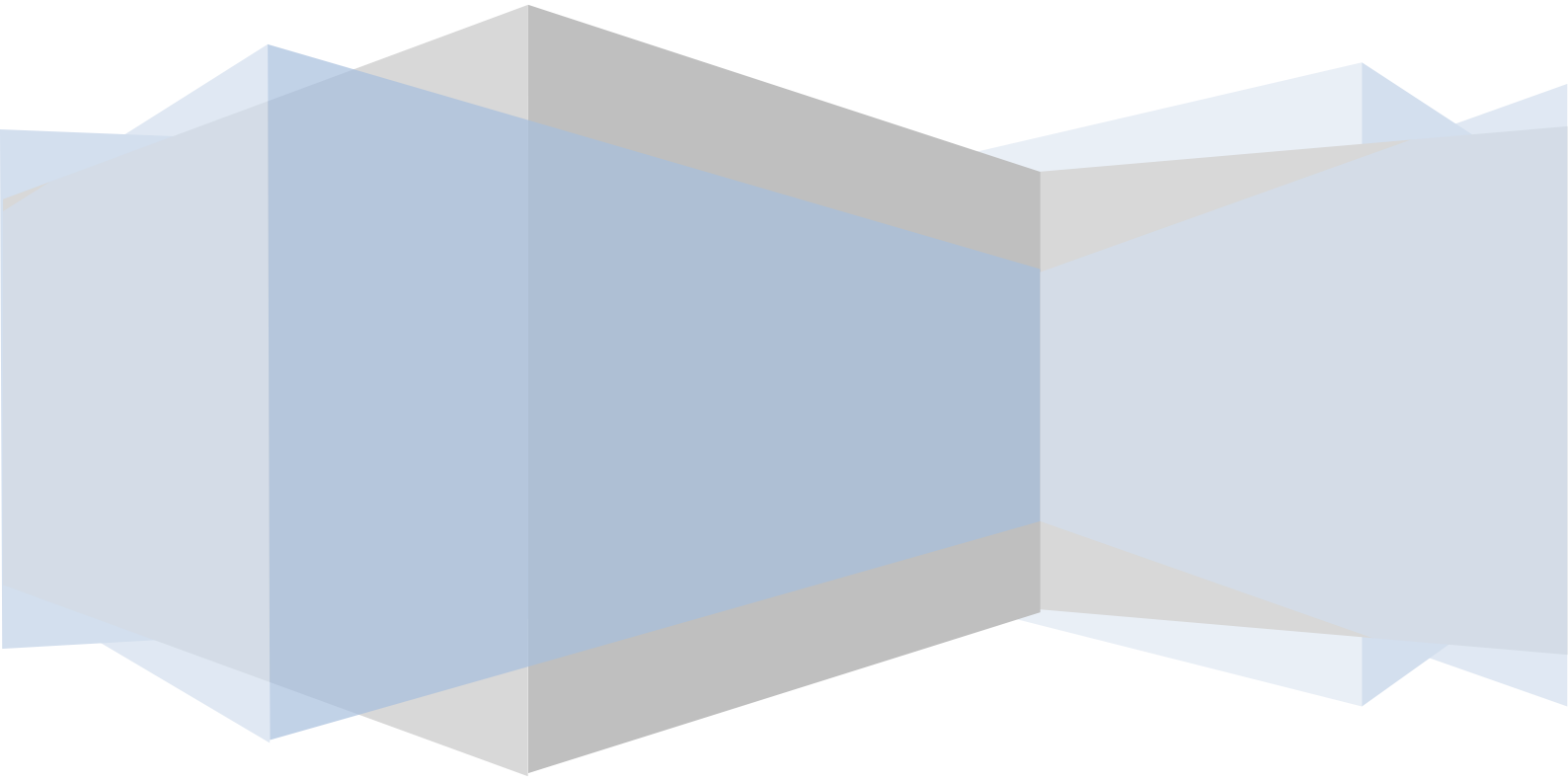
CDHA

Cathcart & District Housing Association

RISK MANAGEMENT POLICY

February 2022



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Date of Policy Review: February 2022
Date of Committee Approval: 22 February 2022
Date of Next Review: *Currently under review*

SCOTTISH HOUSING REGULATOR STANDARDS	STANDARD 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users STANDARD 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users, and stakeholders. And its primary focus is the sustainable achievement of these priorities. STANDARD 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisations purpose STANDARD 6: The governing body and senior officers have the skills and knowledge they need to be effective.

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What are we trying to achieve and why?

Introduction
Risk management is a crucial element of good management and a key part of corporate governance. It should be embedded within all activities and something which is an integral part to the management of the organisation, rather than seen as an additional task. In other words “the way we do things around here”.

Much of what the Association already does is risk management but in another guise. For example, good safety systems, financial regulations and internal control tend not to be badged as risk management but these and many others are processes and procedures used to manage risk. Many of the risks facing the Association are timeless and will be present for as long as the Association is responsible for the provision of services in those areas, e.g. risks involving income collection. Other risks have to be managed for a finite term and will cease to be risks over time.

Responsibility for risk management is something which applies to us all. Everyone in the Association who makes decisions, delivers services and takes action should practice risk management. It is everyone’s job.

The benefits of successful risk management include:

- Committee and Senior Managers are aware of the risks associated with policy agendas and are able to make more informed decisions. This leads to a reduction in legal challenges, improved corporate governance, reduced risk of making mistakes, reduced complaints and improved customer satisfaction
- Effective operational performance, improved financial performance and increased competitiveness (against other organisations)
- Increased innovation
- Avoidance of disasters and surprises, improving service delivery and value for money
- Reduced level of fraud, increased resources for policy objectives through reduction of impact of waste, improved income generation and reduced losses, penalties and fines
- Improved human resource management, with reduced staff turnover, absenteeism and stress
- Improved insurance management
- Effective resilience to changing environmental conditions, to protect key services
- Improved assurance levels arising from audit and external inspections, providing confidence to stakeholders that risks are being controlled

Aim and Objectives
The Association has adopted a risk management strategy that captures the following key objectives:

- Enable corporate, operational and programme objectives to be achieved in the optimum way and to control risk and maximise opportunities which may impact on the Association’s objectives
- Provide a common, structured and focused approach that includes risk taking in support of innovation to add value to service delivery
- Embed risk management in the Association’s culture

These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines for risks and their controls at all levels
- Ensuring that Committee, Senior Managers, external regulators and other key stakeholders can obtain necessary assurance that the Association is mitigating the risks of not achieving key priorities and managing opportunities to deliver more value to the community, and complying with good corporate governance
- Complying with relevant statutory and regulatory requirements, e.g. the Health and Safety at Work Act, the Data Protection Act, Scottish Housing Regulator's Regulatory Standards and more
- Providing opportunities for shared learning of risk management across the Association and its strategic partners
- Monitoring arrangements on an ongoing basis

The table below outlines the current action plan:

Risk Strategy action plan		
Action	**Responsible Officer**	**Timeframe**
Risk reporting to the Committee.	Senior Management Team	Quarterly (or more frequently if required)
Implement mandatory risk management training for all staff.	Director/External courses	On going
Ensure adequate risk management is taken in relation to compliation of business plan	Senior Management Team	Annually
Quarterly review of operational risk management	Senior Management Team	Quarterly
Update IT risk management in line with Cyber Security	Director/Corporate Services Officer	30 November 2021

A common risk language

Risk

What is risk? It can be described as an uncertain event or set of events which, should it occur, will have an effect (good or bad) upon the achievement of objectives. Risk in itself is not always a bad thing and there is no activity without some risk. Risk can be bad when it is a complete surprise.

A proportionate approach has to be taken to risk management, which helps to encourage some risk taking, allowing the Association to benefit from an opportunity. If no risks were ever taken, the Association would miss out on opportunities to deliver services in innovative ways.

It is easy to confuse risk with a hazard. A swimming pool full of sharks is a hazard. It is only when someone decides to jump in that it becomes a risk. There are many hazards which face the Association when embarking on policies. It is when people, property, systems, etc. are exposed to them that they become risky.

Examples of the types of risks the Association faces can be found in the Risk Management Framework later in this document.

Risk Management
Risk management can be defined as the activities required to identify, understand and control exposure to uncertain events which may threaten the achievement of objectives.

Control
Action taken to manage risk. Controls can be preventative (e.g. segregation of duties/access controls), detective (exception reports/reconciliations), directive (procedure manuals/training) or corrective (incident and complaint handling).

Risk appetite
The levels and types of risk are we prepared to accept (and not accept) in pursuance of our goals. The Association's risk appetite is outlined in Risk Appetite.

Risk register/map
The Association's template for recording risks. Association risk registers are in place at strategic (Committee), strategic (Senior Management Team) and operational levels.

