

# ARCHITECTS BENEVOLENT SOCIETY

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## **Finance, Audit and Risk Committee**

Meeting to be held on Wednesday 31st January 2024 at 10.00am at 6 Brewery Square,  
London SE1 2LF

## **AGENDA**

### **1. Apologies for absence**

### **2. Declaration of interest**

Those present to declare any prejudicial interests in items on the agenda and their nature

### **3. Minutes of the last meeting**

held on Wednesday 6th September 2023 annexed at A

### **4. Matters arising**

### **5. Finance**

5.1 Welcome to Tricia Johnstone, CFO

5.2 Audit update  
CFO and Operations Manager to report

5.3 Trustees Annual Report  
Operations Manager to report

5.4 Management accounts  
Annexed at B

5.5 Investments  
Reports attached

5.6 Business Planning  
Hon Treasurer to report

5.7 Reserves Policy  
Hon Treasurer to report

5.8 FAR Committee Trustee Recruitment Update  
Operations Manager to report

### **6. Property**

Operations Manager to update

### **7. Risk Register**

Annexed at C - for review and updating

### **8. AOB**

### **9. Next Meeting**

8<sup>th</sup> May 2024

## **ARCHITECTS BENEVOLENT SOCIETY**

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### **Finance, Audit and Risk Committee**

Minutes of the meeting held on Wednesday 6 September 2023 at 6 Brewery Square, London SE1 2LF and on Zoom at 10.00am

Present: Nigel Thorne (Chair)  
Tony Cartmell  
John Moakes  
Simon Still - on zoom

In attendance: Mark Grzegorzcyk  
Sarah Gartshore (Chief Financial Officer)  
Robert Ball (Chief Executive)

#### Actions

#### **1. Apologies for absence**

None

#### **2. Declaration of interest**

There were none.

#### **3. Minutes of the last meeting**

The minutes of the meeting held on Wednesday 3 May 2023 were approved as a correct record and signed by the Chair.

#### **4. Matters Arising**

4.1 There were none.

#### **5. Finance**

## 5.1 Cazenove investment portfolio and ESG

5.1.1 Robert Inglis of Cazenove was welcomed to the meeting.

5.1.2 Following the recent implementation of the revised Investment Policy, including the new ESG requirements and guidelines, Cazenove had proposed a portfolio structure including a significant proportion of holdings within a Schroder collective fund aimed at sustainability. The original proposal had placed the level of holdings within the Schroder fund at over 60% of the overall portfolio, although this had been revised to 33%. This would be in breach of the Investment Policy which states that no single collective fund should represent more than 10% of the value of the portfolio.

5.1.3 The Committee were uncomfortable with this approach at the current time and it was agreed that because Cazenove were anyway entitled to invest up to 10% in any one collective fund, it was perfectly acceptable for them to invest in the Schroder fund to that extent if they thought it suitable. If this was seen to be a successful investment, any potential increase in exposure might be a matter for discussion with the Committee at an appropriate juncture in the future.

5.1.4 In order to be better informed, the Committee asked to be provided with full details of the holdings within the Schroder fund.

CEO

## 5.2 Cazenove investment reports

5.2.1 Turning to performance and outlook, the main portfolio was up 2.68% for the calendar year to date and stood at £4.2M. The private equity fund stood at £380,784.

5.2.2 The main focus at the current time was on the outlook for interest rates, it was felt that recession in the UK and elsewhere still remained likely due to the lag of the effect of rates rises on the property market, notably as fixed rate mortgage terms came to an end and had to be renegotiated.

5.2.3 In response to the question about what ABS might consider in the event of selling the property assets, the view was that an increase in risk may be appropriate on the basis of a two fund approach, a proportion of monies set aside at a lower risk level to cater for shorter term cash requirements with a larger proportion set aside in a longer term fund invested at a higher risk level to help increase returns.

5.2.4 It was agreed to issue investment reports earlier than had been the case to date to allow the staff team more time to prepare committee papers.

