Thames Estuary Partnership

Reporting on Risk Management in the Trustees Annual Report
September 16th 2009 Approved.

The Trustees and Directors of the Thames Estuary Partnership (TEP) consider that the management of risk should reflect the size and complexity of the individual charity's activities and structure. They recognise the requirement under the Charities Act 2006 that such a risk assessment process is in place.
The Annual Report should refer to a summary of the Risk Management process that is in place for the Charity and to the location of the full Risk Assessment Schedule if required.
The full Risk Assessment Schedule is detailed below and will be held on the TEP shared IT drive under TEP/100/Admin/Operations/Reserves and Risks Policies:-

Potential risk	Potential Impact	Steps to mitigate risk
Governance and Management Risks		
The Charity lacks direction, strategy and forward planning	• The charity drifts with no clear objectives, priorities, or plans • Issues are addressed piecemeal with no strategic reference • Needs of beneficiaries not fully addressed	• Creation of an Annual Business Plan which sets out key aims and objectives and agreed project work for the next financial year. • The draft Business Plan is discussed over several months before adoption by the Trustees and linked where appropriate with strategic partner work and current estuary wide initiatives such as the Water Framework Directive. It is discussed as to progress at each Trustee meeting and any issues, unforeseen projects checked to avoid a lack of strategic direction. • The TEP Action group feed into this draft plan and their comments go back to the Trustees. The Annual Forum highlights the work carried out in the last year at the main public meeting of the year.

Potential risk	Potential Impact	Steps to mitigate risk
Governance and Management Risks The Charity lacks direction, strategy and forward planning	Financial management difficulties	• An annual budget for the financial year ahead is discussed and agreed. • Core funding is estimated and committed on a rolling three year programme to avoid short term lack of planning.
	Loss of reputation	• Sound and transparent planning ahead provides a good reputation for relevant actions • Report back on the financial year before Business Plan targets are agreed provides clear accountability for work achieved. • Feedback from beneficiaries at Annual Forum checks satisfaction.
Trustee body lacks relevant skills or commitment	Lack of guidance and potential for charity to achieve its purpose	• Wide mix of skills encouraged • New member reps brought in 2008 and 2009 • Trustee induction process in place with ED.
Trustee body dominated by one or two individuals	Poor decision making, ineffective governance	Independent Chair and Vice Chair elected at AGM. Paid Chair for neutral skills in role. Recruitment, appointment processes and constitutional validity clearly discussed and minuted at AGM.
Organisational structure	Lack of information flow and poor decision making. Remoteness from operational activities.	Organisational chart and clear understanding of roles and duties in Business Plan and Annual Report. Delegation and monitoring role to ED with clear reporting back at each Trustee meeting, consistent with good practice and legal requirements
Activities potentially outside charitable objects or restricted funds agreements.	Loss of funds to beneficiaries, loss of funder confidence, liabilities to repay funders.	Clear Business Plan projects list and targets. Regular report back on targets agreed to Trustees. Clear electronic filing and paper filing of all funding agreements for inspection by Trustees on request. Significant projects agreed by Trustees before accepted. Independent financial assessment on quarterly basis of accounting procedures and software. Monthly independent entry check in place.

Potential risk	Potential Impact	Steps to mitigate risk
Operational risks		
Loss of Key staff	Experience or skills lost Operational impact on key projects and priorities.	Succession planning crucial in small team. 3 month notice for ED in place, 1 month for other roles. Documentation of systems and projects procedures in Staff handbook on shared drive. Business Plan for the year provides guidance on project work planned. Partnership folder on shared drive holds partner organisation project links and shared TEP database holds updated contacts details for all partners. Training programmes as required and monthly team meetings for briefings. Notice periods and handovers planned ahead.
Reporting to Trustees and Board members	Inadequate information leading to poor decision making. Failure of Board to fulfil its control functions	Proper Strategic planning, objective setting and budgeting process in the annual Business Plan. Timely and accurate project reporting done at each Trustee meeting. Timely and accurate financial reporting at each Trustee meeting. Urgent issues raised with Trustee Finance rep in between. Regular contact between Trustees and their ED in place.
Project or service development	Compatibility with charitable objects, plans and priorities. Funding and financial viability. Project viability and skills availability.	Project appraisal and costing procedures done using accurate operational costings when submitting applications. Authorisation procedures in place through ED. Purchase orders to be signed off by ED before use. Payment of invoices through ED, with part time finance assistant software entries for petty cash, income and expenditure and bank reconciliation and quarterly check of finance systems by independent accountant visit. Monitoring and reporting procedures clearly filed on paper and electronically in named folders for projects in office with project grant details and agreement in same place for easy handover and check if needed. All backed up daily automatically by UCL IT systems. All grant claims also kept on paper file for audit purposes and recorded electronically. Report back to Trustee meetings on any viability concerns and actions agreed to correct. Use Chair's action and Finance Director in urgent cases.

