

**SWRLS Risk Management Assessment, updated June 2019**

Potential Risk	Potential Impact	Steps taken to mitigate risk	Action Required	Risk Level (H,M,L)	Acceptable Risk Level (H,M,L)
<b>Governance and Management</b>					
1. The charity lacks direction, strategy and forward planning	<ul style="list-style-type: none"> <li>No clear objectives, priorities or plans meaning inability to prioritise resource</li> <li>Issues addressed piecemeal with no strategic reference – potentially conflicting</li> <li>Financial management difficulties</li> <li>Loss of reputation</li> </ul>	<ul style="list-style-type: none"> <li>Existence of Strategic Plan which sets out key aims and objectives</li> <li>Existence of financial plans and budgets</li> <li>Monitoring of financial and operational performance by all stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Review strategic plan</li> <li>Monthly updates of income and expenditure - Treasurer/Devon to put process in place.</li> </ul>	M	L
2. Trustee Board lacks capacity and relevant skills	<ul style="list-style-type: none"> <li>Charity fails to achieve purpose</li> <li>Decisions made bypassing the Board</li> <li>Inquorate meetings</li> </ul>	<ul style="list-style-type: none"> <li>Cross sector skills in place for Board members</li> <li>Specialist support engaged (e.g. accountant, legal)</li> <li>Director reports to Board direct, expenditure agreed at Board meetings and accounts presented to Council for approval</li> </ul>	<ul style="list-style-type: none"> <li>Agree future recruitment process</li> <li>Encourage new Board members to volunteer</li> <li>Clarify role requirements for Board members</li> <li>Identify individual and collective training and developmental needs of Board members</li> </ul>	H	M

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		<ul style="list-style-type: none"> <li>Promote benefits of being a Board member</li> </ul>			
3. Board dominated by one or two individual Trustees or by connected individuals	<ul style="list-style-type: none"> <li>Decisions made outside the Board</li> <li>Conflicts of interest</li> <li>Pursuit of personal agenda</li> </ul>	<ul style="list-style-type: none"> <li>Structure of Board which complies with constitution ensures balance</li> <li>All members of Board consulted and agree before decisions taken</li> <li>Members consulted about content of strategic plan</li> <li>Board's representation widened.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure Board agree decisions appropriately and promptly</li> </ul>	L	L
4. Director lacks capacity or leaves.	<ul style="list-style-type: none"> <li>Operational impact on key projects</li> <li>Experience of skills lost</li> <li>Loss of contact base and knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Regular reports from Director on activity</li> <li>Regular meetings to share information</li> <li>Issues discussed and outcomes agreed are fully recorded e.g. through Board minutes.</li> <li>Contact lists established.</li> </ul>	<ul style="list-style-type: none"> <li>Implement succession planning</li> <li>Hold exit interview</li> <li>Develop handover process</li> </ul>	H	M

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5. Reporting to Trustees (accuracy, timeliness and relevance)	<ul style="list-style-type: none"> <li>• Inadequate information resulting in poor decisions</li> <li>• Board becomes remote and ill informed</li> </ul>	<ul style="list-style-type: none"> <li>• Proper strategic planning, objective setting and budget processes in place</li> <li>• Regular contact from and between Director and Board</li> <li>• Standard agenda items established</li> <li>• Reports at Board meetings from Director</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure discussion of issues and agreed outcomes are fully recorded, especially in relation to any contracts, e.g. through Board meetings minutes</li> </ul>	L	M
<b>Operational Risks</b>					
6. Contract risk	<ul style="list-style-type: none"> <li>• Onerous terms and conditions</li> <li>• Non compliance with charity's objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Cost/project details appraised by Board</li> <li>• Authorisation via Board</li> <li>• Independent professional advice sought where required</li> <li>• Performance monitoring</li> <li>• Insurable risks cover in place</li> </ul>	<ul style="list-style-type: none"> <li>• Consider more detailed financial reporting on special projects</li> <li>• Any advice to be provided in writing, agreed by Board members and signed by all relevant parties</li> <li>• Remind any new signatories of existing contracts and confirm with Board</li> </ul>	M	M

