its happening appears to be.

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