5.2.5 Robert Inglis was thanked and left the meeting.

5.2.6 Simon Still reported that the structure and strategy of the sustainable fund approach suggested by Cazenove was similar to the approach of other investment managers such as Ruffer, the main issue with Cazenove/Schroders being that their funds had not performed well versus the market over the last 12 months or so.

5.2.7 The Committee agreed that a formal review of the investment managers was now required, due to the current pressures of other activity it was recommended that this should take place within the next 18 months.

### 5.3 Investec investment reports

5.3.1 The main Investec portfolio was up 2.5% for the calendar year to date to June and currently stood at a little over £4M following the recent withdrawal to repay the Lloyds Bank loan. The Sawyer Fund stood at £717,562 at the end of July.

5.3.2 The merger between Investec and Rathbones was expected to complete later in September, however this was not expected to lead to any changes to the approach of Investec.

5.3.3 They remain cautious about chasing markets any higher due to their concern that the lagged effects of interest rate rises are yet to be fully felt.

5.3.4 They additionally remain reluctant to increase exposure to US equities but are fully committed to equity markets in the rest of the world where they see much better value on offer. They are more comfortable than previously owning sovereign fixed income assets as risk diversifiers within the portfolio given their higher yields and do not recommend taking a hard defensive stance in portfolios due to the belief that the interest rate cycle will peak in 2023.

### 5.4 Management accounts

5.3.1 The latest management accounts up to July 23 were annexed at C.

5.3.2 The accounts included the £71,000 student hardship grant gifted to ABS by the Middle Orchard Trust earlier in the year. If this was excluded, income overall was £29,000 lower than budget, with shortfalls in voluntary income partially offset by additional income from commercial property and investments.

5.3.3 Expenditure was very slightly lower than budgeted and the net position overall, excluding the student hardship monies, was £16,000 worse than budget.

### 5.5 Finance review

5.5.1 Jon Rolfe and Max King of Epoch Consulting attended the meeting via zoom and gave a presentation on their work to date on the finance review.

5.5.2 The objectives for ABS as they saw it was achieving stabilisation, asset optimisation and risk management.

5.5.3 The risks and pressure points were identified as the current high burn rate on investments due to the level of withdrawals, the ratio of illiquid to liquid investments, portfolio volatility and inflation.

- 5.5.4 On the basis of taking no action, ABS would run out of liquid assets in approximately 14 years, leaving just the illiquid/property assets, this would increase the risk of discounted property sales if the decision to sell was left too late.
- 5.5.5 No matter what the decision on the property assets, there would need to be either further cuts to expenditure, an increase in income or a combination of the two; the scale of these changes would depend to some degree on the outcome of the decision about the properties.
- 5.5.6 In order to better manage the sequencing risk, Epoch were recommending updating the Investment Policy and outlined what they referred to as a multiple bucket approach for the investments as a whole. This would involve withdrawing annual cash requirements prior to each financial year commencing, an appropriately sized portfolio containing enough funds for between 2 and 5 years of expenditure and the remainder of the funds to be invested in a longer term +5 year portfolio in the expectation it would be able to achieve growth without the need for withdrawals.
- 5.5.7 The Committee were generally happy with the suggested Investment Policy in principle but made it clear they now required Epoch's report in full as a priority and to enable decision making, notably on the question of the property assets, risk and affordability.
- 5.5.8 To complete the report Epoch required access to data from Cazenove and Investec and would produce the report in draft form 10 working days following receipt of that data.
- 5.5.9 After Epoch left the meeting it was agreed that little new information had been provided since the workshop earlier in the year, the investment strategy outlined was similar to that discussed with Cazenove earlier in the meeting and ABS needed to move on with looking to agree the long term asset mix and risk levels.

## 5.6 Budget 2023-24

- 5.6.1 The budget had been through several drafts and it was thought was now at a stage where little additional changes could be made to income and expenditure without a robust plan to get to the position of long term financial sustainability.
- 5.6.2 The Business Planning Working Group was meeting the following week to discuss and address the way forwards on financial sustainability, with a view to agreeing on the priorities necessary to create a strategic plan which would inform future budgeting.

