



Association for Agency-Based Counselling  
& Psychotherapy in Ireland Ltd

## Guidelines: Risk Management Policy

*This document is only to be used as a guideline for organisations*

*Should you require any further support or have any queries please contact  
(AACPI National Director)*

[www.aacpi.ie](http://www.aacpi.ie)

The organisation's Board of Directors are ultimately responsible for the successful operations of the organisation and the risks associated. The monitoring of risk management activities is delegated to the (person assigned by the Board of Director's) of the organisation. The responsibility for development and management of the risk assessment plan and strategies contained therein rests with the (person assigned by the Board of Director's) who may delegate this to a named individual on the staff team.

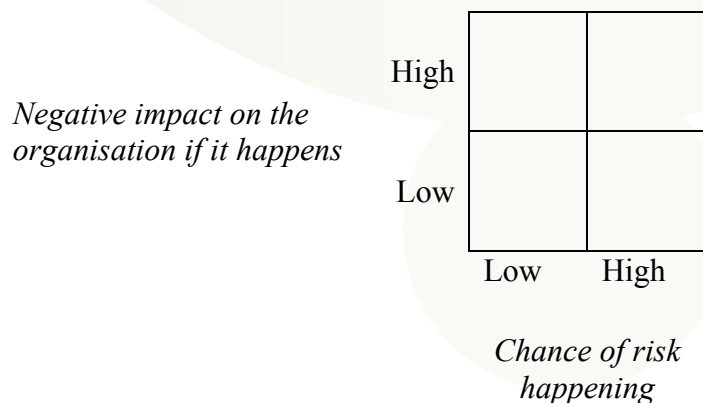
It is the organisation's policy to conduct a risk assessment annually. The person assigned by the Board of Director's and reported to the Board of Directors quarterly prepares this. The Risk Assessment should comprise the following steps:

### 1. Risk Identification

The risks to the organisation are normally categorised under six headings: Financial, Human, Operational, Technological, Physical, and Intangible. All staff and stakeholders should be consulted in drawing up a list of identified risks.

### 2. Risk Assessment

Each identified risk should be plotted on a graph of the likelihood of a risk occurring against the damage it would cause to the organisation if it occurs as per the chart below:





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### 3. Risk Management

A written strategy for managing each risk needs to be developed and reviewed annually both by the Board and the management team.

#### Strategic Risk

Potential Risk	Potential Impact	Potential Risk Mitigation Steps
Organisation lacks direction and forward planning	<ul style="list-style-type: none"><li>• Organisation drifts with no clear objectives, priorities or plans</li><li>• Issues addressed on a piecemeal basis with no strategic reference</li><li>• Needs of beneficiaries not fully addressed</li><li>• Financial Management Difficulties</li><li>• Loss of reputation</li></ul>	<ul style="list-style-type: none"><li>• Create strategic plan which sets out key aims and objectives</li><li>• Create work plans with targets down from strategic plan</li><li>• Monitor financial and operational performance</li><li>• Seek feedback from beneficiaries and funders</li></ul>
Governing body lacks relevant skills and commitment	<ul style="list-style-type: none"><li>• Organisation fails to achieve purpose</li><li>• Decisions are made that bypass the governing body</li><li>• Resentment or apathy amongst paid staff</li><li>• Poor value for money on service delivery</li></ul>	<ul style="list-style-type: none"><li>• Undertake skills review of current governing body members</li><li>• Provide relevant training</li><li>• Develop role descriptions for all governing body members</li><li>• Recruit new governing body members with relevant skills and commitment</li></ul>
Conflicts of interest	<ul style="list-style-type: none"><li>• Organisation hampered in its ability to pursue own interests and agenda</li><li>• Decisions may not be based on relevant considerations</li><li>• Impact on reputation</li></ul>	<ul style="list-style-type: none"><li>• Establish written protocol for disclosure of potential conflicts of interest</li><li>• Have procedures for standing down on certain decisions</li><li>• Ensure appropriate recruitment and selection process</li></ul>

