



Strathmartine Community Larder (SCIO) risk policy

Potential risk	Potential impact	Steps to mitigate risk
The charity lacks direction, strategy and forward planning	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • charity 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 	<ul style="list-style-type: none"> • review and agree skills required • draw up competence framework and job descriptions • implement trustee training and induction • review and agree recruitment processes
Trustee body dominated by one or two individuals, or by connected individuals	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 governing document • agree procedural framework for meetings and recording decisions
Conflicts of interest	<ul style="list-style-type: none"> • charity unable to pursue its own interests and agenda • decisions may not be based on relevant considerations • impact on reputation • private benefit 	<ul style="list-style-type: none"> • agree protocol for disclosure of potential conflicts of interest • put in place procedures for standing down on certain decisions • review recruitment and selection processes
Ineffective organisational structure	<ul style="list-style-type: none"> • lack of information flow and poor decision making procedures • remoteness from operational activities • uncertain of roles and duties 	<ul style="list-style-type: none"> • use organisation chart to create a clear understanding of roles and duties • delegation and monitoring should be consistent with good practice and constitutional or legal requirements

Potential risk	Potential impact	Steps to mitigate risk
Loss of key staff	<ul style="list-style-type: none"> • experience or skills lost • operational impact on key projects and priorities • loss of contact base and corporate knowledge 	<ul style="list-style-type: none"> • succession planning • document systems, plans and projects • implement training programmes • agree notice periods and handovers • review and agree recruitment processes

Operational risk

Potential risk	Potential impact	Steps to mitigate risk
Service provision - customer satisfaction	<ul style="list-style-type: none"> • beneficiary complaints • loss of fee income • loss of significant contracts or claims under contract • negligence claims • reputational risks 	<ul style="list-style-type: none"> • appraise project, budgeting and costing procedures • review authorisation procedures • review monitoring and reporting procedures
Project or service development	<p>compatibility with objects, plans and priorities</p> <ul style="list-style-type: none"> • funding and financial viability • project viability • skills availability 	<ul style="list-style-type: none"> • monitor and assess performance and quality of service • review market and methods of service delivery • agree fund-raising strategy • ensure regular contact with funders • monitor public awareness and profile of charity
Competition from similar organisations	<ul style="list-style-type: none"> • reduced fund-raising potential • reduced public profile 	<ul style="list-style-type: none"> • Maintain relationship with funders and ensure SCL remains relevant and up to date with the needs of the wider community • Ensure high public profile is maintained
Suppliers, dependency, bargaining power	<ul style="list-style-type: none"> • dependency on key supplier • lack of supplier to meet key operational objectives 	<ul style="list-style-type: none"> • agree expenditure budgets • undertake efficiency review regarding suppliers
Capacity and use of resources including tangible fixed assets	<ul style="list-style-type: none"> • under-utilised or lack of building/office space • equipment impacting on operational performance • objectives 	<ul style="list-style-type: none"> • review security arrangements • create asset register and inspection programme • agree facility management arrangements • have safe custody arrangements for title documents and land registration

Potential risk	Potential impact	Steps to mitigate risk
	<ul style="list-style-type: none"> • spare capacity not being utilised or turned to account 	<ul style="list-style-type: none"> • manage use of patent and intellectual property • review insurance cover
Security of assets	<ul style="list-style-type: none"> • loss or damage • theft of assets • infringements of intellectual property rights 	<ul style="list-style-type: none"> • implement appraisal, budgeting and authorisation procedures • review regulatory compliance • monitor the adequacy of financial returns achieved (benchmarking comparisons) • stewardship reporting in annual report
Fund-raising	<ul style="list-style-type: none"> • unsatisfactory returns • reputational risks of campaign or methods used • actions of agents and commercial fund-raisers • compliance with law and regulation 	<ul style="list-style-type: none"> • 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)
Employment issues	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • review interview and assessment processes • agree fair and open competition appointment for key posts • agree job descriptions and performance appraisal and feedback systems • conduct 'exit' interviews • review rates of pay, training, working conditions, job satisfaction
High staff turnover	<ul style="list-style-type: none"> • loss of experience or key technical skills • recruitment costs and lead time • training costs • operational impact on staff morale and service delivery 	<ul style="list-style-type: none"> • review and agree role, competencies • review and agree vetting procedures • review and agree training and supervision procedures • agree development and motivation initiatives
Volunteers	<ul style="list-style-type: none"> • lack of competences, training and support • poor service for beneficiaries • inadequate vetting and reference procedures • recruitment and dependency 	<ul style="list-style-type: none"> • comply with law and regulation • train staff and compliance officer • put in place monitoring and reporting procedures