## 6. **Property**

- 6.1 The deal to let the first floor at 43 Portland Place was progressing well and it was hoped to complete the lease later in September.

*{Post meeting note. The lease was completed on 15 September 2023}*

- 6.2 This left the fourth floor and recently vacated third floor at No. 43 vacant. The fourth floor had been on the market for a considerable length of time and it was agreed to amend the marketing details to try and aid interest.

CEO

## **7. Risk**

- 7.1 There were no updates to report at the meeting and it was agreed to submit the Policy as it stands to the Board in October with some amendments to the risk assessment and scoring criteria and the risk register items following review by the committees.

## **8. Auditor update**

- 8.1 ABS had now been confirmed as a client of Moore Kingston Smith and work was progressing on preparing the documentation and timeline for the audit later in the year.

- 8.2 A pre-audit date had been set in early November when MKS would come in for two days and carry out an initial review, the full audit and fieldwork was scheduled for the first week in December.

## **9 Membership of the Committee**

- 9.1 Tony Cartmell had decided to step down as committee member following the meeting was thanked for his efforts over the last two years.

- 9.2 Nigel Thorne confirmed he would like to step down as Honorary Treasurer from June 2024.

- 9.3 All other members were happy to remain as members of the Committee for a further year, subject to Board approval.

## **10 Meeting dates for 2024**

- 10.1 Dates for meetings next year were to be reviewed as part of a potential adjustment to Board meetings and to align with budget approval. A draft schedule of dates for 2024 would be distributed in due course.

CEO

## **11 Any other business**

11.1 Post meeting note. Following the meeting it was confirmed that the Lloyds loan had been fully paid off on 21 August 2023.

**10 Future meeting dates**

10.1 TBC



**ABS Management Accounts 31 December 2023**  
**Year to date analysis**

**Income**

**Overall:** Income for the year to date is £237k v budget income of £306k. The negative variance of £67k is mainly due to:

**Fundraising:** Actual of £26k v budget of £42k. The negative variance of £16k is due to staff resourcing issues during the quarter, with one post unfilled and one full-time staff member on jury service for the whole quarter.

**Legacies:** Actual of £9k v budget income of £50k. The negative variance of £41k is due to difficulty in accurately predicting legacy income and timing.

**Commercial rent:** Is actually close to expected, but the actual year to date includes rent received for Jan-Mar 2023 of £45k which is in the next quarter budget.

**Investment income:** Is estimated at £43k v budget of £47k but is not yet recorded as we work through the valuation statements.

**Wellbeing programme income:** Actual of £4.5k v budget of £9.7k. The negative variance of £5.2k is due timing issues and some bookings being made for free in advance of the charging policy being introduced.

**Expenditure**

**Overall:** Expenditure for the year to date is £593k v budget income of £655k The positive variance of £62k is mainly due to:

**Wellbeing programme costs:** Are £17k under budget due to invoice timing issues.

**Marketing costs:** Are £1.5k v budget of £9.7k. The positive variance is due to less activity than planned due to resourcing issues.

**IT costs:** Are £12k v budget of £21k. The positive variance of £9k is under investigation.

**Professional fees:** Are £12.5k v budget of £22.5k. The positive variance of £10k is under investigation.

**Investment management fees:** Have not yet been recorded but estimated at £16k which matches the budget figure.



Architects Benevolent Society  
Draft Management Accounts  
31 December 2023  
Month 3

