

TABS International Risk Register

Governance Risks

Potential Risk	Potential Impact	Impact	Likelihood	Steps to Mitigate risk	Overall score
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 	2	1	<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 	4
Trustee body lacks relevant skills or commitment	<ul style="list-style-type: none"> • charity becomes moribund or 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 	1	1	<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 	2
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 • arbitrary over-riding of control 	1	1	<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 	2

	mechanisms				
Trustees are benefiting from charity (eg remuneration)	<p>poor reputation, morale and ethos</p> <ul style="list-style-type: none"> • adverse impact on overall control environment • conflicts of interest • possibility of regulatory action 	1	1	<p>ensure legal authority for payment or benefit</p> <ul style="list-style-type: none"> • consider alternative staffing arrangements • implement terms and procedures to authorize/approve expenses and payments • agree procedures and methods to establish fair remuneration conducted separately from 'interested' trustee (remuneration committee/benchmarking exercise etc) 	2
Conflicts of interest	<p>charity unable to pursue its own interests and agenda</p> <ul style="list-style-type: none"> • decisions may not be based on relevant considerations • impact on reputation • private benefit 	1	1	<p>agree protocol for disclosure of potential conflicts of interest</p> <ul style="list-style-type: none"> • put in place procedures for standing down on certain decisions • review recruitment and selection processes 	2
Ineffective organizational structure	<p>lack of information flow and poor decision-making procedures</p> <ul style="list-style-type: none"> • remoteness from operational activities • uncertainty as to roles and duties • decisions made at inappropriate level or excessive bureaucracy 	3	2	<ul style="list-style-type: none"> • use organization chart to create a clear understanding of roles and duties • delegation and monitoring should be consistent with good practice and constitutional or legal requirements • review structure and the need for constitutional change 	9
Activities potentially outside objects, powers or terms of gift (restricted funds)	<p>loss of funds available for beneficiary class</p> <ul style="list-style-type: none"> • liabilities to repay funders • loss of funder confidence • potential breach of trust and regulatory action • loss of beneficiary confidence • taxation implications (if non-qualifying expenditure) 	4	2	<ul style="list-style-type: none"> • agree protocol for reviewing new projects to ensure consistency with objects, powers and terms of funding • create financial systems to identify restricted funds and their application 	12

Loss of trustees and 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 	4	3	<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 	16
Reporting to trustees (accuracy, timeliness and relevance)	<ul style="list-style-type: none"> • inadequate information resulting in poor quality decision making • failure of trustees to fulfil their control functions • trustee body becomes remote and ill informed 	4	2	<ul style="list-style-type: none"> • put in place proper strategic planning, objective setting, and budgeting processes • timely and accurate project reporting • timely and accurate financial reporting • assess and review projects and authorization procedures • have regular contact between trustees and senior staff and managers 	12

Operational Issues

Potential Risk	Potential Impact	Impact	Likelihood	Steps to Mitigate risk	Overall score
Project delivery	<ul style="list-style-type: none"> • non-compliance with charity's objectives. 	4	2	<ul style="list-style-type: none"> • create cost/project appraisal procedures • agree authorization procedures • get professional advice on terms and conditions • put in place performance monitoring arrangements • consider insurable risks cover 	12
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 	N/A		<ul style="list-style-type: none"> • agree quality control procedures • implement complaints procedures • benchmark services and implement complaints review 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 	3	2	<p>appraise project, budgeting, and costing procedures</p> <ul style="list-style-type: none"> • review authorization procedures • review monitoring and reporting procedures 	9
Competition from similar organizations	<p>loss of contract income</p> <ul style="list-style-type: none"> • reduced fund-raising potential • reduced public profile • profitability of trading activities 	N/A	N/A	<p>monitor and assess performance and quality of service</p> <ul style="list-style-type: none"> • review market and methods of service delivery • agree fund-raising strategy • ensure regular contact with funders • monitor public awareness and profile of charity 	
Suppliers, dependency, bargaining power	<p>dependency on key supplier</p> <ul style="list-style-type: none"> • lack of supplier to meet key operational objectives • non-competitive pricing/quotes • insufficient buying power 	N/A		<p>use competitive tendering for larger contracts</p> <ul style="list-style-type: none"> • put in place procedures for obtaining quotations • authorized suppliers listing • monitor quality/timeliness of provision • use service level agreements • consider use of buying consortia 	
Security of assets	<p>loss or damage</p> <ul style="list-style-type: none"> • theft of assets • infringements of intellectual property rights 	N/A		<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 • manage use of patent and intellectual property • review insurance cover 	
Capacity and use of resources including tangible fixed assets	<p>under-utilized or lack of building/office space</p> <ul style="list-style-type: none"> • plant and equipment obsolescence impacting on operational performance • mismatch between staff allocations and key objectives • spare capacity not being utilized or 	N/A		<p>agree building and plant inspection programme</p> <ul style="list-style-type: none"> • agree repair and maintenance programme • agree capital expenditure budgets • undertake efficiency review 	