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			<ul style="list-style-type: none"> <li>Maintain rolling relationship and keep updating, as appropriate</li> </ul>		
7. Employment issues	<ul style="list-style-type: none"> <li>Inability to recruit trustees or director in a timely fashion</li> <li>Board lacks diversity</li> </ul>	<ul style="list-style-type: none"> <li>Clarity over recruitment processes for services of Director and responsibilities of trustees.</li> </ul>	<ul style="list-style-type: none"> <li>Consider as part of succession planning</li> <li>Take positive action when recruiting new trustees</li> </ul>	M	M
8. Information management and security	<ul style="list-style-type: none"> <li>Computer failure or loss of data</li> <li>Lack of access to information</li> <li>Issues over data protection and / or freedom of information</li> <li>Lack of awareness of procedures and policies</li> <li>Failure to update systems</li> </ul>	<ul style="list-style-type: none"> <li>Back ups made of relevant files</li> <li>Master copies held securely</li> <li>Main information/documentation available via website</li> <li>Website host available to assist</li> </ul>	<ul style="list-style-type: none"> <li>Director to review arrangements for management of documentation and IT, e.g.- audit of existing files to judge which and how best to preserve the current information                             <ul style="list-style-type: none"> <li>- consider an overhaul of website and upgrade support and whether 'cloud' or remote storage is required</li> <li>- need to ensure content up to date and timely</li> <li>- register with the Information Commissioner</li> <li>- establish a disaster recovery plan</li> </ul> </li> </ul>	H	L

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			<ul style="list-style-type: none"> <li>- review backup procedures.</li> <li>• Consider implications of GDPR.</li> <li>• Policy needed for Document Retention</li> <li>• Procedures to be developed for FOI and DP</li> </ul>		
<b>Financial Risk</b>					
9. Budgetary control and financial reporting	<ul style="list-style-type: none"> <li>• Budget does not match key objectives</li> <li>• Decisions made on inaccurate or unreliable costing data</li> <li>• Invoice payment delays</li> <li>• Processes of chosen bank do not support changes in signatories effectively</li> <li>• No guarantee of future</li> </ul>	<ul style="list-style-type: none"> <li>• Specialist accountant employed</li> <li>• Increase in number of signatories</li> <li>• Clarify and record procedures with bank</li> </ul>	<ul style="list-style-type: none"> <li>• Implement use of BACS to pay invoices</li> <li>• Ensure enough signatories are maintained when Board changes</li> <li>• Ensure there are sufficient reserves to cover a year's operation</li> <li>• Review bank</li> <li>• Budget linked to strategic plans and charity objects</li> <li>• Actions in Strategic Plan to be allocated resources</li> </ul>	M	L

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	cost/personnel involvement				
10. Financial reserves	<ul style="list-style-type: none"> <li>Insufficient for future plans</li> <li>No clear use for reserves</li> </ul>	<ul style="list-style-type: none"> <li>Position reported annually</li> <li>Included in Strategic Plan</li> </ul>	<ul style="list-style-type: none"> <li>Consider future use of reserves</li> <li>Establish a policy for the reserves</li> </ul>	L	M
12. Loss of membership	<ul style="list-style-type: none"> <li>Inability to meet commitments and cover variances</li> <li>Impact on operational activities</li> <li>SWRLS ceases to represent value for money</li> <li>Cash flow reduces</li> <li>Loss of income</li> <li>Unviability of organisation</li> </ul>	<ul style="list-style-type: none"> <li>Accurate cash flow projection</li> <li>Adequate information sharing</li> <li>Monitoring arrangements and reporting by accountant</li> <li>Emphasise value for money to members and Libraries</li> <li>Connected SW – tailored template for each member with issues, costs, traffic to and fro, list of benefits. Send out with invoices.</li> <li>12 month notice period allows for budget plan amendment</li> <li>Recommended reserve level maintained</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly reporting mechanism in place from accountant on income and expenditure to Board meetings</li> <li>Prioritise activities that the Council values and that represent value for money</li> </ul>	H	L
13. ILLs not fit for purpose	<ul style="list-style-type: none"> <li>Value for money becomes questionable</li> <li>Subscribers withdraw</li> </ul>	<ul style="list-style-type: none"> <li>Monitor the situation closely</li> <li>Project financial impact based on current demand</li> <li>E-resources, document supply</li> </ul>	<ul style="list-style-type: none"> <li>Ensure SWRLS plans deliver on other priorities</li> </ul>	M	M