Potential risk	Potential impact	Steps to mitigate risk
Health, safety and environment	<ul style="list-style-type: none"> • staff injury • product or service liability • ability to operate (see Compliance risks) • injury to beneficiaries and the public 	<ul style="list-style-type: none"> • agree IT recovery plan • implement data back up procedures and security measures • review insurance cover • create disaster recovery plan including alternative accommodation
Disaster recovery and planning	<ul style="list-style-type: none"> • computer system failures or loss of data • destruction of property, equipment, records through fire, flood or similar damage 	<ul style="list-style-type: none"> • properly document policies and procedures • audit and review of systems

Financial risks

Potential risk	Potential impact	Steps to mitigate risk
Budgetary control and financial reporting	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 • 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
Reserves policies	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • link reserves policy to business plans, activities and identified financial and operating risk • regularly review reserves policy and reserve levels
Cash flow sensitivities	<ul style="list-style-type: none"> • inability to meet commitments • lack of liquidity to cover variance in costs 	<ul style="list-style-type: none"> • ensure adequate cash flow projections (prudence of assumptions) • identify major sensitivities

Potential risk	Potential impact	Steps to mitigate risk
	<ul style="list-style-type: none"> • impact on operational activities 	<ul style="list-style-type: none"> • ensure adequate information flow from operational managers • monitor arrangements and reporting
Dependency on income sources	<ul style="list-style-type: none"> • cash flow and budget impact of loss of income source 	<ul style="list-style-type: none"> • identify major dependencies • implement adequate reserves policy • consider diversification plans • ensure accurate costing of services and contracts • compare with other service providers • notify and agree price variations with funders • monitor funder satisfaction • develop pricing policy for activities including terms of settlement and discounts
Pricing policy	<ul style="list-style-type: none"> • reliance on subsidy funding • unplanned loss from pricing errors • cash flow impact on other activities • loss of contracts if uncompetitive • affordability of services to beneficiary class 	<ul style="list-style-type: none"> • appraise future income streams to service the debt • appraise terms (rates available fixed, capped, variable etc) • appraise return on borrowing • use appropriate professional advice
Pension commitments	<ul style="list-style-type: none"> • under-funded defined benefit scheme • impact on future cash flows • failure to meet due dates of payment • regulatory action or fines 	<ul style="list-style-type: none"> • monitor and review business performance and return • ensure adequacy of budgeting and financial reporting within the subsidiary or activity budget • review and agree adequate authorisation procedures for any funding provided by charity (prudence, proper advice, investment criteria) • report funding and performance as part of charity's own financial reporting system • appraise viability • consider transfer of undertakings to separate subsidiary
Compliance with donor imposed restrictions	<ul style="list-style-type: none"> • funds applied outside restriction • repayment of grant • future relationship with donor and beneficiaries • regulatory action 	<ul style="list-style-type: none"> • review financial control procedures • segregate duties • set authorisation limits • agree whistle-blowing anti fraud policy • review security of assets • identify insurable risks
Fraud or error	<ul style="list-style-type: none"> • financial loss • reputational risk • loss of staff morale • regulatory action • impact on funding 	<ul style="list-style-type: none"> • research counter party's financial sustainability • contractual agreement • consider staged payments • agree performance measures

Potential risk	Potential impact	Steps to mitigate risk
		<ul style="list-style-type: none"> • monitor and review investments • establish monitoring and review arrangements where counter party is the charity's agent ('conduit funding' arrangements)

Environmental or external factors

Potential risk	Potential impact	Steps to mitigate risk
Public perception	<ul style="list-style-type: none"> • impact on voluntary income • impact on use of services by beneficiaries • ability to access grants or contract funding 	<ul style="list-style-type: none"> • communicate with supporters and beneficiaries • ensure good quality reporting of the charity's activities and financial situation • implement public relations training/procedures
Adverse publicity	<ul style="list-style-type: none"> • loss of donor confidence or funding • loss of influence • impact on morale of staff • loss of beneficiary confidence 	<ul style="list-style-type: none"> • implement complaints procedures (both internal and external) • agree proper review procedures for complaints • agree a crisis management strategy for handling - including consistency of key messages and a nominated spokesperson
Relationship with funders	<ul style="list-style-type: none"> • deterioration in relationship may impact on funding and support available 	<ul style="list-style-type: none"> • ensure regular contact and briefings to major funders • report fully on projects • meet funders' terms and conditions
Demographic consideration	<ul style="list-style-type: none"> • impact of demographic distribution of donors or beneficiaries • increasing or decreasing beneficiary class • increasing or decreasing donor class 	<ul style="list-style-type: none"> • profile donor base • profile and understand beneficiary needs • use actuarial analysis to establish future funding requirements

Compliance risk (law and regulation)

Potential risk**Potential impact****Steps to mitigate risk**

Compliance with legislation and regulations appropriate to the activities, size and structure of the charity

- 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

Policy review date March 2024