Risk log/PESTER analysis
A framework to help management scan the horizon for new and emerging risks. This includes both the internal and external risk landscape.

Direction of Travel
Used within risk maps to illustrate the improving, static or worsening position of individual risks. This could be as a result of actions taken (or not taken) internally, or external factors. The direction of travel should represent the change in the risk since the last review.

Current status
Used within risk maps to illustrate a combined likelihood and impact position after controls have been put in place and are working effectively. Presented using a red, amber and green score.

Strategic priority
Aims/objectives contained within the Association's Business Plan.

Material
It is difficult to define exactly what we mean by material as it will mean different things in different scenarios and to different individuals. However, consider something to be material if it is large in size or important in nature.

Risk Appetite

Background and purpose

The Association operates as a not-for profit Registered Social Landlord, in a regulated long term business. The Association's primary purpose is to sustain the long term business of providing social housing and complementary activities. It is regulated by the Scottish Housing Regulator, OSCR and the FCA and is subject to a regime of regulatory assessment and review.

Operating environment

We operate within an evolving environment, where changes to the political agenda and regulatory requirements mean that the framework within which our risks are managed requires frequent review. In response to these changes we have assessed our risk appetite, and recognise that the type of and amount of risk that we want to or are able to take is now different to what it was previously. Going forward, we will review our risk appetite on an annual basis, unless significant change internal or external to the Association requires us to do this more frequently.

It is important that Senior Officers and Committee members are clear how the decisions that they are making link to the Associations overarching strategic framework, including the business plan, vision, values and this risk appetite. Nothing in this risk appetite permits the Association to operate outside the business plan, vision and values. A decision making framework has therefore been developed and should be used in conjunction with this risk appetite statement (see Appendix A of the Associations Risk Strategy).

Tolerance for risk

We have zero tolerance for activity which could result in failure to comply with relevant law and regulatory standards and a very low risk appetite for activities which could threaten the solvency, liquidity, reputation or long term viability of the organisation. The Association's vision identifies areas in which the Association is willing to assume risk to grow and to develop new products to generate revenues to support core activities. The Association is determined that diversified activities should not put social housing assets at undue risk.

We recognise that significant reductions in operating costs and increased revenue generation will be required in order to continue to meet all of the objectives in the vision. We therefore have a medium risk appetite for activities which are expected to deliver reduced operating costs, and accepts the risk that resulting changes may impact on customer or employee satisfaction. Those changes should not put at risk the long term sustainability of the core business, our strategic aim of being financially strong, nor the requirement to comply with relevant law and regulatory standards.

We will manage the risks associated with the provision of development oportunities very carefully and this will include setting limits to our exposure in relation to these products, defining the mix of property types we wish to develop and the locations in which we are prepared to operate, working closely with skilled, experienced and financially sound delivery partners and ensuring that we have the appropriate skills and knowledge in order to deliver our objectives. This may necessitate the bringing of new experience into the Association at management levels. These parameters will be captured within the Associations development strategy.

We will increase our risk appetite for growth through development of new housing products and complimentary activities in new and existing markets, subject to the parameters above. The Committee considers this is necessary both to ensure the sustainability of development for social housing and to generate alternative sources of revenues to support core activities.

The capacity of the Association to pursue these options is determined by financial planning. All changes in approach will be specifically approved by us by way of a revised development strategy, together with controls, monitoring arrangements and limits.

Monitoring compliance with the risk appetite

The Committee oversees the Dirctor and senior management in monitoring and controlling potential risks for the Association. It is acknowledged that in some instances it will be sensible to consider lower and upper bounds for risk taking. However, this will not be applicable to all risk areas and will be considered on a risk by risk basis.

Aim	Compliance monitoring mechanism
Compliance with relevant law	Compliance reporting framework
Compliance with regulatory standards	Compliance reporting framework
Maintain Solvency	Prudent financial planning
Maintain minimum level of Liquidity	Prudent financial and development planning
Maintain Reputation	Code of conduct
Maintain Long-term viability	Financial planning Stress testing
Safeguard Social housing assets	Financial planning Reporting on use of social housing assets to secure investment in non-social housing activity Stress testing
Covenant Compliance with RBS lending Gearing Assurance with RBS lending	Quarterly Management Accounts

Risk Management Framework

Managing risk is a continuous process, which needs to be embedded into the Association's systems to aid decision-making, accountability and systems improvement. The process is broken down into five steps as illustrated below:

Step 1 – Clarify objectives

It is difficult to think about risks in isolation, so the first step is to be clear about the objectives and key deliverables. This will require an understanding of:

- The strategic/operational/project objectives
- The scope of the activity
- The assumptions that have been made
- The list of stakeholders
- How the activity sits within the strategic/operational/project structure

This is most likely to occur during the annual business plan approval process, or when changes are being made to the business plan. However, it will also apply when projects are establishing their objectives (starting at the project business case stage) and when operational areas are setting their local operational plans.

Step 2 – Identify and analyse risks

Identify risks to the activity that may affect the achievement of the objectives (positive or negative). This will require determining the following:

- What might prevent the achievement of the stated objectives?
- Has it gone wrong before? At CDHA or elsewhere?
- Who should be the lead officer for managing the risk?
- When should the Association start managing the risk?

Risks can be identified through workshops, training sessions, Strengths, Weaknesses, Opportunities, Threat (SWOT) analysis, risk log/PESTER analysis, stress testing and other mechanisms. An annual review of the Assocation by SHR is also undertaken to ensure that key risk themes have been captured. A more detailed section on the use of the risk log/PESTER is included within this section.

The following information will be required:

- The description of the risk, in terms of Cause – Risk – Effect.
- The name of the individual taking responsibility for the risk (the risk lead) – this should be someone who has the ability to influence the outcome of the event, can be accountable for the delivery in the area where the risk would have an effect and a person who can take charge and lead nominated control owners.

Step 3 – Assess risks

Every risk should be assessed to help determine how much attention is given to the particular event. This is done by assessing the risks in terms of impact and likelihood. The Association uses a Red, Amber Green (RAG) rating to present the "current risk status" (the level of risk being faced by the Association if the identified controls are adequately designed and effectively operated). This is based on the following criteria:

Likelihood	
Definition	**Guidance – all risks**
Certain (Red)	More likely to occur than not, perhaps multiple times within a one year period
Possible (Amber)	Fairly likely to occur, perhaps once within a one year period
Unlikely (Green)	Could occur in the longer term but not within the next five years
Rare (White)	Would rarely happen (never happened before). Is this business as usual? Does it need to be included in the risk register?

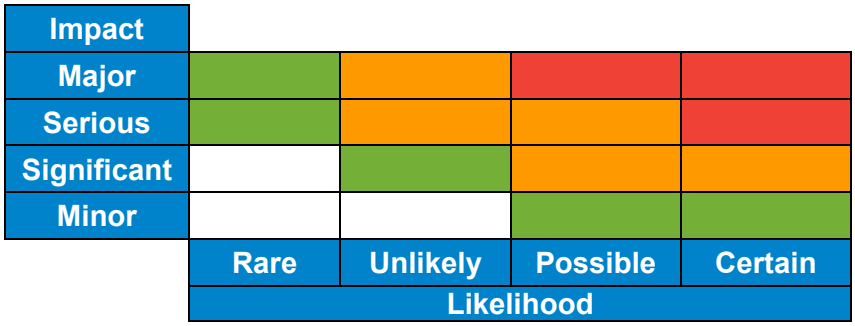
Impact (strategic)	Minor (white)	Significant (green)	Serious (amber)	Major (red)
Financial	Would result in temporary impact on an individual service budget	Would affect the Association's ability to deliver our annual budgets	Would affect the Association's ability to deliver our five year strategy	Would result in insolvency, a liquidity crisis, or a serious breach of loan covenant
Customer satisfaction / reputation	Temporary localised impact to customer satisfaction and/or reputation	Sustained localised impact to customer satisfaction and/or reputation	Sustained longer term impact on customer satisfaction and/or reputation	Enduring widespread damage to customer satisfaction and/or reputation
Service delivery	Some service disruption	Short term service disruption	Medium term service disruption	Long-term service disruption
Regulatory compliance	None	Regulatory investigation	Regulatory Affect Assurance	Regulatory Affect Assurance
Legal	Immaterial litigation claim or fine	Small litigation claim or fine	Material litigation claim or fine	Large litigation claim or fine

Health and safety	Reportable incident (e.g. RIDDOR). Minor incident including injury to one or more individuals	Considerable injury or illness	Prohibition notice. Major injury/disease	Prosecution. Fatality or life threatening injury/disease
Business plan	Reduced quality – deliver of service plan	Failure to achieve service plan objective(s)	Failure to achieve a strategic objective	Failure to achieve more than one strategic objective

