

BRAILLISTS FOUNDATION – RISK MANAGEMENT POLICY

This procedure defines how the Braillists Foundation (BF) identifies, manages and mitigates risks. It gives a framework within which BF can identify major risks, make decisions to mitigate such risks, and make an appropriate statement in its annual report. It is based on, and in line with, the guidance on risk assessment and management provided by the Charities Commission.

Introduction

The adoption of a structured risk management methodology is a requirement of the Charity Commission for charities that meet certain financial or legal criteria and recommended for all other charities. It is also sound operational and commercial sense to manage risks effectively.

2. Definitions

2.1 Risk

Risk is used in this guidance to describe the uncertainty surrounding events and their outcomes that may have a significant effect, usually adverse. In particular:

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

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. Policy on Risk Management

BF's policy on risk management is to identify risks and categorise them according to their likelihood of occurrence and severity of impact. Responsibilities for action and monitoring are identified and assigned and a follow-up review is planned. Establishing the appropriate control procedures, for example on taking regular backups of membership details, can often mitigate or eliminate certain risks.

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

The guidance provided by the Charity Commission has been used as the model on which the risk assessment and the Risk Areas are based. The following five general areas of risk, with examples given for each area, have been adopted to provide a structure to the assessment and management of risk for BF.

Governance and Management

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

Operational

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

Financial

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

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

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
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.