#### Operational Risk



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Potential Risk	Potential Impact	Potential Risk Mitigation Steps
Service user satisfaction	<ul style="list-style-type: none"> <li>• Complaints from service users</li> <li>• Loss of fee income</li> <li>• Loss of significant contracts or claims under the contract</li> <li>• Negligence claims</li> <li>• Risks to reputation</li> </ul>	<ul style="list-style-type: none"> <li>• Set up quality control procedures</li> <li>• Have and use proper complaints procedure</li> <li>• Benchmark service</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Overly dependent on a key supplier</li> <li>• Lack of suppliers to meet operational objectives</li> <li>• Non-competitive pricing/quotes</li> <li>• Insufficient buying power</li> </ul>	<ul style="list-style-type: none"> <li>• Use competitive tendering for larger contracts</li> <li>• Have procedures for obtaining quotations</li> <li>• Set up a list of authorised suppliers</li> <li>• Monitor quality and timeliness of provision</li> <li>• Use service level agreements</li> <li>• Use buying consortia or reductions offered by umbrella groups</li> </ul>
Fundraising	<ul style="list-style-type: none"> <li>• Unsatisfactory returns</li> <li>• Reputational risk, depending on fundraising methods used</li> <li>• Actions of agents and commercial fundraisers</li> <li>• Compliance with legal regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Have appraisal, budgeting and authorisation procedures in place</li> <li>• Review regulatory compliance</li> <li>• Monitor adequacy of financial returns achieved</li> <li>• Review complaints in relation to fundraising</li> <li>• Report fundraising activities in annual report</li> <li>• Adopt the 'Statement of Guiding Principles for Fundraising'</li> </ul>
Information & Communications Technology	<ul style="list-style-type: none"> <li>• Lack of computer systems</li> <li>• Systems fail to meet operational needs</li> <li>• Failure to innovate or update systems</li> <li>• Lack of technical support</li> </ul>	<ul style="list-style-type: none"> <li>• Appraise system needs and options</li> <li>• Have systems in place for development, authorisation, implementation and security</li> <li>• Use service and support controls</li> </ul>

## Financial Risk



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Potential Risk	Potential Impact	Potential Risk Mitigation Steps
Reserves Policy	<ul style="list-style-type: none"> <li>• Inability to meet planned objectives and commitments</li> <li>• Lack of liquidity to respond to new needs or requirements</li> <li>• Risks to reputation if policy cannot be justified</li> </ul>	<ul style="list-style-type: none"> <li>• Have a reserves policy and ensure it is linked to business plans, activities and identified financial and operating risks</li> <li>• Review policy regularly</li> </ul>
Dependency on income sources	<ul style="list-style-type: none"> <li>• Cash flow and budget impact of loss of income source</li> </ul>	<ul style="list-style-type: none"> <li>• Identify major dependencies</li> <li>• Ensure an adequate reserves policy</li> <li>• Draw up diversification plans</li> </ul>
Inappropriate or loss-making fundraising activities	<ul style="list-style-type: none"> <li>• Resources withdrawn from key objectives</li> <li>• Resources and energy diverted from profitable fundraising</li> <li>• Accountability issues</li> <li>• Risk to reputation</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor and review business performance and return</li> <li>• Ensure adequate budgeting and financial reporting for each specific activity</li> <li>• Appraise viability of fundraising activities</li> <li>• Ensure adequate authorisation procedures for any funding provided by the organisation</li> <li>• Include funding and performance in financial reporting system</li> </ul>
Fraud or error	<ul style="list-style-type: none"> <li>• Financial loss</li> <li>• Risk to reputation</li> <li>• Regulatory action</li> <li>• Impact on funding</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure proper financial control procedures</li> <li>• Segregate duties</li> <li>• Set authorisation limits</li> <li>• Improve security of assets</li> <li>• Get insurance</li> </ul>

### Compliance Risk

Potential Impact	Potential Risk Mitigation Steps
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<ul style="list-style-type: none"><li>• Fines, penalties, censure</li><li>• Loss of licence to undertake a particular activity</li><li>• Employee or consumer action for negligence</li><li>• Risk to reputation</li></ul>	<ul style="list-style-type: none"><li>• Identify key legal and regulatory requirements</li><li>• Allocate responsibility for key compliance procedures</li><li>• Undertake compliance monitoring and reporting</li><li>• Prepare for compliance visits</li><li>• Consider reports from regulators, auditors and others, such as staff, and action at appropriate level</li></ul>
<ul style="list-style-type: none"><li>• Penalties and interest</li><li>• Loss of income through failure to utilise tax reliefs</li><li>• Reputational risk</li></ul>	<ul style="list-style-type: none"><li>• Ensure PAYE compliance procedures are in place</li><li>• Allocate staff responsibilities</li></ul>