Impact (operational)	Minor (white)	Significant (green)	Serious (amber)	Major (red)
Financial	No or little impact on the team/service budget	One off service/team budget impact greater than 5% of annual budget Recurring service/team budget impact greater than 2% of annual budget	One off service/team budget impact greater than 10% of annual budget Recurring service/team budget impact greater than 5% of annual budget	One off service/team budget impact greater than 20% of annual budget Recurring service/team budget impact greater than 10% of annual budget
Customer satisfaction / reputation	None	Informal complaint (e.g. customer expresses dissatisfaction during telephone conversation)	Formal complaint received Material/ prolonged reduction in customer satisfaction (e.g. poor survey results)	Media coverage (e.g. national newspaper article)
Service delivery	Tolerable delay in the achievement of service/team objectives or minor reduction in quality (e.g. project implementation delayed by a week)	Short to medium term delay in the achievement of service/team objectives or noticeable reduction in quality (e.g. project implementation delayed by a month)	Long-term term delay in the achievement of service/team objectives or serious reduction in quality (e.g. project implementation delayed by 6 months)	Would affect the delivery of one or more strategic objectives (e.g. project cannot be delivered)
Regulatory compliance	None	Could lead to disclosure to regulator / regulatory notice	Could lead to disclosure to regulator / regulatory Intervention	Any form of regulatory investigation / regulatory intervention
Legal	None	None	Immaterial litigation claim or fine (e.g. housing disrepair claim for £5,000)	Small or material litigation claim or fine (e.g. HSE fine of £50,000)
Health and safety	None	Near miss (e.g. an employee trips over something but does not fall or injure themselves)	Minor injury to one or more individuals (e.g. cuts/bruises)	Major injury or disease or worse (e.g. broken bones)

NB: the above tables include examples of potential consequences and are not intended to be exhaustive.

Impact x Likelihood = current risk status



Step 4 – Address risks
Addressing risk involves taking practical steps to manage and control it. Not all risks need to be dealt with in the same way. The common risk response outlined below should help in considering the range of options available when responding to risks.

It is important to note that when agreeing actions to control risk, consideration is required on whether the actions themselves introduce new risks or compound existing risks.

- Reduce – applying management actions (internal control) to reduce either the likelihood or the impact (or both) designed to contain risk to acceptable levels (e.g. mitigation actions, contingency planning, etc.)
- Transfer – shifting part of the responsibility or burden for the loss to another party (e.g. outsourcing, insurance, etc.)
- Avoid – an informed decision not to become involved in a risk situation
- Accept – an informed decision to accept the likelihood and impact of a particular risk (e.g. the ability to do anything about a risk may be limited, or the cost of taking any action may be disproportionate to the potential benefit)

A control owner will be assigned to each action. They are responsible for carrying out the tasks or actions for the risk, as assigned by the risk lead.

Once risks have been assessed and the current risk status has been calculated, the following should be used as a guide for further risk responses:

Red (high) risks – take immediate action to further reduce impact / likelihood
Amber (medium) risks - take action with mitigation
Green (low) risks - take practical measures to reduce risk and manage at a local level

Risk and control owners will be required to assess the assurance in place over the adequacy and effectiveness of the controls. This will be subject to review by the Internal Audit Team as part of the annual Internal Audit plan. The following assurance matrix should be used:

RAG Rating	Definition
High	Controls and/or assurance mechanisms in place assessed as adequate/effective in proportion to the risk
Medium	Some areas of concern over the adequacy/effectiveness of the controls and/or assurance mechanisms in place in proportion to the risk
Low	Significant concerns over the adequacy/effectiveness of the controls and/or assurance mechanisms in place in proportion to the risk
INSUFFICIENT INFORMATION	Insufficient information at present to judge the adequacy/effectiveness of controls and/or assurance mechanisms

Step 5 – Monitor and review
Once risks have been identified and appropriate controls and action places put in place to manage them, it is important to routinely monitor their status. Risks change, due to many factors, and it is essential that they are periodically reviewed to capture any new events which may affect the delivery of objectives.

As a guide, risks should be reviewed by the Committee in management meetings using the following criteria:

Red (high) risks – review as standard every 1-3 months (or monthly if relating to a strategic programme, project or partnership)
Amber (medium) risks - review as standard every 3 months (or monthly if relating to a strategic programme, project or partnership)
Green (low) risks - review as standard every 6 months (or quarterly if relating to a strategic programme, project or partnership)

Note: at least annually, every risk register should be reviewed in its entirety.

Risk will be managed as closely to the risk event as practicable. This means that managers and staff who have the oversight of, and appropriate control of, the system or process in which risk has been identified, should be the staff who identify and record the risk, ensure that the appropriate controls are in place to mitigate the risk, and will monitor and manage the effectiveness of these systems and processes on an ongoing basis and to take appropriate action.

Risk is managed at three distinct levels, Strategic (Committee), Strategic (Senior Management Team) and Operational/Delivery:

Strategic risks (Committee)
A strategic risk register is in place to capture the top risks being faced by the Association. These include the things that provide a barrier to the Association achieving its strategic objectives (also see strategic risks (Senior Management Team) which the Committee require oversight and close monitoring of. The strategic risk register is owned by the Committee and they will make decisions around what risks are captured, the mitigation/controls and further actions required to demonstrate that the risks are being managed to an appropriate level (within the Association's risk appetite). Each of the Association's strategic risks is linked to stress testing exercises and mitigating actions. Outcomes from stress testing exercises are fed back into the strategic risk register as necessary.

The Committee will decide when risks are being managed to a level whereby they no longer need to be included on the strategic risks register, but can be de-escalated to the strategic risk register (Senior Management Team). The strategic risk register will be presented to the Committee by the Senior Management Team on a quarterly basis to enable this discussion and decision making process to take place.

In addition to the above, each report prepared for the Committee has a standard risk management section. Report writers are required to outline the risks associated with the subject they are presenting. This will help the Committee to make an informed decision, and they can give consideration as to whether these risks should be captured within the strategic or operational risk registers. Some further guidance on the risk section within Committee reports has been included at Appendix A.

Strategic risks (Senior Management Team)
Not all risks related to the achievement of the Association's strategic objectives will feature in the strategic risk register – most will be controlled sufficiently and not necessitate Committee reporting. However, it is important that these risks are captured somewhere.

The Senior Management Team will be responsible for the identification of risk and for ensuring that appropriate mitigations/controls are in place. The Senior Management Team risk register will undergo a continual review process, but will be formally reviewed alongside the strategic risk register (on a quarterly basis) to allow for the escalation and de-escalation of risks in a timely manner.

Each risk within the Senior Management Team risk register will be given a trigger point; these will be used to escalate risks to the strategic risk register, and will (where possible) be linked to the Association's stress testing exercises.

Operational risks
Operational risk registers are developed and maintained by the teams responsible for the day to day operations of the Association and individual project teams. Similar to the strategic and Senior Management Team risk registers, the operational risk registers will undergo a process to continually review and assess the risks, mitigations/controls and

further actions required. Each risk will be given a trigger point; these will be used to escalate risks to the Senior Management Team risk register, and will (where possible) be linked to the Association's stress testing exercises.

Operational risk registers are reviewed by the appropriate management teams to ensure that the detail captured remains relevant and up to date, and to monitor the implementation of agreed actions. These reviews are undertaken no less often than annually. Individual risk owners ensure that risks are monitored on a continual basis and will decide on the best method of doing this within their relevant teams (e.g. through team meetings, project meetings, etc.).