	turned to account				
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 	4	3	implement appraisal, budgeting and authorization procedures <ul style="list-style-type: none"> • review regulatory compliance • monitor the adequacy of financial returns achieved (benchmarking comparisons) • stewardship reporting in annual report 	16
Employment issues in Kenya	employment disputes <ul style="list-style-type: none"> • 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 	4	3	review recruitment processes <ul style="list-style-type: none"> • 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) • agree a whistle-blowing policy 	16
High staff turnover	loss of experience or key technical skills <ul style="list-style-type: none"> • recruitment costs and lead time • training costs • operational impact on staff morale and service delivery 	3	2	review interview and assessment processes <ul style="list-style-type: none"> • 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 	9
Volunteers for trips to the project	<ul style="list-style-type: none"> • lack of competences, training and support • poor service for beneficiaries • inadequate vetting and reference procedures 	2	2	review and agree role, competencies <ul style="list-style-type: none"> • review and agree vetting procedures • review and agree training and supervision procedures • agree development and motivation initiatives 	6

	<ul style="list-style-type: none"> recruitment and dependency 				
Health, safety and environment (Local)	<ul style="list-style-type: none"> Kenyan staff injury product or service liability ability to operate (see Compliance risks) injury to beneficiaries and the public compliance with Kenyan requirements 	5	4	<ul style="list-style-type: none"> comply with Kenyan law and regulation train staff and compliance officer put in place monitoring and reporting procedures 	25
Health, safety and environment (Volunteers)	<ul style="list-style-type: none"> Injury to volunteers ability to operate (see Compliance risks) injury to beneficiaries and the public 	4	4	<ul style="list-style-type: none"> train staff and compliance officer put in place monitoring and reporting procedures <ul style="list-style-type: none"> review insurance cover comply with Kenyan law and regulation 	20
Disaster recovery and planning	<p>computer system failures or loss of data</p> <ul style="list-style-type: none"> destruction of property, equipment, records through fire, flood or similar damage 	3	1	<p>agree IT recovery plan</p> <ul style="list-style-type: none"> implement data backup procedures and security measures review insurance cover create disaster recovery plan including alternative accommodation 	6
Procedural and systems documentation	<p>lack of awareness of procedures and policies</p> <ul style="list-style-type: none"> actions taken without proper authority requirement for documentation to meet Kenyan requirements 	3	2	<p>properly document policies and procedures</p> <ul style="list-style-type: none"> audit and review of systems 	9
Information technology	<p>systems fail to meet operational need</p> <ul style="list-style-type: none"> failure to innovate or update systems 	2	1	<p>appraise system needs and options</p> <ul style="list-style-type: none"> appraise security and authorization procedures implement measures to secure and protect data agree implementation and development procedures 	2

	<ul style="list-style-type: none"> • loss/corruption of data e.g. donor base • lack of technical support • breach of data protection law 			<ul style="list-style-type: none"> • use service and support contracts • create disaster recovery procedures • consider outsourcing • review insurance cover for any insurable loss 	
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Financial Risks

Potential Risk	Potential Impact	Impact	Likelihood	Steps to Mitigate risk	Overall score
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 	4	2	link budgets to business planning and objectives <ul style="list-style-type: none"> • 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 	12
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 	3	2	<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 	9
Cash flow sensitivities	inability to meet commitments <ul style="list-style-type: none"> • lack of liquidity to cover variance in costs 	4	2	ensure adequate cash flow projections (prudence of assumptions) <ul style="list-style-type: none"> • identify major sensitivities 	12

	<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	cash flow and budget impact of loss of income source	4	3	<ul style="list-style-type: none"> • identify major dependencies • implement adequate reserves policy • consider diversification plans 	16
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 	N/A		<ul style="list-style-type: none"> 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 	
Borrowing	<ul style="list-style-type: none"> interest rate movements • ability to meet repayment schedule • security given over assets • regulatory requirements 	N/A		<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 	
Foreign currency	<ul style="list-style-type: none"> currency exchange losses • uncertainty over project costs • cash flow impact on operational activities 	3	3	<ul style="list-style-type: none"> ensure proper cash flow management and reserves policy • use currency matching (cost to charity in home currency) • consider forward contracts for operational needs (hedging) 	12
Inappropriate or loss-making non-charitable trading activities	<ul style="list-style-type: none"> resources withdrawn from key objectives • resources and energy diverted from profitable fund-raising or core activities • regulatory action, and accountability • reputational risk if publicized 	N/A	N/A	<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 authorization 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 	

				<ul style="list-style-type: none"> • 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 	2	2	<ul style="list-style-type: none"> • implement systems to identify restricted receipts • agree budget control, monitoring and reporting arrangements 	6
Fraud or error TABS International	<ul style="list-style-type: none"> • financial loss • reputational risk • loss of staff morale • regulatory action • impact on funding 	4	3	<ul style="list-style-type: none"> review financial control procedures • segregate duties • set authorization limits • agree whistle-blowing anti-fraud policy • review security of assets • identify insurable risks 	16
Fraud or error TABS Kenya	<ul style="list-style-type: none"> • financial loss • reputational risk • loss of staff morale • regulatory action • impact on funding 	4	3	<ul style="list-style-type: none"> review financial control procedures • segregate duties • set authorization limits • agree whistle-blowing anti-fraud policy • review security of assets • identify insurable risks 	16
Counter party risk	<ul style="list-style-type: none"> • financial loss • disruption to activities or operations 	4	3	<ul style="list-style-type: none"> research counter party's financial sustainability • contractual agreement • consider staged payments • agree performance measures • monitor and review investments • establish monitoring and review arrangements where counter party is the charity's agent ('conduit funding' arrangements) 	16