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	<ul style="list-style-type: none"> <li>Continued decline in interlending</li> </ul>		<ul style="list-style-type: none"> <li>Demonstrate added value of being a Member (links to 12)</li> <li>Engage with membership in reconsidering the practicalities and develop policy</li> </ul>		
14. Fraud or error	<ul style="list-style-type: none"> <li>Financial loss</li> <li>Reputational risk</li> <li>Impact on funding</li> </ul>	<ul style="list-style-type: none"> <li>Financial control overseen by accountant</li> <li>Segregation of duties</li> <li>Insurable risks</li> <li>Accounts audited on an annual basis</li> </ul>	<ul style="list-style-type: none"> <li>Authorisation limits of £5K for a single signature - Treasurer</li> <li>Two signatories needed for higher amounts – specify who can sign</li> </ul>	L	L
<b>External Factors</b>					
15. Adverse publicity	<ul style="list-style-type: none"> <li>Loss of confidence</li> <li>Loss of influence</li> </ul>	<ul style="list-style-type: none"> <li>Channels for adverse publicity limited by checks with Board members</li> </ul>	<ul style="list-style-type: none"> <li>Consider a communication policy</li> </ul>	L	L
16. Relationship with members	<ul style="list-style-type: none"> <li>Deterioration in relationship with members leading to loss of renewals</li> <li>Funding withdrawn by members</li> </ul>	<ul style="list-style-type: none"> <li>Regular contact with members</li> <li>Emphasise value for money to members and service leads</li> <li>Ensure appropriate contracts, outlining mutual responsibilities, are established between SWRLS and member libraries for any</li> </ul>	<ul style="list-style-type: none"> <li>Assess success of communication channels</li> <li>Learn from past experiences</li> </ul>	M	M

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	<ul style="list-style-type: none"> <li>Lack of clarity over mutual responsibilities for projects</li> </ul>	given initiative involving significant funding. <ul style="list-style-type: none"> <li>Effective monitoring/reporting of external grants</li> <li>Project management</li> <li>Actions from Fundamental Review implemented</li> </ul>			
17. Alternative Governance models in library authorities	<ul style="list-style-type: none"> <li>Reduced authority involvement</li> </ul>	<ul style="list-style-type: none"> <li>Regular contact with members</li> <li>Emphasise value for money to members</li> <li>New subscription model implemented</li> </ul>	<ul style="list-style-type: none"> <li>Consider need for communication policy</li> </ul>	L	M
<b>Compliance risk (law and regulation)</b>					
18. Compliance with legislation and regulations	<ul style="list-style-type: none"> <li>Fines or penalties</li> <li>Reputational risks</li> </ul>	<ul style="list-style-type: none"> <li>Specialist accountant employed</li> <li>Accounts assessed by external auditor</li> </ul>	<ul style="list-style-type: none"> <li>Ensure key legal and regulatory requirements are known</li> <li>Consider Public Liability Insurance.</li> <li>GDPR Compliance</li> </ul>	M	L

Revised June 2019

**Mitigated risks**

- Job Description for Director/Consultant