Risk log/PESTER

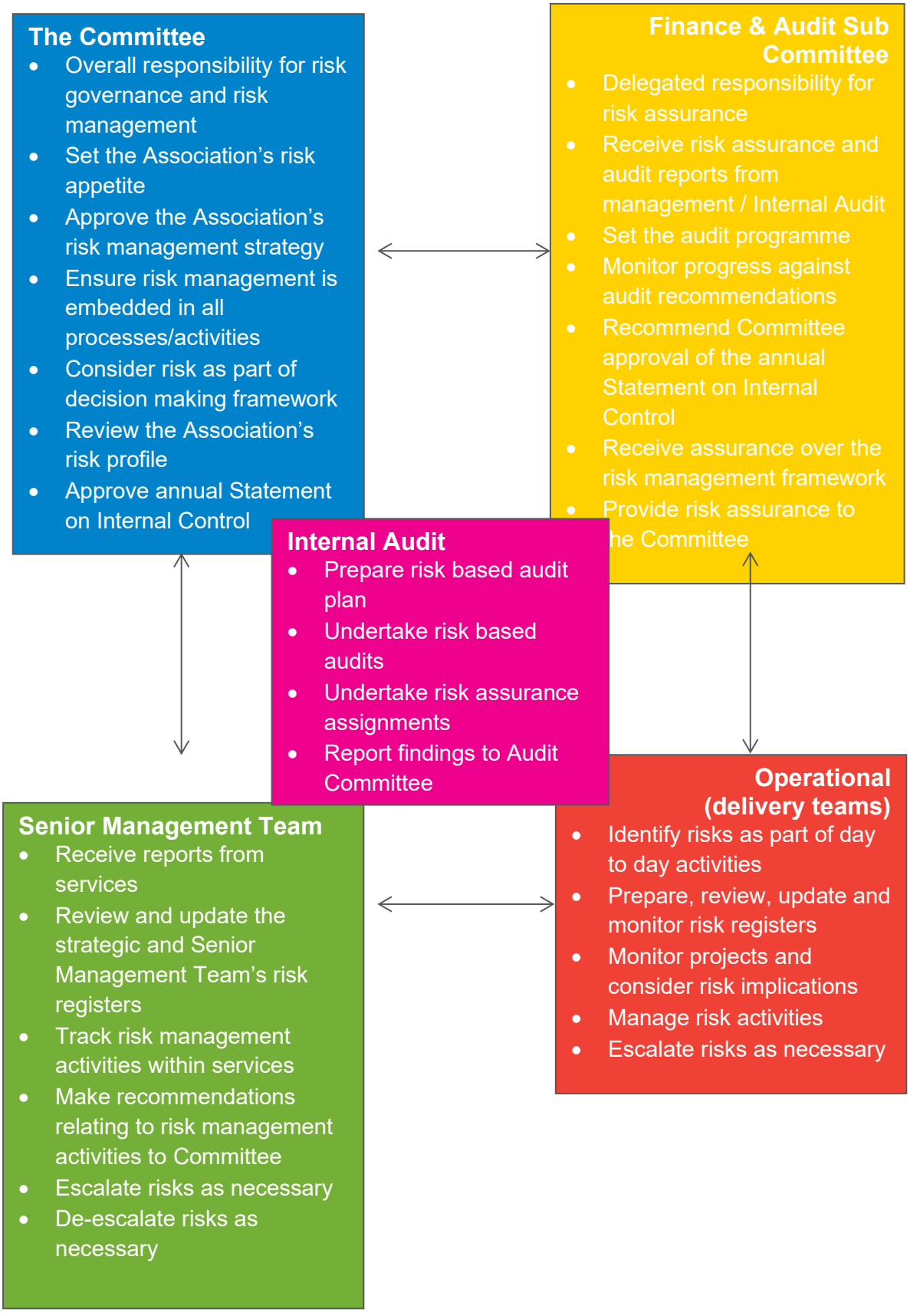
A Risk log/PESTER analysis underpins the risk mapping process. It is designed to help identify any new and emerging risks (both internal and external) from both a strategic and operational perspective. Risks are identified using these headings and impact and likelihood assessed along with some commentary of what the Association are doing in terms of these risks e.g. monitoring, action plans, etc. These risks are tracked over time and transferred accordingly i.e. transferred from the PESTER to the relevant risk registers (strategic or operational) or removed if no longer relevant. The table below outlines the risk headings used, with a definition and some examples of the types of risks being faced by the Association.

Risk	Definition	Examples
External Risks		
Political	Associated with the delivery of government policy (EU, UK or local government).	Universal credit.
Economic	Economic issues that could have an impact on the Association, including local issues.	Change in interest rates, inflation, funding, significant changes in local businesses.
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the Association's ability to meet its objectives.	Customer feedback, publicity, ageing population.
Technological	Associated with the capacity of the Association to deal with the pace/scale of technological change, or its ability to use technology to address changing demands.	IT infrastructure, staff/customer needs, security standards.
Environmental	Relating to the environmental consequences of	Energy, water, Pollution, flooding, pandemic, flu.

	progressing the Association's strategic objectives.	
Regulatory/Legislative	Associated with current or potential changes in (or compliance with) national/European law and regulatory requirements.	Any changing legislation, e.g. Employment law, Data Protection, SHR Regulatory Standards.
Internal risks		
Professional/managerial	Associated with the particular nature of each profession, internal protocols and managerial abilities.	A loss of key personnel, a new technology project.
Human	Staff/ other stakeholders (e.g. health and safety)	High staff turnover, sickness absence, introducing new strategy/procedures.
Financial	Associated with financial planning and control.	Budget overspends, cash flow and liquidity problems, loan covenant breaches, new borrowing,
Physical	Physical ability to deliver services.	Loss of facilities, adoption of new working practices.
Partnership/contractual	Associated with failure of contractors and partnership arrangements with other organisations to deliver services or products to the agreed cost and specification.	Winning new business, partner goes into liquidation.
Competitive	Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.	Declining competitiveness, sizable increase in efficiency.
Customer	Associated with meeting the current and changing needs and expectations of customers.	Poor feedback, offering a service in a new way – e.g. electronic payment)

Risk Roles And Responsibilities

For this strategy to be implemented effectively it is important that everyone within the Association understands their role. The following diagram outlines the roles and responsibilities of the various functions across the Association in relation to risk. Further detail on this is included below the diagram.



The table below provides a high level overview of specific individual and team responsibilities in relation to risk:

Team/individual	Responsibility
The Committee	Overall responsibility for risk governance and risk management.
Audit Committee	Providing assurance to the Committee on the effectiveness of the risk management framework and its application. The Committee shall remain independent from the management of risks – this responsibility remains with the Sub Committee.
Senior Mangement Team	Collective responsibility for the identification, analysing, management and monitoring of strategic risks and operational risks within their specific areas.
Director	Provides assurance to the effectiveness of the internal control environment. Provides risk management support and advice to the Association. Also responsible for promoting the consistent use of risk management, developing the risk framework and facilitation of the Association's strategic risk register.
Internal Audit team	Undertake individual audit assignments using a risk based approach.
Heads of Department	Accountable for effective risk management within their department/areas of responsibility.
Risk owners	The person that is accountable for the overall management of the risk.
Control owners	The person that has accountability for a particular task to control and aspect of the risk, either the cause or effect. The role is accountable to the risk owner.
Employees	Maintaining an awareness and understanding of key risks and management of these in day to day activities. Report potential risks to their managers.

The ultimate responsibility for risk management lies with the Committee, however it must be stressed that risk management is the responsibility of everyone working for the Association.

Review

This strategy will be reviewed on a regular basis. The full strategy will be reviewed at least every three years. Individual elements of the strategy may be reviewed from time to time without a review of the full document being required (e.g. risk appetite statement should be reviewed at least annually).

Any changes to the strategy will be approved by the Committee.

Appendix A – Risk reporting procedures within Committee reports

Decision making and risk management
One of the objectives of the Association's Risk Management Strategy is to embed risk management into the culture of the Association so that it is an integral part of the Association's systems and processes.

Risk management is not a new phenomenon. Managers have always been assessing and mitigating against risk as part of their decision making and service delivery processes in the day to day management of services. Risk management is also integral to the decisions made by the Association, however the decision making process has not always formally documented and recorded the consideration of risk. The Association's Risk Management Strategy requires that risks associated with all important Association decisions are clearly identified and recorded.

Why is risk management important in decision making?

Effective governance requires that risk management is integral to policy, planning and operational management. Applying risk management processes will help decision makers make informed decisions about policy, strategic and service delivery options.

Decision makers need to be satisfied that the risks and opportunities related to proposals are fully considered and recorded. It is important that all those involved in the decision making process have consciously analysed the proposal. In addition to the decision maker obtaining a level of assurance that decisions and the implementation of recommendations have been subject to a robust risk assessment, it is an important principle of good governance that they can be subjected to effective scrutiny i.e. the decision is 'informed' and 'transparent'.

How is risk management incorporated into the Association's decision making process?

The principles of risk management relating to decision making are the same as for any other risk management process. The Association's Risk Management Strategy should be referred to for guidance on the risk assessment process.

The Committee report templates include a 'Risk Management Implications' section. The report writer should record 'noteworthy' risks in this section which have been identified after consideration has been given to the risks related to taking the proposed recommendation(s) (including the risks of implementation, and the risks of not taking the recommended action).

The Director should review the risk section and ask themselves whether there are other risks related to the decision which have not been identified or whether they agree with the assessment of the risks that have been documented.

Do all risks in relation to a proposal have to be recorded?

The risk assessment should be proportionate to the decision being made. The report writer and others involved in the risk assessment process should consider the impact of the risk when deciding whether it should be recorded or not. If the impact is negligible or low then it is reasonable that the risk is not recorded.