Potential risk	**Potential Impact**	**Steps to mitigate risk**
Operational risks		
Competition	Loss of income Reduced fundraising potential Reduced profile	Monitor performance and quality of service-check with stakeholders if satisfied. Review market and methods of delivery. Develop TEP unique selling points USP.(neutral status as Chair and Facilitator, communication conduit), Fund –raising strategy-rolling programme of fundraising started in 2006. Regular contact with funders-dialogue by email and visits in place. Public awareness and profile. Doubled newsletter circulation.
Capacity and use of resources	Under-utilised office space Mismatch between staff allocations and key objectives Spare capacity not being utilised or turned to account.	Capital expenditure on efficient office space layout feb 2010 Increased Hot desking space and covered storage space for additional project staff. Desks increased from 5 to 8 and open plan increasing staff communication. Efficiency review on rolling programme with ED as to job roles and staff competency to deliver them. TEP staff now developing in post continuity. Fundraising to complement staff capacity and operational demands.
Employment issues	Employment disputes Claims for injury, stress, harassment, unfair dismissal. Adequacy of staff training Low morale.	Recruitment and Employment contract checking procedures in place with Trustee organisation. Reference and qualifications checks and Annual Appraisal process starting November 2010 with Yr 1 staff contracts. Job training and development on informal one to one with ED as to appropriate for effective delivery of job role. Use of free UCL training programme in house. HR Trustee rep on Board and Chair/ Vice Chair to provide neutral check and advice on staff issues where necessary.
Disaster recovery and planning	Computer system loss or loss of data. Destruction of property / records equipment through fire, flood or similar	IS recovery plan. Data back-up procedures and precautions in place with daily UCL back up and Every entry Finance data kept at another location as well on CD for additional back up. Public and Employee liability and equipment annual Insurance cover in place and

	damage.	updated every year. Disaster recovery plan UCL campus would offer alternative accommodation in the short and medium term and allow time if untenable to provide in long term. . Bombs, terrorism, floods and emergency situations, staff have ED and each others mobile numbers and instructed to work from home where possible until situation safe and ED has contacted to instruct next steps.
Potential risk	**Potential Impact**	**Steps to mitigate risk**
Financial risks		
Budgetary control and financial reporting	Budget does not match key objectives and priorities. Decisions made on inaccurate financial projections and unreliable costing data. Poor credit control. Poor cash flow and treasury management. Inability to function as a going concern.	Budgets directly linked to Business Planning and objectives. Timely and accurate monitoring and reporting, checked by independent accountant quarterly visits. Coded financial software will show grant income and expenditure by project and identifies any overspend and calls on reserve on a quarterly basis. Proper costing procedures of product or service delivery using actual costs. by ED Adequate skills base to produce and interpret budgetary and financial reporting. Procedures to review and action budget /cash flow variances. ED has financial background and training and produces regular cash flow summaries, updated for each Trustee meeting .These are discussed to be clear. Queries can be traced to ED's detailed spreadsheet for monthly breakdown by budget headings. ED updates against monthly bank statement for accuracy through the financial year to ensure forecast as accurate as possible. Quickbooks being refined in 2010-11 with increased financial input assistance to allow direct checking with grants and ED cash flow position.
Reserves Policy	Lack of liquidity to respond to new needs or requirements. Inability to meet commitments. Lack of liquidity to cover	Reserves linked to Business Plan, activities and identified financial and operating risk. Core funding payment to be weighted to start of financial year to protect the reserve against Cash flow depletion. Regular review of Risk Policy and redundancies policy (War Chest) to ensure cover for emergency shut down. Operational activity kept within limits of reserve as much as can be in Annual

	variances in cash flow. Lack of reserve to cover hard times and reductions in core funding.	Business Plan. Regular financial reporting by ED to Trustees provides checks on the use of the reserve for cash flow purposes and reveals any impacts of delays in repayment of core or grant funds. Annual objective is to build up the reserve to a reasonable level based on TEP core running costs for 4 months and emergency shut down costs. Agreed Investment in the office furniture, website and staff sickness cover and staff termination payment has currently depleted the reserve at June 24th 2010 by £19,675.07. It is essential that it is built up again and this process has been discussed and is in the 2010-2011 Business Plan .There is not currently enough in the reserve to cover redundancy liability of £20,970 at 31/3/2011. Reserve currently at approx £9,000 and estimated to rise to between £13,041 and £24,091 if all Business Plan targets successful by 31/3/2011.The Liability is then covered.
Potential risk	**Potential Impact**	**Steps to mitigate risk**
Financial Risks Dependency on income sources	Cash flow and budget impact of loss of income source	Identification of major dependencies at draft Business Planning stage starts December each year for next financial year. January meeting held annually for core funding planning and commitment. Adequate reserves policy for 4 months approved in Sept 2009 and money in place in March 2009 and forecast in place for 31st March 2010. Diversification plans in every Business Plan to increase wider income sources. Subscription scheme introduced 2006, Annual Forum sponsorship started 2007. Paid project management role above core activities started 2007. Overheads for staff hosting and grant responsibility increased in 2008 and 2009 and ongoing intention to increase percentage income form this source.

Compliance Risk (law and regulation)		
Compliance with all Company, Charity, Data Protection, Disability, Employment, Trustees, Human Rights, Race Relations and Health and Safety legal requirements.	Fines, penalties. Loss of charitable status Employee or consumer action for negligence. Reputational risks	Identify and allocate key compliance procedures and responsibility. Executive Director is Company Secretary and works with quarterly accountant visits to ensure compliance. Computer files and Accounts, Annual Reports, Company and Charity file keep paper evidence records in office. All financial paperwork kept for 7 years legal requirement then shredded. All daily financial responsibility rests with Executive Director who delegates some actions to the Marketing and Communications officer for Pimms, Subscriptions and Annual Forum invoicing and payments and now also to a part time financial assistant. ED Reports back to all Trustees mtgs on progress and informs Finance Director of any issues or concerns.
This Risk Assessment Schedule June 24th 2010 ver 3.		9/9/09 Nominated action to be commented on and approved by Jean Venables (Chair) and Helen Hancock (Finance Director rep, Trustee) on behalf of the Board.