



Risk Management Policy

This document, which takes guidance from the Charity Commission, sets out those risks to the organisation that are identifiable and important in their potential impact and/or temporal proximity. It couples these with the strategies adopted or recommended for managing or eliminating them.

IHS Board of Trustees

Governance and management

Potential risk	Potential impact	Steps to mitigate risk
Lack of direction, strategy and forward planning	<ul style="list-style-type: none"> • The society drifts with no clear objectives, priorities or plans • Issues are addressed piecemeal with no strategic reference • Needs of beneficiaries are not fully addressed • Difficulties in financial management • Loss of reputation amongst professional members and funders 	<ul style="list-style-type: none"> • Regular review of strategic plan and priorities • Creation of annual financial plans and budgets by the Treasurer • Monitoring of financial and operational performance by the Treasurer and Secretary • Activities regularly reported to members and funders via IHS website, Cephalgia, emails and newsletter • Feedback regularly requested from members and funders
Board of Trustees lacks relevant skills, commitment or international diversity	<ul style="list-style-type: none"> • The society becomes moribund or fails to achieve its purpose • Resentment or apathy amongst staff • Poor value for money on service delivery • Some regions of the world feel unrepresented 	<ul style="list-style-type: none"> • Job descriptions for Trustees and officers • Semi-annual reports of the officers to the members • Appointed members selected for their expertise, skills, interests and personal attributes and to add under-represented perspectives • Building up international regional interest groups where needed
Board of Trustees dominated by one or two individuals, or by connected individuals	<ul style="list-style-type: none"> • Board cannot operate effectively as a strategic body • Decisions made by individuals with no reference to the Board • Conflicts of interest • Pursuit of personal agenda • Culture of secrecy or deference • Arbitrary over-riding of control mechanisms 	<ul style="list-style-type: none"> • Regular Board meetings at least four times per year • Consider the structure of the Board and Trustees' independence • Clear terms of reference regarding which issues require full Board approval • Procedural framework for meetings and recording decisions • Procedural framework to deal with potential conflicts of interest • Limited term duration for Board members
Trustees are benefiting from the charity (e.g. remuneration)	<ul style="list-style-type: none"> • Loss of reputation and credibility amongst professional members and funders • Conflicts of interest • Regulatory action 	<ul style="list-style-type: none"> • Ensure legal authority exists for any payments to Trustees • Procedural framework to establish fair remuneration for contracted services

		<ul style="list-style-type: none"> • Procedural framework to authorise/approve expenses and payments • Ensure transparency of payments
Conflicts of interest	<ul style="list-style-type: none"> • Society unable to pursue its own interests and agenda • Decisions may not be based on relevant considerations • Loss of reputation and credibility amongst professional members and funders 	<ul style="list-style-type: none"> • Clear policy on disclosure of conflicts of interest • Procedures for standing down on certain decisions
Organisational structure	<ul style="list-style-type: none"> • Lack of information flow • Poor decision-making procedures • Uncertainty over roles and duties • Decisions made at inappropriate level or excessive bureaucracy 	<ul style="list-style-type: none"> • Organisational chart and clear understanding of roles and duties • Job descriptions for Trustees, officers and staff • Delegation and monitoring consistent with good practice • Regular review of structure and constitutional change • Facility to pass resolutions electronically between meetings including teleconferences
Activities potentially outside objects, powers or terms of funding (restricted funds)	<ul style="list-style-type: none"> • Liability to repay funders • Loss of professional member and funder confidence • Potential breach of trust and regulatory action • Taxation implications 	<ul style="list-style-type: none"> • New projects must ensure consistency with the objects, powers and terms of funding
Loss of key staff	<ul style="list-style-type: none"> • Experience of skills lost • Knowledge base lost • Operational impact on key projects and priorities 	<ul style="list-style-type: none"> • Succession planning including overlapping terms of Board members • Documentation of systems, plans and projects • Notice periods and handovers • Regular liaison and update between officers and contracted workers
Reporting to Board (accuracy, timeliness and relevance)	<ul style="list-style-type: none"> • Inadequate information resulting in poor quality decision making • Failure of Board to fulfil its control functions • Board becomes remote and ill informed 	<ul style="list-style-type: none"> • Proper strategic planning, objective setting and budgeting processes • Timely and accurate project and financial reporting • Proper project assessment and authorisation procedures • Regular contact between Trustees and contracted workers