INCOME & EXPENDITURE	MTH	MTH	MTH	MTH	MTH	MTH	MTH	MTH	MTH	MTH	MTH	MTH	YTD	MTH	MTD	Variance	YTD	YTD	Variance
	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Total	Actual	Budget		Actual	Budget	
<b>Income</b>																			
Fundraising	5,090	13,142	7,562	-	-	-	-	-	-	-	-	-	25,794	7,562	12,846	(5,284)	25,794	42,270	(16,476)
Legacies	3,538	-	5,000	-	-	-	-	-	-	-	-	-	8,538	5,000	15,000	(10,000)	8,538	50,000	(41,462)
Commercial rent	119,745	16,467	61,729	-	-	-	-	-	-	-	-	-	197,940	61,729	52,283	9,446	197,940	156,848	41,093
Investment income	-	-	752	-	-	-	-	-	-	-	-	-	752	752	15,705	(14,953)	752	47,118	(46,366)
Wellbeing programme income	2,250	2,071	147	-	-	-	-	-	-	-	-	-	4,467	147	2,235	(2,088)	4,467	9,705	(5,238)
Student hardship fund income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>130,624</b>	<b>31,679</b>	<b>75,189</b>	-	-	-	-	-	-	-	-	-	<b>237,492</b>	<b>75,189</b>	<b>98,069</b>	<b>(22,880)</b>	<b>237,492</b>	<b>305,941</b>	<b>(68,449)</b>
<b>Expenditure</b>																			
Welfare beneficiary spend	(97,778)	(100,840)	(128,367)	-	-	-	-	-	-	-	-	-	(326,985)	(128,367)	(113,204)	(15,163)	(326,985)	(327,725)	740
Wellbeing programme costs	1,708	(28)	(4,002)	-	-	-	-	-	-	-	-	-	(2,322)	(4,002)	(5,597)	1,595	(2,322)	(19,390)	17,068
Staff costs	(66,875)	(53,455)	(64,662)	-	-	-	-	-	-	-	-	-	(184,992)	(64,662)	(56,685)	(7,977)	(184,992)	(180,428)	(4,564)
Office costs	(24,711)	(1,997)	(562)	-	-	-	-	-	-	-	-	-	(27,269)	(562)	(2,988)	2,426	(27,269)	(28,682)	1,413
Insurance	(7,950)	-	-	-	-	-	-	-	-	-	-	-	(7,950)	-	-	-	(7,950)	(11,348)	3,397
Commercial property costs	(2,066)	(11,111)	-	-	-	-	-	-	-	-	-	-	(13,177)	-	(10,252)	10,252	(13,177)	(17,460)	4,283
Service charge rebate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Governance costs	(116)	(11)	-	-	-	-	-	-	-	-	-	-	(127)	-	(170)	170	(127)	(510)	383
Marketing costs	(77)	(1,394)	(66)	-	-	-	-	-	-	-	-	-	(1,538)	(66)	(3,234)	3,167	(1,538)	(9,701)	8,163
Event costs	(1,027)	(1,126)	(53)	-	-	-	-	-	-	-	-	-	(2,206)	(53)	(146)	93	(2,206)	(438)	(1,768)
IT costs	(3,321)	(2,755)	(6,073)	-	-	-	-	-	-	-	-	-	(12,149)	(6,073)	(9,036)	2,963	(12,149)	(21,094)	8,945
Professional fees	(4,900)	(7,547)	(47)	-	-	-	-	-	-	-	-	-	(12,494)	(47)	(11,467)	11,420	(12,494)	(22,424)	9,930
Investment management fees	-	-	(1,403)	-	-	-	-	-	-	-	-	-	(1,403)	(1,403)	(5,262)	3,859	(1,403)	(15,793)	14,390
Loan interest & Bank charges	(139)	(162)	(30)	-	-	-	-	-	-	-	-	-	(331)	(30)	(30)	-	(331)	(90)	(241)
Property Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditure</b>	<b>(207,252)</b>	<b>(180,426)</b>	<b>(205,265)</b>	-	-	-	-	-	-	-	-	-	<b>(592,943)</b>	<b>(205,265)</b>	<b>(218,069)</b>	<b>12,804</b>	<b>(592,943)</b>	<b>(655,081)</b>	<b>62,139</b>
<b>Net profit / (loss) before investment gains / (losses)</b>	<b>(76,628)</b>	<b>(148,746)</b>	<b>(130,077)</b>	-	-	-	-	-	-	-	-	-	<b>(355,451)</b>	<b>(130,077)</b>	<b>(120,001)</b>	<b>(10,076)</b>	<b>(355,451)</b>	<b>(349,141)</b>	<b>(6,311)</b>
Realised loss on investments	-	-	(0)	-	-	-	-	-	-	-	-	-	(0)	(0)	-	(0)	(0)	-	(0)
Unrealised gain on investments	-	-	(0)	-	-	-	-	-	-	-	-	-	(0)	(0)	-	(0)	(0)	-	(0)
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net profit / (loss) after investment gains / (losses)</b>	<b>(76,628)</b>	<b>(148,746)</b>	<b>(130,077)</b>	-	-	-	-	-	-	-	-	-	<b>(355,451)</b>	<b>(130,077)</b>	<b>(120,001)</b>	<b>(10,076)</b>	<b>(355,451)</b>	<b>(349,141)</b>	<b>(6,311)</b>