Describing and discussing Risk in reports

To be effective, identifying risks must be based on the objectives within the business plan and should clearly define how the risk would impact on the achievement of those objectives.

Report writers should note that there is a difference between a risk and an issue. A risk is concerned with a threat or a possible future event whereas an issue is something that is happening now. This is likely to be a risk that has materialised. Issues are still worth noting, particularly if they could lead to a risk materialising in future.

Focus on the right risk areas - a good report will enable the decision maker to focus on the risk areas that require their particular attention and which are based on good quality information. A report that focuses risk discussion on low likelihood but high impact risks which could take the Association by surprise would for instance make better use of decision makers' time than a comprehensive report that encompasses detailed information on all strategic and operational risks. Risks should be summarised appropriately but backed up by more detail where required.

Ask yourself the following:

- What are you aiming to achieve? Does your report content have clear objectives and criteria?
- What may prevent you from achieving the aim(s) and objective(s) you are writing the report about?
- Is the report concise? Does it focus on areas that require attention? Does it express a clear message?
- Does the report show how you compared and addressed options to reach a recommendation?
- Have you identified what risks or threats may prevent you from achieving each of the differing courses of action?
- Is there a link to any risks included in the Association's strategic risk register? Make a positive or negative statement about this (e.g. there is a link to strategic risk number xx, or there is no link to current strategic risks).
- Have you considered all types of risks (e.g. reputation, operational and environmental) and the context of these?
- Have you shown consideration of both short-term and long-term risks to the decision?
- Have you fully expressed the risks? (i.e. included the cause of the risk and the consequences?)

- Have you taken account of previous successes and failures within the Association or by other bodies in relation to this area?
- Does the report clearly distinguish between evidence, facts and opinions?
- Have you clearly identified the risks and implications of the options you are recommending on the achievement of the strategic or operational objectives (as per the business plan)?
- Have you considered how identified risks may impact on other areas of the Association's business or its stakeholders?
- Have you evaluated the associated costs of the risks and the mitigation actions relating to these?
- Have you identified any potential risks that could occur as a result of introducing mitigating actions?
- Have you identified what opportunities may be available that you can take advantage of that would offset the risks identified?
- What is the risk appetite for this area? Are you clear about what level of risk you are recommending the Association takes in relation to the risk(s)?
- Is the recommendation you are making too risk-averse, does it prevent the Association from actively engaging with risks (i.e. taking risks where the outcome or opportunity that would result may be worth it)?
- Consider the report from the perspective of the decision maker – have you clearly articulated the risks associated with the activity and told them what they need to know to take an informed decision?
- Does the report allow the Association to be open and transparent and able to justify its decisions?

Guidance for decision makers

Decision makers are required to use the information recorded within the Committee reports to determine whether they are comfortable with the risks involved in the decision, having regard to the Association's risk appetite. They can also use the above information to determine whether there is sufficient (and quality) information recorded to enable them to do this.

In addition to this decision makers will want to ask themselves the following questions in relation to the recommendation to guide thinking and challenge in reviewing risks during the decision making process:

- Does it fit with the Association's vision, values and mission statement?
- Does it help the Association achieve the current business plan?
- Is it a social housing activity?
- How will it be funded?
- Is it putting social housing asset at risk?
- Will it affect social housing assets in any other ways?
- Does it increase revenue?
- What is the size and scale of the risk?

- Does the Association have any previous experience that they can draw on (from both within and external to the social housing sector)?
- What is the cumulative effect of the sum total of the risks of the project?
- What risk mitigations are in place?
- What are the exit routes and how quickly can they be realised?
- Are there other risk implications to consider i.e. legal, publicity/reputational, staffing, regulatory, etc.
- If the decision to proceed sits outside of the Association's current strategy, what are the drivers for change and how does this affect the current risk appetite?

Appendix B: Risk Register

Purpose of Report

1. To agree an updated Risk Register for the Association.

Risk Register

2. Strategic risks are those which are critical to the direction of the Association. Strategic risks may be driven by government policy, competition or a change in stakeholder requirements.

3. Operational risks are those which are identified during the course of the Association delivering it service. Operational risks may be driven by government policy, staffing issues or sickness

4. The Risk Register has been updated to reflect all areas of risk currently facing the Association.

5. The following four scale matrix in line with our Risk Management Policy has continued to be used for impact and likelihood:

Likelihood

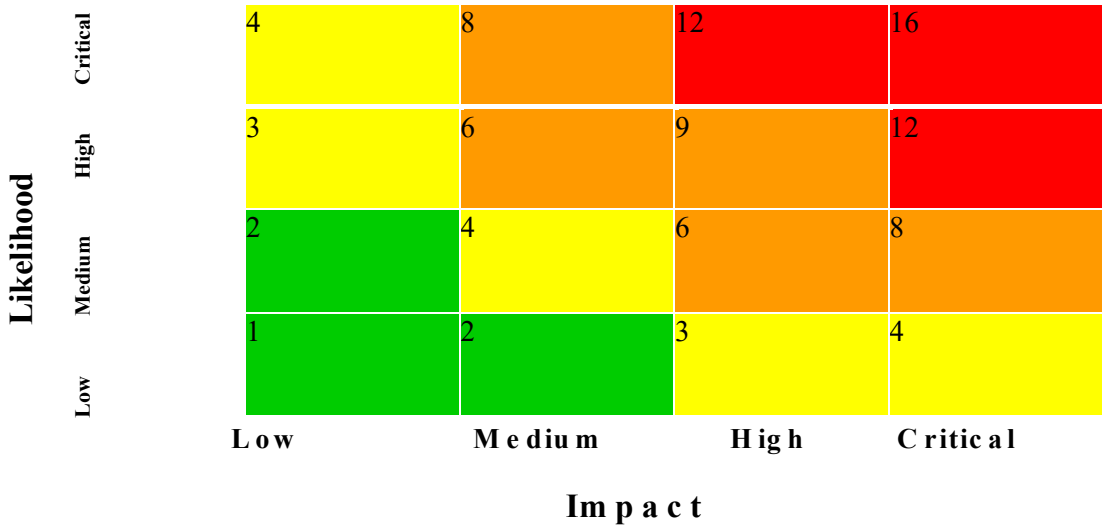
Scoring	Definition
4	Almost certain
3	Likely
2	Moderate
1	Unlikely

Impact – Strategic Risks

Scoring	Definition	Example of impact
4	Critical	Total service loss for significant period, Fatality, Financial loss over £500,000 Regulatory / Council intervention
3	High	Significant service disruption Major/disabling injury Financial loss over £100,000 Adverse national media coverage
2	Medium	Service disruption Loss time injury Financial loss over £50,000 Adverse local media coverage / lots of service user complaints

1	Low	Minor service disruption / short term inconvenience Minor injury Financial loss under £50,000 Isolated service user complaints

6. The following four scale matrix demonstrates how the risks will be assessed using a traffic light system: -



Link to Values

7. This report links to the following corporate values: -

- Being honest, accountable and transparent
- Being motivated, trained and committed
- Being customer focused, innovative and professional
- Embracing equality

Strategic Risks

Risk No.	Risk	Likelihood	Impact	Heat	Owner
SR1	Failure to focus on the customer	**1**	**3**	3	Director
SR2	Failure to manage the Company's finances & demonstrate value for money	**1**	**3**	3	Finance Officer/Director
SR3	Failure to manage organisational capacity	**1**	**2**	2	Director
SR4	Failure to deliver on new projects	**2**	**3**	6	Director
SR5	Failure to deliver effective asset management	**2**	**2**	4	Senior Maintenance Officer/ Director
SR6	Failure to effectively manage business continuity	**1**	**3**	3	Director
SR7	Failure to manage effective corporate governance	**1**	**2**	2	Director
SR8	Failure to maintain a positive reputation	**1**	**3**	3	Director

SR9	Adverse impact of welfare reform legislation	**4**	**4**	16	Housing Officer/Director

SR1	Failure to focus on the customer	Director

Consequence of the risk	Risk of customer dissatisfaction and poor standards of service

Current Likelihood	Current Impact
1	3

Existing Controls

1	On Going business planning
2	Internal Management Planning
3	Annual customer satisfaction surveys monitored and lessons learnt
4	Feedback from Customers on specific projects
5	Regular review of service delivery and performance by the Association

Planned Controls

		Timescale
1	Bi-Annual Customer Satisfaction Survey	**February 2022**
2	Customer Service reporting to Committee via complaints/compliments report	**Monthly**
3	Review of service delivery and performance by the Committee	**TBD**

Future Likelihood	Future Impact
1	3

Without the planned controls there is a risk of the likelihood increasing.

