

Risk Register

Governance Risks

Potential risk	Potential impact	Steps to mitigate risk
The church lacks direction, strategy and forward planning	<ul style="list-style-type: none"> • the church 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 policy schedule • create financial plans and budgets and targets • role leads make plans annually • monitor financial and operational performance • get feedback from all areas of the church
Trustee body lacks relevant skills or commitment	<ul style="list-style-type: none"> • church becomes moribund or fails to achieve its purpose • decisions are made bypassing the trustees • resentment or apathy amongst staff/volunteers • 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 trustee role description • Biannually complete competency framework or when Trustee body changes • 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 • arbitrary over-riding of control mechanisms 	<ul style="list-style-type: none"> • consider the structure of the trustee body • 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 • trustees to feedback to the overseers and wider congregation after meetings
Trustees are benefiting from church (e.g. remuneration)	<ul style="list-style-type: none"> • poor reputation, morale and ethos • adverse impact on overall control environment • conflicts of interest • possibility of regulatory action 	<ul style="list-style-type: none"> • ensure legal authority for payment or benefit • consider alternative staffing arrangements • implement terms and procedures to authorise/approve expenses and payments



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		<ul style="list-style-type: none"> • agree procedures and methods to establish fair remuneration conducted separately from 'interested' trustee (remuneration committee/benchmarking exercise etc)
Conflicts of interest	<ul style="list-style-type: none"> • the church 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 • uncertainty as to roles and duties • decisions made at inappropriate level or excessive bureaucracy 	<ul style="list-style-type: none"> • use organisation chart to create a clearly defined organisational structure • team leaders responsible for good information flow to and from volunteers • role descriptions given to all volunteers to ensure understanding of roles, duties and who are the team leaders • delegation and monitoring should be consistent with good practice and constitutional or legal requirements • review structure and the need for constitutional change
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 	<ul style="list-style-type: none"> • put in place proper strategic planning, objective setting and budgeting processes • timely and accurate operational reporting • timely and accurate financial reporting • assess and review role activities and authorisation procedures • have regular contact between trustees and overseers.

Operational Risks

Potential risk	Potential impact	Steps to mitigate risk
Service provision - customer satisfaction (fundraising)	<ul style="list-style-type: none"> • beneficiary complaints • loss of income • negligence claims • reputational risks (also see Christian Risks) 	<ul style="list-style-type: none"> • Overseers develop written quality control procedures • implement complaints procedures • implement complaints review procedures
Service development	<ul style="list-style-type: none"> • compatibility with objects, plans and priorities 	<ul style="list-style-type: none"> • appraise project, budgeting and costing procedures



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	<ul style="list-style-type: none"> • funding and financial viability • project viability • skills availability 	<ul style="list-style-type: none"> • review authorisation procedures • review monitoring and reporting procedures
Loss of key personnel	<ul style="list-style-type: none"> • church activities impacted 	<ul style="list-style-type: none"> • Is there anything we can do to mitigate this?
Loss of Venue	<ul style="list-style-type: none"> • office and meeting hall both rented so church could be asked to leave at any time. 	<ul style="list-style-type: none"> • What is plan B?
Suppliers	<ul style="list-style-type: none"> • dependency on key supplier • lack of supplier to meet key operational objectives • non-competitive pricing/quotes 	<ul style="list-style-type: none"> • use competitive tendering for larger contracts • put in place procedures for obtaining quotations (see finance policy) • monitor quality/timeliness of provision • use service level agreements where appropriate • consider use of buying consortia
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"> • review security arrangements • create asset register and inspection programme • agree facility management arrangements • review insurance cover
Employment and volunteer 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 • safeguarding issues • low morale • abuse of vulnerable beneficiaries 	<ul style="list-style-type: none"> • review recruitment processes • agree reference and qualification checking procedures, job/role descriptions, contracts of employment, appraisals and feedback procedures • implement job/role training and development • implement health and safety training and monitoring • be aware of employment law requirements • implement staff vetting and legal requirements (e.g. DBS checks) • agree a whistle-blowing policy
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"> • review and agree role competencies • review and agree vetting procedures • review and agree training and supervision procedures • agree development and motivation initiatives
Health, safety and environment	<ul style="list-style-type: none"> • staff/volunteer injury • service liability • ability to operate (see Compliance risks) 	<ul style="list-style-type: none"> • comply with law and regulation • train staff and have designated Health and Safety Lead