## Risk assessment and scoring criteria (likelihood and impact)

### Risk heat map

Extreme/Catastrophic	5	5	10	15	20	25
Major	4	4	8	12	16	20
Moderate	3	3	6	9	12	15
Minor	2	2	4	6	8	10
Insignificant	1	1	2	3	4	5
		1	2	3	4	5
		Remote	Unlikely	Possible	Probable	Highly probable
		<b>Likelihood</b>				

### Likelihood and impact definitions

Likelihood	Certainty	Number of instances	Time period
Highly probable / Very high (5)	Almost certain	1/10	Once in 3 months
Probable / High (4)	More likely than not	1/100	Once in a year
Possible / Medium (3)	Fairly likely	1/1,000	Once in 5 years
Unlikely / Low (2)	Unlikely	1/10,000	Once in 10 years
Remote / Very low (1)	Extremely unlikely	<1/10,000	Not in 50 years

Level of impact	Strategic	Operational	Financial	Reputational	Compliance
<b>Very High</b>	Would require a fundamental change in organisational strategic/ critical objectives.	Fundamental organisational changes would need to be implemented. Delay of 1 year + in delivery of proposal.	If the risk materialised the cost to the charity would be greater than £1M.	Significant and irreparable damage to reputation. Sustained negative publicity resulting in loss of public/ professional/ political confidence in the charity.	Serious breach of governance regulations that would lead to status of the charity being reviewed.
<b>High</b>	Would require a significant shift from organisational strategy/critical objectives that would require Board input.	A significant amount of work would need to be done at all levels to resolve the matter. Delay of 6-12 months delivery on the proposal.	If the risk materialised the cost to the charity would be between £500k and £1M.	Significant and irreparable damage to reputation. High negative impact on the charity's reputation. Could impact on charity's ability to influence public/ professionals/politicians. Generates significant numbers of complaints.	Significant breach of governance regulation requiring immediate notification of regulatory bodies.
<b>Medium</b>	Would impact on the organisational strategic/ critical objectives and would require management discussion.	A significant amount of work would be required by a team to repair operational systems. Delay of 3-6 months in delivery of proposal.	If the risk materialised the cost to the charity would be between £250k and £500k.	Minor damage but widespread. Significant localised low level negative impact on the charity's reputation/ generates limited complaints.	Breaches governance regulations and would require significant work to rectify.
<b>Low</b>	May have an impact on achieving organisational strategy but this could be resolved.	Low level processes would need to be revised but the matter could be resolved. Delay of 1-3 months in the delivery of proposal.	If the risk materialised the cost to the charity would be between £50k and £250k.	Minor damage in a limited area. May have localised, low level negative impact on the charity's reputation/ generates low level of complaints.	May breach low level governance regulations but can be rectified.
<b>Very Low</b>	Little impact on the organisational strategy.	Has no impact on the day to day operation of the charity. Less than 1 months delay in delivery of proposal	If the risk materialised the cost to the charity would be no more than £50k.	Has no negative impact on the charity's reputation/ no media interest.	No impact on the charity's governance structures.