SR2	**Failure to manage the Company's finances and demonstrate value for money**	**Finance Officer/Director**

Consequence of the risk	Financial loss to the Company that we are unable to meet through our reserves, inability to deliver services and maintain staffing levels

Current Likelihood	Current Impact
1	**3**

Existing Controls

1	Regular, accurate budget monitoring scrutinsed by Committee
2	Annual budgets approved by Committee
3	Comprehensive internal audit programme reported to Committee
4	External Audit carried out annually, no significant issues ever raised
5	Robust insurance arrangements in place
6	Qualified finance team in place
8	Financial Regulations and standing orders in place and regularly reviewed

Planned Controls

		Timescale
1	Regular review of financial policies	**Ongoing**
2	Revised financial regulations and standing orders to be approved by the Committee	**Ongoing**

Future Likelihood	Future Impact
1	**3**

Whilst the planned controls are unlikely to improve the current likelihood and impact, there is a risk of the likelihood and impact increasing if these planned controls are not implemented.

SR3	Failure to manage organisational capacity	Director

Consequence of the risk	Loss of key members of staff, increase in turnover of staff, increase in sickness absence rates - specifically around an increase in stress levels amongst existing staff

Current Likelihood	Current Impact
1	2

Existing Controls

1	Dedicated training provided to staff
2	Procedures in place to replace staff who leave
3	Sickness absence closely monitored
4	Work life balance flexi system in place
5	Regular staff meetings to ensure team work and organisational issues picked up

Planned Controls

		Timescale
1	Training plan	On going
2	Staff succession plan	TBD

Future Likelihood	Future Impact
1	2

Whilst the planned controls are unlikely to improve the current likelihood and impact, there is a risk of the likelihood and impact increasing if these planned controls are not implemented.

SR4	**Failure to deliver on new projects**	**Director**

Consequence of the risk	Loss of reputation with, partner agencies and stakeholders leading to reduced opportunities to generate additional income and customer dissatisfaction.

Current Likelihood	Current Impact
2	**6**

Existing Controls

1	Before any project of a capital nature discussion held with Committee and risk analysed
2	Specific projects or new ventures are subject to Committee approval.
3	Systems in place to ensure accountability and resources identified to support new projects
4	Project management systems in place to deliver new projects and services

Planned Controls

		Timescale
1	Committee assessment of any project	**On going**
2	Specific projects or new ventures are subject to Committee approval.	**Ongoing**
3	Linked to the delivery of new projects effective risk management process will maintain the delivery of services to customers.	**Ongoing**
4	Specific projects or new ventures are subject to evaluation by the Committee.	**Ongoing**

Future Likelihood	Future Impact
2	**6**

Specific projects or new ventures are subject to Committee approval and evaluation.

SR5	Failure to deliver effective asset management	Senior Maintenance Officer/Director

Consequence of the risk	Properties will fall into disrepair, increasing corporate complaints and potential for negative publicity and reputational damage Association. Sustainability of tenancies and neighbourhoods will be adversely affected. Without effective asset management, investment decisions will be ill informed and priorities for the stock not addressed jeopardising longer term sustainability.

Current Likelihood	Current Impact
2	2

Existing Controls

1	Regular operational meetings Contractors report with progress and KPI performance included for review.
2	Agreed 5 year capital programme to enable a strategic approach to investment decisions.
3	Regular meetings and close working relationship with Maintenance teams to ensure maintenance issues are identified at earliest opportunity and factored into decisions.
4	Committee to provide scrutiny to asset management decisions.
5	Refresh Stock Condition survey every three years
6	Opportunities for external funding and innovative ways to improve energy efficiency of stock are identified and taken forward as appropriate.
7	

Planned Controls

		Timescale
1	Review Asset Management Strategy	**3 yearly**
2	Implement Planned Maintenance Module with scheduled investment works programmes being managed within Home Master	**Ongoing**
3	Revisit Stock Condition Surveys ensuring information compatible with Home Master	**Ongoing**

Future Likelihood	Future Impact
2	2

Condition of stock will change so investment needs are only likely to increase going forward. Funding available is unlikely so the emphasis is on maintaining our homes on a planned and strategic approach to ensure long term asset management. Risks are unlikely to be reduced however.

SR6	Failure to effectively manage business continuity	Director

Consequence of the risk	Inability to deliver services, leading to an impact on customer satisfaction and potential financial losses to the Association

Current Likelihood	Current Impact
1	3

Existing Controls

1	Disaster Recovery Plan in place including IT recovery plan

Planned Controls

1	Review and update of the Disaster Recovery Plan and IT recovery plan

Future Likelihood	Future Impact
1	3

The planned controls will ensure that this risk continues to be appropriately managed.

SR7	Failure to manage effective corporate governance	Director

Consequence of the risk	Failure to manage effective corporate governance could lead to poor strategic decision making, reputational damage to the company and could ultimately lead to direct intervention from the Regulator.

Current Likelihood	Current Impact
1	2

Existing Controls

1	Committee consisting of up to 15 members where the majority must be tenants
2	Training and annual appraisal programme in place for all Committee Members
3	Committee Code of Governance Pack provided to all Board Members
4	Comprehensive tailored induction programme provided to all new Committee Members

Planned Controls

		Timescale
1	Recruitment of replacement Chairperson	**31 August 2022**
2	Committee Appraisals for 2022	**March 2022**

Future Likelihood	Future Impact
1	2

This is an area that is already being effectively controlled and the future planned controls will ensure this continues

SR8	Failure to maintain a positive reputation	Director

Consequence of the risk	Loss of confidence from External bodies and our customers, negative press stories

Current Likelihood	Current Impact
1	3

Existing Controls

1	Regular meetings with External agencies (GWSF, Benchmarking group, Social health partnership, Council agencies), Committee and staff Meetings.
2	Regular involvement opportunities for customers through newsletters, annual reports and group meetings
3	All staff encouraged to provide ongoing information by way of updates during any identified processes

Planned Controls

		Timescale
1	Continue to keep the above meeting structure	**Ongoing**
2	Continue to involve customers in service delivery	**Ongoing**

Future Likelihood	Future Impact
1	3

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

SR9	Adverse impact of welfare reform legislation	Housing Officers/Director

Consequence of the risk	Tenants unable or not willing to pay rent. CDHA and partners unable to meet requests for assistance. Mismatch between demand and supply of appropriately sized properties. Increase in levels of voids, with associated increase in demands on resources. Some properties at risk of being unsustainable, with high turnover and low demand. Rental income significantly reduced due to increased rent arrears and void rent loss. Will lead to CDHA being unable to meet budgetary requirements within revenue, repair and capital budgets; - reduction in satisfaction with services and loss of confidence in ability to manage

Current Likelihood	Current Impact
4	16

Existing Controls

1	Housing Officers all trained in rent recovery and giving assistance with HB
2	2 x Welfare Rights Officer services bought in from another HA
3	Membership of various council-led partnership groups
4	Partnership arrangements with public, private and third sector agencies
5	Advice and support for tenants looking to downsize
6	Assistance given to tenants with applications for Discretionary Housing Payments
7	Assistance provided through joint lottery funded posts for specific money advice

Planned Controls

		Timescale
1	Develop proposal to redesignate properties at highest risk of becoming unsustainable. Looking at local letting initiatives for Cumming Drive	**On going**
2	Review approach to marketing hard to let properties	**Ongoing**
3	Continue to tap into funded projects to offer advice on fuel poverty and reduce expenditure for tenants:	**Ongoing**
4	Continue to work with WRO and Partner agencies to minimise UC arrears	**On going**

Future Likelihood	Future Impact
4	16

Planned controls will reduce the impact of welfare reform, but the financial impact (and impact on tenants) will continue to be (at least) high, and probably critical until the system beds in and proves to be effective

Operational Risks

Risk No	Risk	Likelihood	Impact	Heat	Owner
OR1	Failure to keep arrears at or below target	**1**	**3**	3	Housing Officers
OR2	Failure to turn void flats round in timescales	**1**	**3**	3	Maintenance/Housing Officers
OR3	Failure to keep waiting list up to date	**1**	**2**	2	Trainee Housing Officer
OR4	Failure to carry out H & S risk assessments In line with CDM	**1**	**3**	3	Maintenance Officer/Contractors
OR5	Failure to deliver effective asset management	**2**	**2**	4	Director/Senior Maintenance Officer
OR6	Failure to effectively manage business continuity and IT continuity	**1**	**3**	3	Corporate Services Officer
OR7	Failure to manage effective corporate governance	**1**	**2**	2	Director
OR8	Failure to maintain a positive reputation	**1**	**3**	3	Director
OR 9	Failure to meet requirements of EESH	**2**	**3**	6	Director/ Senior Maintenance Officer
OR10	Failure to procure contracts in line with the law	**1**	**3**	3	Director/Senior Maintenance Officer