Operational risks

Potential risk	Potential impact	Steps to mitigate risk
Contract risk	<ul style="list-style-type: none"> • Onerous terms and conditions • Liabilities for non performance • Non-compliance with Society's objects 	<ul style="list-style-type: none"> • Project appraisal and costing procedures • Authorisation procedures • Professional advice on terms and conditions • Performance monitoring arrangements
Project development	<ul style="list-style-type: none"> • Compatibility with objects, plans and priorities • Funding and financial viability • Project viability • Skills availability 	<ul style="list-style-type: none"> • Project appraisal and costing procedures • Authorisation procedures, including the names of the responsible subjects • Monitoring and reporting procedures • Building up databases of members with specific skills/interests
Suppliers, dependency and bargaining power	<ul style="list-style-type: none"> • Dependency on suppliers • Lack of supplier to meet key operational objectives • Non-competitive pricing/quotes 	<ul style="list-style-type: none"> • Use of competitive tendering for larger contracts • Monitoring of quality/timeliness of provision • Cooperation with other not-for-profit organisations
Fundraising	<ul style="list-style-type: none"> • Unsatisfactory returns • Reputational risks of campaign or methods used • Actions of fundraising agents 	<ul style="list-style-type: none"> • Appraisal, budgeting and authorisation procedures • Review of regulatory compliance • Monitoring of the adequacy of financial returns achieved • Complaints review procedure • Policies on partnerships and on acceptance of sponsorship from pharmaceutical companies • Compliance with donor-imposed restrictions • Building up a database of potential funders • Regular information for funders on the charity's activities
Employment issues	<ul style="list-style-type: none"> • Employment disputes • Health and safety issues • Taxation issues • Claims for injury, stress, harassment, unfair dismissal • Equal opportunity issues 	<ul style="list-style-type: none"> • Staff appointed on self-employment basis, having due regard to employment legislation and possible taxation liabilities • Management agency contracted for additional support as required

	<ul style="list-style-type: none"> • Adequacy of staff training • Low morale 	
Health, safety and environment	<ul style="list-style-type: none"> • Product or service liability • Trustee injury • Staff/agency personnel injury 	<ul style="list-style-type: none"> • Compliance with law and regulation • Monitoring and reporting procedures
Disaster recovery and planning	<ul style="list-style-type: none"> • Computer system failure or loss of data • Destruction of records through fire, flood or similar damage 	<ul style="list-style-type: none"> • Data backup procedures and precautions • Archive records stored in secure, insured facility
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"> • Proper documentation of procedures and policies • Audit 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 • Lack of technical support 	<ul style="list-style-type: none"> • Appraisal of system needs and options • Use of service and support contracts • Data backup • Outsourcing

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 on unreliable costing data Inability to meet commitments or key objectives Poor credit control Poor cash flow and treasury management Inability to function as a going concern 	<ul style="list-style-type: none"> Budgets linked to business planning and objectives Annual budget approved by Board Timely and accurate monitoring and reporting Proper costing procedures for product or service delivery Main expenditure identified and covered by sources of income^a Adequate skills base to produce and interpret budgetary and financial reporting Procedures to review and action budget/cashflow variances Accounts formally audited annually Audited accounts reviewed and approved by Board
Reserves policies	<ul style="list-style-type: none"> Lack of liquidity to respond to new needs or requirements Inability to meet commitments or planned objectives Loss of reputation if policy cannot be justified Loss of reputation if reserves are inadequately high 	<ul style="list-style-type: none"> Adequate reserves policy (at least two years' expenditure but not more than 10 years') Regular review of policy
Cashflow sensitivity	<ul style="list-style-type: none"> Inability to meet commitments Lack of liquidity to cover variance Impact on operational activities 	<ul style="list-style-type: none"> Adequate cashflow projections (prudence of assumptions) Identification of major sensitivities Adequate information flow between Trustees and contracted workers Monitoring arrangements and reporting
Dependence 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"> Identification of major dependencies^b Adequate reserves policies
Pricing policy	<ul style="list-style-type: none"> Cash flow impact on other activities 	<ul style="list-style-type: none"> Cost of services and contract