## Strategic Risk Register

	Risk factor	Potential impact	Probability	Impact	Score	Control	Retained risk	Responsibility	Monitoring body	Review frequency	Further action/notes
S1	Conflicts of interest	Decisions influenced by factors other than interest of the ABS, impact on reputation	2	3	6	Conflict of interest policy & register, trustee training (new and existing)	Low	Chair	Board	Annual	
S2	Activities (planned or existing) breach Articles	Breach of charitable objectives, Charity Commission investigation and penalties	1	3	3	Regular review of Articles. All changes made by Board only after advice from ABS solicitors. New projects and activities to be assessed by management team.	Low	Chair	Board	On-going	Any new projects to be reviewed by ABS solicitors where necessary and approved by Board
S3	Objects not understood by supporters	Impact on voluntary income, use of services by beneficiaries	2	4	8	Quinquennial survey of sample of profession and analysis	Medium	CEO	Board	3 years	
S4	Poor strategic planning and / or inadequate setting and monitoring of implementation targets	Issues addressed piecemeal with no strategic reference	3	4	12	Incoming business planning to address this	Medium	Chair	Board	Annual	Establish strategic plan with key aims, objectives and policies and set targets
S5	Society's activities or assets threatened by group of trustees	Decisions made outside Board, culture of secrecy, pursuit of personal agendas, conflicts of interest	1	5	5	Monitoring of selection and performance of trustees (see above), delegation procedures, conduct of meetings and minuting procedures. Restriction of non-trustee membership	Low	Chair	Board	Annual	
S6	IT, systems and data	Systems fail to meet needs, failure to innovate or update, loss or corruption of data, lack of technical support	2	4	8	IT security policy, appraisal and review of system needs and options, data security and recovery, insurance, use of external services and support	Medium	CEO	Board	On-going	
S7	Change in political climate, charity law, taxation or Government policy	Impact of tax regime on voluntary income, impact of general legislation, role of voluntary sector, Brexit	3	3	9	Advice from solicitors and accountants, membership of Association of Charitable Organisations Service	Medium	CEO	Board	Annual	
S8	Breach of statutory requirements, Charity law, Companies Act, GDPR, Equality Act, employment law, Health & Safety laws etc.	Fines, penalties, censure, employee or supporter action, reputation	2	3	6	Identify key requirements with assistance from lawyers, accountants and retained HR consultant. allocate responsibility, monitor and report	Low	CEO	Board	Annual	GDPR Policy/training on-going
S9	Inadequate Risk Policy and Risk Management	Risks unidentified, unmanaged and thus more likely	2	4	8	Risk Management Policy	Medium		Board	Annual	

## Operational risk registers/frameworks

### Welfare

	Risk factor	Potential impact	Probability	Impact	Score	Control	Retained risk	Responsibility	Monitoring body	Review frequency	Further action/notes
W1	Needs of beneficiaries not fully addressed	Beneficiary complaints, ABS reputation	1	5	5	Continuous review of Grant Giving Policy, regular internal audit	Low	Chair	Welfare	Annual	Impact reporting required
W2	Incorrect or inadequate advice given to beneficiaries	Beneficiary complaints, ABS reputation	2	3	6	No financial advice given. Regular training of Welfare Officers in advising about state benefits. Welfare notes seen by CEO. Beneficiary reviews seen by Welfare Committee	Low	CEO	Welfare	2 years	
W3	Contract risk	Onerous terms, liabilities for non-performance, non-compliance with objects	3	4	12	Appraisal and authorisation procedures, professional advice, monitoring, insurance cover	Medium	CEO	Board	Annual	
W4	Weak Adult safeguarding policies and procedures	Failure to report incidents	1	4	4	Safeguarding Adults Policy and regular staff training	Low	Ops Mgr	Welfare	Annual	
W5	Demographic and social changes. Market changes / drop in professions	Impact of demographics of donors or beneficiaries. Redundancies – increased number of beneficiaries. Fewer donations / lower income	3	4	12	Monitor statistics from government and other bodies (RIBA/ARB/CIAT/LI). Profile donor base	Medium	Ops Mgr	Welfare	Annual	
W6	Welfare partner failure	One of our charity partners had to cease activity (eg AUK) meaning our holistic support services would be reduced	2	4	8	Annual contract review and renewals, awareness of alternative service providers	Medium	Ops Mgr	Welfare		