0R1	Failure to keep arrears at or below target	Housing Officers

Consequence of the risk	Loss of confidence from Committee and Regulatory bodies, loss of potential revenue for improvement works to tenants houses

Current Likelihood	Current Impact
1	3

Existing Controls

1	Regular training for housing officers in different external areas e.g. UC, arrears control. Keeping up to date with legislation and internal training on matters that affect rent control.
2	Regular bulletins about services for customers through newsletters, annual reports and group meetings
3	All staff encouraged to provide ongoing information by way of updates on a fortnightly basis internally. Staff encouraged to use all medium to contact tenants at an early stage

Planned Controls

		Timescale
1	Continue to keep the above meeting structure	Ongoing
2	Continue to monitor accounts closely	Ongoing

Future Likelihood	Future Impact
1	3

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

OR2	**Failure to turn void flats around in timescales**	**Maintenance Officer/Housing Officers**

Consequence of the risk	Loss of revenue and demand for housing not being able to be met quick enough. Also concern for Committee and Regulatory bodies

Current Likelihood	Current Impact
1	**3**

Existing Controls

1	Maintenance officer requires good communication from housing staff in respect of give ups and key delivery
2	Regular meetings and supervision of contractors. Ensure contractors know timescales and are willing to give priority to void turnaround
3	Maintenance and housing management working together to ensure timescales are met for voids which feeds on to allocations

Planned Controls

		Timescale
1	Continue to keep the above meeting structure	**Ongoing**
2	Continue to involve the contractors in void identification works	**Ongoing**

Future Likelihood	Future Impact
1	**3**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

OR3	Failure to keep waiting list up to date	Trainee Housing Officer

Consequence of the risk	Negative information contained in waiting list that is no up to date. Time lost by sending out offers to persons who no longer wish to be rehoused. Resulting in longer void time and ultimately loss of revenue

Current Likelihood	Current Impact
1	2

Existing Controls

1	Waiting list update forms sent out on a monthly basis. One reminder sent one week later
2	Returned forms by PO or non-return of form results in application being temporarily suspended. No offers made until applicant makes contact
3	Refreshment calls made ahead of voids becoming available. This identifies if the person will still require a property if we know it's likely to become vacant.

Planned Controls

		Timescale
1	Continue to keep the above meeting structure	**Ongoing**
2	Continue to involve customers in service delivery	**Ongoing**

Future Likelihood	Future Impact
1	2

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

OR4	**Failure to carry out H&S risks in line with CDM**	**Maintenance Officer/Contractors**

Consequence of the risk	The consequence of this could be far reaching and the impact of not doing this is high. Not checking ladders could result in injury, not carrying out asbestos surveys could result in injury

Current Likelihood	Current Impact
1	**3**

Existing Controls

1	Regular meetings with External agencies (EVH, ACAS, Council agencies), Committee and staff Meetings. Keeping H&S manual up to date with EVH bulletins.
2	Carrying out regular testing of fire equipment, ladders etc. and ensuring regular surveys as required legionella, asbestos, roof anchors
3	Ensuring staff and committee aware of their responsibilities by way of H&S training.

Planned Controls

		Timescale
1	Continue to keep the above meeting structure	**Ongoing**
2	Continue to be vigilant to legislation and training provisions	**Ongoing**

Future Likelihood	Future Impact
1	**3**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

OR5	Failure deliver effective asset management	Director/Senior Maintenance Officer

Consequence of the risk	Risk of property falling into disrepair. Repairs costing more when done in isolation instead of part of a bigger planned project. Not being able to make best use of our properties owing to condition and therefore impacting on letting.

Current Likelihood	Current Impact
1	3

Existing Controls

1	Ensuring that our Asset management plan is meaningful
2	Regular stock condition surveys in order to measure the plan against current conditions. (3 yearly)
3	Ensure staff up to date with appropriate training and take part in external forum meetings on matters of legislation.

Planned Controls

		Timescale
1	Continue to keep the above meeting structure	Ongoing
2	Continue to involve customers in service delivery	Ongoing

Future Likelihood	Future Impact
1	3

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

OR6	Failure to effectively manage business continuity and IT continuity	**Corporate Services Officer**

Consequence of the risk	Inability to deliver services, leading to an impact on customer satisfaction and potential financial losses to the Association

Current Likelihood	Current Impact
1	**3**

Existing Controls

1	Ensure that there is a back up system. Storage off site in order that it is accessible in shortest possible time
2	Review and testing of disaster recovery plan and IT recovery plan annually
3	Ensure staff equipped to work remotely to deliver all services

Planned Controls

		Timescale
1	Regular testing of disaster recovery plan. Regular updating of IT equipment	**Ongoing**
2	Consider back up connectivity in case of data denial ransom situation	**Ongoing**

Future Likelihood	Future Impact
1	**3**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

OR7	**Failure to manage effective corporate governance**	**Director**

Consequence of the risk	Loss of confidence from Regulatory bodies and negative press stories. Inability to function within rules if numbers fall.

Current Likelihood	Current Impact
1	**2**

Existing Controls

1	Ensure committee receive robust information and continuity of information on various pieces of work. Ensure good working relationship between office bearers and senior officer
2	Ensure Committee have option for external training and attendance at conferences to encourage networking
3	Ensure Committee structure is relative to work and information flowing from appraisal meets the requirements to manage the Association. Try and have a cross section of expertise on the Committee

Planned Controls

		Timescale
1	Continue to keep the Committee Structure refreshed	**Ongoing**
2	Continue to talk about succession and look at ways in which going forward the organisation can remain strong	**Ongoing**

Future Likelihood	Future Impact
1	**2**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

OR8	Failure to maintain a positive reputation	Director

Consequence of the risk	Loss of confidence from External bodies and our customers, negative press stories. Organisation left open to loss of confidence from customers and lenders

Current Likelihood	Current Impact
1	3

Existing Controls

1	Address all regulatory requirements timeously. Manage an open and frank Committee structure. Ensure regular staff meetings to discuss operational issues as they arise
2	Regular correspondence with customers through newsletters, personal letters and meetings
3	Good financial management which is open and objective

Planned Controls

		Timescale
1	Continue to keep the above structure	**Ongoing**
2	Continue to strive to demonstrate a good reputation which is publicly accountable and transparent	**Ongoing**

Future Likelihood	Future Impact
1	3

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

OR9	**Failure to meet requirements of EEESH**	**Director/Senior Maintenance Officer**

Consequence of the risk	Failure to meet legislative requirements and regulatory requirements. Additional cost of repair to houses, drain on resources

Current Likelihood	Current Impact
2	**6**

Existing Controls

1	Maintenance staff attending forum meetings and training courses on legislative requirements
2	Planned maintenance with EEESH requirements in mind to bring properties up to standard
3	All staff encouraged to provide ongoing information by way of updates during any identified processes

Planned Controls

		Timescale
1	Continue to keep the above meeting structure	**Ongoing**
2	Continue to involve customers in service delivery	**Ongoing**

Future Likelihood	Future Impact
2	**6**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

OR10	**Failure to procure contracts in line with legislation**	**Director/Senior Maintenance Officer**

Consequence of the risk	Leaves the Association open to challenge and negative press. Doesn't determine best value for money

Current Likelihood	Current Impact
1	**3**

Existing Controls

1	Policies to ensure all significant contracts are procured through Public Contracts Scotland.
2	Staff trained and certified in procurement procedure
3	All relevant staff encouraged to attend training courses on this and related topics

Planned Controls

		Timescale
1	Continue to keep the above structure	**Ongoing**
2	Continue to involve relevant staff in ongoing training	**Ongoing**

Future Likelihood	Future Impact
1	**3**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

Financial Risks - Heat Map

Risk No	Risk	Likelihood	Impact	Heat	Owner
FR1	Valuation Risk – Failure to carry out valuations of Housing Stock.	1	3	3	Finance Consultant
FR2	Market Risk -Failure to ensure that gearing ratios are in place so that borrowing does not exceed equity.	1	4	4	Finance Consultant/Lenders
FR3	Failure to put debt recovery procedures and policies for Rent and Factoring Arrears in place.	1	4	4	Finance Officer/Housing Officers
FR4	Failure to produce Audited annual accounts and compliance with FRS102.	1	3	3	Finance Consultant/Auditor
FR5	Failure to account for all payments and receipts and carry out monthly reconciliations.	1	3	3	Finance Officer
FR6	Failure to monitor bank balances.	2	3	6	Finance Officer/Finance Consultant
FR7	Failure to make adequate insurance arrangements for the stock and offices.	1	4	4	Finance Officer
FR8	Failure to keep all financial records in a safe environment with a back- up available.	1	3	3	Finance Officer/Finance Assistant

FR1	Valuation Risk – Failure to carry out valuations of Housing Stock	Finance Consultant/Director

Consequence of the risk	Uncertainty about the value of our stock in the current market could affect our loan to value.