	<ul style="list-style-type: none"> • injury to beneficiaries and the public 	<ul style="list-style-type: none"> • put in place monitoring and reporting procedures
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"> • agree IT recovery plan • implement data back-up procedures and security measures • review insurance cover • be prepared to create disaster recovery plan
Procedural and systems documentation	<ul style="list-style-type: none"> • lack of awareness of procedures and policies • actions taken without proper authority 	<ul style="list-style-type: none"> • properly document policies and procedures • monitor and review of systems
Information technology	<ul style="list-style-type: none"> • systems fail to meet operational need • failure to innovate or update systems • loss/corruption of data eg donor base • lack of technical support • breach of data protection law 	<ul style="list-style-type: none"> • Annually appraise system needs and options • Annually appraise security and authorisation procedures • implement measures to secure and protect data • review insurance cover for any insurable loss

Christian Risks

Poor Teaching	<ul style="list-style-type: none"> • People learn incorrect doctrine • People have no relationship with Jesus • People attend other churches • Poor relationships • Church closes • Inappropriate behaviour amongst members • Members unaware of the mission of the church 	<ul style="list-style-type: none"> • Leadership team share doctrine with each other • Ensure that all leaders know and understand the gospel • Promote the reading of the Bible • Promote praying • Ensure there is a plurality of leaders • Mission shared on a regular basis, is present on the website • Mission shared in a variety of ways.
No New Christians	<ul style="list-style-type: none"> • Gospel not preached • No new people attend meetings • No outreach from the church • Poor relationships • Church closes • Inappropriate behaviour amongst members 	<ul style="list-style-type: none"> • Leadership team ensure Gospel is taught • Clear message from leaders encouraging people to invite people to church. • Promote the reading of the Bible • Promote praying • Promote talking about Jesus at home and work • Mission shared on a regular basis, is present on the website • Mission shared in a variety of ways.

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 strategic plan and church objectives • monitor and report in a timely and accurate way • 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 strategic plan, 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 • impact on operational activities 	<ul style="list-style-type: none"> • ensure adequate cash flow projections (prudence of assumptions) • identify major sensitivities • ensure monthly management accounts • 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
Pension commitments	<ul style="list-style-type: none"> • regulatory action or fines 	<ul style="list-style-type: none"> • review pension scheme arrangements
Investment policies	<ul style="list-style-type: none"> • financial loss through inappropriate or speculative investment • unforeseen severe adverse investment conditions • financial loss through lack of investment advice, lack of diversity • cash flow difficulties arising from lack of liquidity 	<ul style="list-style-type: none"> • review and agree investment policy • obtain proper investment advice or management • consider diversity, prudence and liquidity criteria • implement adequate reserves policy • use regular performance monitoring
Compliance with donor imposed restrictions	<ul style="list-style-type: none"> • inappropriate use of restricted funds • regulatory action 	<ul style="list-style-type: none"> • implement systems to identify restricted receipts • agree budget control, monitoring and reporting arrangements
Fraud or error	<ul style="list-style-type: none"> • financial loss • reputational risk • loss of staff/volunteer morale • regulatory action • impact on funding 	<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

Environmental or External Factors

Potential risk	Potential impact	Steps to mitigate risk
Public perception	<ul style="list-style-type: none"> • impact on income • impact on use of services by 	<ul style="list-style-type: none"> • communicate with supporters and beneficiaries

	beneficiaries (see Christian Risks)	<ul style="list-style-type: none"> • ensure good quality reporting of the church's activities and financial situation
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"> • agree a crisis management strategy for handling - including consistency of key messages and a nominated spokesperson
Government policy	<ul style="list-style-type: none"> • impact of tax regime on voluntary giving • impact of general legislation or regulation on activities undertaken • role of voluntary sector 	<ul style="list-style-type: none"> • monitor proposed legal and regulatory changes • consider membership of appropriate umbrella bodies

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 church	<ul style="list-style-type: none"> • 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 	<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
Regulatory reporting requirements: Financial and other reporting requirements will be dependent on how the church is constituted and may also vary according to funding arrangements	<ul style="list-style-type: none"> • regulatory action • reputational risks • impact on funding 	<ul style="list-style-type: none"> • review and agree compliance procedures and allocation of staff responsibilities
Taxation	<ul style="list-style-type: none"> • penalties, interest and 'back duty' assessments • loss of income eg failure to 	<ul style="list-style-type: none"> • review PAYE compliance procedures • review VAT procedures • file timely tax returns



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	<ul style="list-style-type: none">utilise gift aid arrangements• loss of mandatory or discretionary rate relief• failure to utilise tax exemptions and reliefs	<ul style="list-style-type: none">• take advice on employment status and contract terms and tax• implement budget and financial reporting identifying trading receipts
Professional advice	<ul style="list-style-type: none">• lack of investment strategy or management• failure to optimise fiscal position• failure to address compliance risks	<ul style="list-style-type: none">• identify and ensure access to professional advice• identify issues where advice is required• conduct compliance reviews