### Nominations and Remuneration

	Risk factor	Potential impact	Probability	Impact	Score	Control	Retained risk	Responsibility	Monitoring body	Review frequency
N1	Board effectiveness - inactive or unsatisfactory trustees or skills insufficient or inappropriate	Charity become moribund, fails to achieve its purpose. Poor decision making and/or decisions made by-passing the Board. Resentment or	2	4	8	Board matrix annually reviewed, including no. of trustees. Board/trustee training and development	Low	Chair	N&R	Annual
N2	Key staff performance unsatisfactory or poor relationship between trustees and senior staff	Board not kept abreast of activity	2	4	8	Formal and recorded assessment of senior staff performance	Medium	Chair	N&R	Annual
N3	Inadequate succession planning for senior staff	Experience and skills lost, impact on projects, loss of Society knowledge	2	4	8	Annual succession plan review, Committee interest review, notice periods and handovers, documentation of systems and projects	Medium	Chair	N&R	Annual
N4	High staff turnover	Loss of experience and skills, recruitment and training costs and lead times, operational impact on service delivery	1	5	5	Annual review of pay and benefits/Remuneration Policy, training, working conditions and job satisfaction. Performance appraisal. Exit interviews	Low	CEO	N&R	Annual
N5	Inadequate recruitment procedures		1	3	3	Procurement, interview and selection procedures reviewed at each recruitment with advice from retained human resources consultant. ACAS training senior staff	Low	CEO	N&R	On-going
N6	Poor organisation structure, communication channels poorly designed		1	3	3	Small organisation with simple reporting structure	Low	CEO	N&R	Annual
N7	Low staff morale or staff stressed	Poor service to beneficiaries and donors	2	4	8	Management/HR training, annual appraisals	Medium	CEO	N&R	Annual
N8	Inadequate disciplinary and grievance procedures	Disgruntled staff	1	3	3	Procedures in place and periodically reviewed. Retained HR consultant advice, ACAS templates used in staff handbook	Low	CEO	N&R	Annual
N9	Failure to keep up to date and comply with employment legislation including equal opportunities		2	4	8	Retained HR consultant, ACAS training senior staff	Medium	Ops Mgr	N&R	On-going
N10	Failure to comply with Health and Safety at Work legislation	Accidents at work	3	4	12	Professional health and safety risk assessments carried out	Medium	Ops Mgr	N&R	Annual