Environmental or External Factors

Potential Risk	Potential Impact	Impact	Likelihood	Steps to Mitigate risk	Overall score
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 	4	2	<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 	12
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 	4	2	<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 	12
Relationship with funders	<ul style="list-style-type: none"> • deterioration in relationship may impact on funding and support available 	4	2	<ul style="list-style-type: none"> • ensure regular contact and briefings to major funders • report fully on projects • meet funders' terms and conditions 	12
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 	2	2	<ul style="list-style-type: none"> • profile donor base • profile and understand beneficiary needs • use actuarial analysis to establish future funding requirements 	6
Government policy	<ul style="list-style-type: none"> • availability of contract and grant funding • impact of tax regime on voluntary giving • impact of general legislation or regulation on activities undertaken • role of voluntary sector 	3	3	<ul style="list-style-type: none"> • monitor proposed legal and regulatory changes • consider membership of appropriate umbrella bodies 	12

Covid 19 considerations	<ul style="list-style-type: none"> Commuting risk; employees/ volunteers may be exposed to risks of COVID-19 disease when they travel to the project 			<ul style="list-style-type: none"> Monitor and implement local Covid-19 regulations Review and update compliance monitoring 	
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Compliance Law

Potential Risk	Potential Impact	Impact	Likelihood	Steps to Mitigate risk	Overall score
Compliance with legislation and regulations appropriate to the activities, size and structure of the charity	<ul style="list-style-type: none"> finances, penalties or censure from licensing or activity regulators loss of license to undertake activity (see operational risks) employee or consumer action for negligence reputational risks 	3	1	<ul style="list-style-type: none"> 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 	6
Regulatory reporting requirements: Financial and other reporting requirements will be	<ul style="list-style-type: none"> regulatory action reputational risks impact on funding 	3	1	<ul style="list-style-type: none"> review and agree compliance procedures and allocation of staff responsibilities 	6

dependent on how the charity is constituted and may also vary according to funding arrangements					
Taxation	<p>penalties, interest and ‘back duty’ assessments</p> <ul style="list-style-type: none"> • loss of income e.g., failure to utilize gift aid arrangements • loss of mandatory or discretionary rate relief • failure to utilize tax exemptions and reliefs 	2	1	<ul style="list-style-type: none"> • review PAYE compliance procedures • review VAT procedures • file timely tax returns • understand exemptions and reliefs available (direct tax and VAT) • take advice on employment status and contract terms and tax • implement budget and financial reporting identifying trading receipts, and tax recoveries 	4
Professional advice	<ul style="list-style-type: none"> • lack of investment strategy or management • failure to optimize fiscal position • contract risks • failure to address compliance risks 	N/A		<ul style="list-style-type: none"> • identify and ensure access to professional advice • identify issues where advice is required • conduct compliance reviews 	

Impact

Descriptor	Score	Impact on service and reputation
Insignificant	1	<ul style="list-style-type: none"> • no impact on service • no impact on reputation • complaint unlikely • litigation risk remote
Minor	2	<ul style="list-style-type: none"> • slight impact on service • slight impact on reputation • complaint possible • litigation possible
Moderate	3	<ul style="list-style-type: none"> • some service disruption • potential for adverse publicity - avoidable with careful handling • complaint probable • litigation probable
Major	4	<ul style="list-style-type: none"> • service disrupted • adverse publicity not avoidable (local media) • complaint probable • litigation probable
Extreme/Catastrophic	5	<ul style="list-style-type: none"> • 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

The ‘heat map’ below shows a different way of assessing risk by increasing the weighting of impact. This works on a scoring of $xy+y$ where x is likelihood and y is impact. This formula multiplies impact with likelihood then adds a weighting again for impact. The effect is to give extra emphasis to impact when assessing risk. It should be remembered that risk scoring often involves a degree of judgement or subjectivity. Where data or information on past events or patterns is available, it will be helpful in enabling more evidence-based judgements. In interpreting the risk heat map below, likelihood is x and impact is y. The colour codes are: Red - major or extreme/catastrophic risks that score 15 or more Yellow - moderate or major risks that score between 8 and 14 Blue or green - minor or insignificant risks scoring 7 or less

Impact	Extreme/ Catastrophic	5	10	15	20	25	30
	Major	4	8	12	16	20	24
	Moderate	3	6	9	12	15	18
	Minor	2	4	6	8	10	12
	Insignificant	1	2	3	4	5	6
				1 Remote	2 Unlikely	3 Possible	4 Probable
			Likelihood				