Current Likelihood	Current Impact
1	3

Existing Controls

1	Periodic Valuations are carried out to ensure that there is no significant drop in the value of our stock.
2	This is part of our bank's covenant compliance, which has to be completed annually. Our Insurers also require an up to date valuation of our stock.
3	Any significant change in interest rates would trigger a new Valuation being carried out.

Planned Controls

		Timescale
1	Continue to comply with the requirements of our lenders and insurers.	**Ongoing**
2	Continue to monitor interest rates.	**Ongoing**

Future Likelihood	Future Impact
1	3

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

FR2	**Market Risk – Failure to ensure that gearing ratios are in place so that borrowing does not exceed equity.**	**Finance Consultant/Lenders**

Consequence of the risk	In the event of having to pay all of our current liabilities gearing ratios are put in place to make sure that our assets would cover all of our loans. If there was no gearing in place the risk could be critical.

Current Likelihood	Current Impact
1	**4**

Existing Controls

1	Gearing ratios calculated and presented to our Committee of Management on a quarterly basis as part of the Management Accounts and are also included in our annual audited accounts.
2	Our lenders require us to demonstrate that we are complying with our gearing ratios.
3	A robust approach is taken when considering borrowing. All new projects are discussed and debated by our committee of management to determine if they are Financially viable and in the Association's best interests.

Planned Controls

		Timescale
1	Continue to monitor loans against equity.	**Ongoing**
2	Continue to discuss any new projects fully with our Committee of Management.	**Ongoing**

Future Likelihood	Future Impact
1	**4**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

FR3	**Failure to put debt recovery procedures and policies in place for Rents and Factoring.**	**Finance Officer/ Housing Officers**

Consequence of the risk	Failure to pursue arrears would lead to the Association subsidising their tenants/owners. This would mean that there would not be funds available for repairs, planned maintenance and development. A high level of arrears would be flagged up to the Scottish Housing Regulator through the Annual Reporting Charter and this could lead to intervention.

Current Likelihood	Current Impact
1	**4**

Existing Controls

1	Arrears and Debt Management Policies are in place for Rent and Factoring. In house procedures are also in place.
2	Arrears are reported at fortnightly staff meetings and monthly committee meetings. Staff must demonstrate that they are making every effort to recover the arrears internally, through Sheriff Officers or by taking legal action.
3	Arrears are also reported to the Scottish Housing Regulator through the Annual Reporting Charter and are compared to our peer groups.

Planned Controls

		Timescale
1	Continue to follow the policies and procedures in place to make every effort to recover debt.	**Ongoing**
2	Continue to report arrears to the Committee of Management and demonstrate that debts are actively being pursued.	**Ongoing**

Future Likelihood	Future Impact
1	**4**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

FR4	**Failure to produce Audited annual accounts and compliance with FRS102.**	**Finance Consultant/Auditor**

Consequence of the risk	Failure to comply with FRS102 and SORP (Statement of recommended Practice) guidance for charities would result in our Auditors being unable to Audit our annual accounts. They would not be able to be presented to our shareholders at our AGM or sent to our lenders or the regulator. This would put our borrowing at risk and result in engagement by the regulator.

Current Likelihood	Current Impact
1	**3**

Existing Controls

1	Our Finance Consultant is fully aware of the legislation and legal requirements he has to follow when preparing the accounts.
2	A full Financial Audit is carried out annually before the accounts can be finalised and presented to our committee of management for approval.
3	Our Auditor and Accountant are both in attendance at the AGM to present the accounts and answer any questions the shareholders have.

Planned Controls

		Timescale
1	Ensure that all new legislation is put in place.	**Ongoing**

Future Likelihood	Future Impact
1	**3**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

FR5	**Failure to account for all payments and receipts and carry out a monthly bank reconciliation.**	**Finance Officer/ Finance Assistant**

Consequence of the risk	Failure to keep records of all funds received and paid out would prevent the monthly bank reconciliation and petty cash reconciliation from balancing. This would mean that the nominal ledger would not be accurate which would affect the management accounts. We would be unable to provide Audit Trails to our Auditor who would then report his findings in the management letter which would be presented to our committee and shareholders.

Current Likelihood	Current Impact
1	**3**

Existing Controls

1	All funds received and paid out are entered in the cash book. In the event of a missing transaction there are cheque stubbs, bank line searches, bank statements, receipt books and card payment data.
2	A monthly Bank Reconciliation and trial balance is carried out. Our committee are presented with a Finance Statement which reflects the balanced Bank Reconciliation and shows the income and expenditure each month and any outstanding transactions.
3	A Petty Cash reconciliation is carried out each month to ensure that all cash is accounted for.
4	Our Auditor performs a series of tests where Finance staff must provide evidence for various transactions he chooses at random. This demonstrates that the accounting procedures and controls in place are being followed and confirms that our records are accurate.

Planned Controls

		Timescale
1	Ongoing training for Finance Staff in order to keep up to date with new accounting requirements and IT systems.	**Ongoing**
2		

Future Likelihood	Future Impact
1	**3**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

FR6	**Failure to monitor Bank balances.**	**Finance Officer/ Finance Consultant**

Consequence of the risk	If bank balances are not monitored it could result in a negative cash flow meaning that there may not be enough cash to manage operational expenses such as repairs and maintenance. It could signify that debts are not being collected or that budgets are not being controlled.

Current Likelihood	Current Impact
2	**3**

Existing Controls

1	Each month credit balances are transferred from our Rent & Factoring account into our ordinary account.
2	Our ordinary account is monitored closely by the Association and the bank and funds are transferred in and out of this account from our Deposit Account. Finance staff use the electronic banking system on a daily basis and check balances before making payments.
3	An unexplained drop in our deposit account balance would be flagged up when the deposit account reconciliation is carried out each month.
4	Budgets versus actual spend are a part of the Management Accounts which are presented to committee quarterly. Any significant cost over budget would be investigated and reported.

Planned Controls

		Timescale
1	Continue to monitor bank balances as often as possible to identify anything which could affect our bank balances.	**Ongoing**
2	Continue to monitor budgets.	**Ongoing**

Future Likelihood	Future Impact
2	**3**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

FR7	**Failure to make adequate insurance arrangements for the Housing stock, Factored Stock and offices.**	**Finance Officer**

Consequence of the risk	Failure to make adequate insurance arrangements would leave all stock and our offices in a vulnerable position and the Association would then be responsible for all insurance related losses. If a fire destroyed a tenement or our offices we could suffer massive or potentially fatal loss.

Current Likelihood	Current Impact
1	**4**

Existing Controls

1	We have insurance policies in place covering our Housing Stock, Factored Stock and office based insurance.
2	Our policies are renewed each year through a broker so that we can offer value for money to our Factored properties while making sure that the Association receive the best premium possible.
3	There are separate policies for the Housing stock and Factored stock to make sure that one policy is not subsidising the other.
4	Adequate cover is in place for all aspects of the policy and the levels of cover are increased annually where required.

Planned Controls

		Timescale
1	Continue to provide transparency and value for money to owners by tendering each year.	**Ongoing**
2	Continue to keep up to date records of any changes to the policy arrangements.	**Ongoing**

Future Likelihood	Future Impact
1	**4**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.

FR8	**Failure to keep all financial records in a safe environment with a back- up available.**	**Finance Officer/Finance Assistant**

Consequence of the risk	Leaked information which could lead to confidential or sensitive documents being shared. A cyber attack on our computer system which could cause a major disruption.

Current Likelihood	Current Impact
1	**3**

Existing Controls

1	Anti-virus and scam software has been installed on all office computers. Each computer is password protected. Passwords are changed frequently. Care is taken by all staff when opening e-mail from unknown sources and if any mail is suspicious it is forwarded to our IT company immediately.
2	Paper records have been digitalised. All sensitive documents are either locked in the safe or kept in a locked cabinet in the Finance Officer's room. Any discarded documents containing financial information are shredded. When old files are destroyed we are issued with a certificate confirming that they have been destroyed securely.
3	Data Protection procedures are in place.
4	A back up is taken on a daily, monthly and quarterly basis.

Planned Controls

		Timescale
1	Continue to monitor suspicious emails.	**Ongoing**
2	Continue to deal with all Financial Information securely.	**Ongoing**

Future Likelihood	Future Impact
1	**3**

Despite the planned future controls this is an area where it is unlikely to be able to reduce the risk further.