## Finance, Audit and Risk

	Risk factor	Potential impact	Probability	Impact	Score	Control	Retained risk	Responsibility	Monitoring body	Review frequency
F1	Trustees benefitting from ABS	Regulatory action, ABS reputation, loss of charity money	1	5	5	Appropriate procedures to authorise trustee expenses, the Society's Articles prohibit trustees benefitting from ABS.	Low	Chair	Board	Annual
F2	Contract risk	Onerous terms, liabilities for non-performance, non-compliance with objects	3	4	12	Appraisal and authorisation procedures, professional advice, monitoring, insurance cover	Medium	CEO	Board	Annual
F3	Inadequate disaster recovery and business continuity plan	Systems failures or destruction of property	2	5	10	Covered in information security policy	Medium	CEO	Board	Annual
F4	Internal fraud	Financial loss, reputational risk, regulatory action	2	4	8	Anti-fraud policy. Financial controls, segregation of duties, authorisation limits, security of assets, insurance	Medium	Hon Treasurer	Board	Annual
F5	Failure of key suppliers of goods or services, dependence on key supplier	Lack of goods/services to meet objectives, non-competitive pricing	1	4	4	Only reputable suppliers used. Suppliers to be market tested regularly.	Low	CEO	FAR	On-going
F6	Borrowing	Interest rate movements, ability to repay, security over assets, regulatory requirements.	1	4	4	Appraisal of terms and of future income. Proper advice procedures	Low	Hon Treasurer	FAR	On-going
F7	Lack of appropriate investment policy	Financial loss, liquidity problems, inability to meet operational objectives	1	5	5	Investment Policy	Low	Hon Treasurer	FAR	Annual
F8	Discretionary powers given to investment managers too loose or too tight or do not match the Society's objectives	Financial loss etc as above	1	5	5	Investment Policy	Low	Hon Treasurer	FAR	Annual
F9	Inadequate monitoring of investment manager performance and fees	Financial loss etc as above	1	5	5	Quarterly reports vs benchmark, specialist advisor on F+P Committee, manager reviews every 3 years	Low	Hon Treasurer	FAR	3 years
F10	Lack of diversification in investments and / or planning for stock market turbulence or decline, over-reliance on	Potentially severe financial loss, liquidity problems, inability to meet objectives	1	5	5	Investment Policy Statement, regular reporting	Low	Hon Treasurer	FAR	Annual
F11	Inadequate financial planning, forecasting and supervision by trustees	Financial management difficulties, funding does not match key objectives	3	5	15	Budget setting, management accounts. Monitoring of financial performance, budgets linked to objectives. GrantyGiving Policy	Medium	Hon Treasurer	FAR	Annual
F12	Inadequate financial controls and procedures	Poor cash flow / treasury management/fraud	3	4	12	Financial Management Policy and procedures manual	Medium	CFO	FAR	Annual
F13	Failure to safeguard assets	Theft or other loss or damage	1	4	4	Asset register kept and physically checked annually. Property assets under control of and regularly checked by staff team. Insurance reviewed annually. Location of legal title and associated documentation known.	Low	Management Team	FAR	Annual
F14	Inadequate reserves policy	Lack of liquidity, inability to meet commitments or objectives, reputational risks	2	5	10	Reserves policy review linked to strategic plan, risk policy and regularly reviewed. Investment Policy Statement	Low	Hon Treasurer	FAR	Annual
F15	Failure to review tax and VAT liabilities	Penalties, interest and back duty. Loss of income (gift aid, tax exemptions, rates relief)	2	4	8	Annual review by auditors, employ management accounting consultant, PAYE and VAT compliance and reporting, understanding of exemptions and reliefs, professional advice	Medium	Hon Treasurer/CFO	FAR	Annual

## Development and Engagement

	Risk factor	Potential impact	Probability	Impact	Score	Control	Retained risk	Responsibility	Monitoring body	Review frequency	Further action/notes
D1	Weak fundraising plans	Decline in voluntary income	2	3	6	Professional fundraisers employed. Plans vetted by Committee. Comparisons made with other charities. Specialist advice and	Low	D&E Chair	D&E	Annual	Strategic fundraising plan adopted
D2	Inadequate control of fundraising activities and costs	Unsatisfactory returns, reputational risks from methods used, compliance with law and regulation	3	4	12	Quarterly budget and spend reviews. Appraisal, budget and authorisation control, review of regulatory compliance, complaints procedure	Medium	D&E Chair	D&E	Annual	Reporting improvements required
D3	Inadequate arrangements for joint ventures or sponsorships		2	4	8	Prior approval for joint ventures. Contractual arrangements in the form of exchange of letters to comply with Charity Commission requirements	Medium	Dev Mgr	D&E	On-going	
D4	Failure to meet fundraising targets	Reduced voluntary income	3	4	12	Fundraising strategy, regular review	Medium	Dev Mgr	D&E	On-going	Reporting improvements required
D5	Adverse publicity	Loss of donor confidence and funding, loss of beneficiary confidence, impact on staff moral	1	5	5	Complaints procedures for supporters and beneficiaries, proper annual review of complaints, crisis management plan, monitoring	Low	Dev Mgr	D&E	Annual	
D6	Poor relationship with professional bodies	Limits reach to those we can assist and to donors and other supporters	3	3	9	Active engagement with membership bodies by ABS representatives	Medium	D&E Chair	D&E	2 years	