	<ul style="list-style-type: none"> • Repayment of restricted funds 	<ul style="list-style-type: none"> • Proper and accurate costing procedures for project or service delivery • Monitoring of funder satisfaction • Membership fees should be reasonable and cover cost of the journal and administration
Foreign currency	<ul style="list-style-type: none"> • Currency exchange losses • Uncertainty over project costs/exchange rates • Cash flow impact on operational activity 	<ul style="list-style-type: none"> • Cash flow management and reserves policy • Financial advice on prudent view of exchange rates
Investment policies	<ul style="list-style-type: none"> • Financial loss through inappropriate or speculative investment • Financial loss through lack of investment advice, lack of diversity • Cash flow difficulties arising from lack of liquidity 	<ul style="list-style-type: none"> • Investment policy, reported regularly to the Board (at least together with the annual budget) • Financial advice • Diversity, prudence and liquidity criteria • Adequate reserves policy • Regular performance monitoring
Compliance with funder-imposed restrictions	<ul style="list-style-type: none"> • Funds applied outside restriction • Repayment of grant • Future relationship with funder • Regulatory action 	<ul style="list-style-type: none"> • Systems to identify and monitor restricted funds • Financial systems to monitor restricted funds and their application
Fraud or error	<ul style="list-style-type: none"> • Financial loss • Loss of reputation • Regulatory action • Impact on funding 	<ul style="list-style-type: none"> • Financial controls procedures • Authorisation limits • Security of assets

^a Main expenditure

Journal membership costs. Membership fees will always cover the journal costs.

^b Main income sources

Membership.

Journal royalty.

Congress. Bi-ennial. Identified as major source of income, to be as profitable as possible. Following each congress, overview and recommendations for change depending on external financial factors.

Congress run by trading subsidiary, so no financial risk for the Society.

Environmental/external factors

Potential risk	Potential impact	Steps to mitigate risk
Professional membership/funder perception	<ul style="list-style-type: none"> • Impact on funder income • Impact on membership 	<ul style="list-style-type: none"> • Regular communication with members and funders via website, Cephalgia and emails • Quality financial annual report and review reporting
Relationship with funders	<ul style="list-style-type: none"> • Deterioration in relationship may impact on funding 	<ul style="list-style-type: none"> • Regular contact and briefings with major funders • Project reporting and reporting on ongoing charity's activities • Meeting funders terms, conditions and requirements

Compliance risk (law and regulation)

Potential risk	Potential impact	Steps to mitigate risk
<p>Compliance with legislation and regulations</p> <p>Society must comply with law and regulations from:</p> <p>Charities law Companies Act Own Memorandum and Articles Data Protection Act Employment law Trustees Act Health and Safety law</p>	<ul style="list-style-type: none"> • Fines, penalties or censure from licensing or activity regulators • Employee action for negligence • Loss of reputation amongst professional members and funders 	<ul style="list-style-type: none"> • Identify key legal and regulatory requirements • Allocate responsibility for key compliance procedures • Compliance monitoring and reporting • Preparation for compliance visits • Compliance reports from Regulators, auditors and contracted workers considered and actioned at appropriate level
Regulatory reporting requirements	<ul style="list-style-type: none"> • Regulatory action • Loss of reputation amongst professional members and funders • Impact on funding 	<ul style="list-style-type: none"> • Compliance procedures and allocation of Trustees' and contracted workers' responsibilities
Taxation	<ul style="list-style-type: none"> • Penalties, interest and 'back duty' assessments • Loss of income, e.g. failure to utilise gift aid arrangements • Loss of mandatory or discretionary rate relief • Failure to utilise tax exemptions and reliefs 	<ul style="list-style-type: none"> • Staff appointed on self-employment basis, having due regard to employment legislation and possible taxation liabilities • VAT review procedures • Understanding of exemptions and reliefs available • Advice on employment status and contract terms • Budget and financial reporting identifying trading receipts and tax recoveries
Professional advice	<ul style="list-style-type: none"> • Lack of investment strategy or management • Failure to optimise fiscal position • Contract risks • Failure to address compliance risks 	<ul style="list-style-type: none"> • Identification and access to professional advice • Identification of issues where advice is required • Compliance reviews