



RISK MANAGEMENT POLICY

DATED October 2016. Updated September 2020.

The purpose of the risk management policy is to give readers of the Trustees' annual report an insight into how the charity handles risk and an understanding of the major risks the charity is exposed to. It is also an opportunity for the Trustees to comment on any further developments of risk management procedures being undertaken or planned.

In order to prepare this policy, the charity has given consideration to the following key points, following the advice and guidance set out by the Charity Commission.

- the charity's objectives, mission and strategy
- the nature and scale of the charity's activities
- the outcomes that need to be achieved
- external factors that might affect the charity such as legislation and regulation
- the charity's reputation with its donors and supporters
- past mistakes and problems that the charity has faced
- the operating structure - for example collaborating in a joint venture; our volunteers, our management and the Trustee body itself.
- comparison with other charities working in the same area or of similar size
- examples of risk management prepared by other charities or other organisations

The Trustees and Senior Management are highly committed to this process. Staff and volunteers have been extensively consulted in the preparation of this document and the measures contained within the policy.

The Trustees and Senior Management take our responsibility to our beneficiaries, staff, volunteers and the public seriously and this document is designed to demonstrate the measures and close security we apply to that responsibility.

SCORING AND ASSESSMENT

Impact

Descriptor	Score	Impact on service and reputation
Insignificant	1	<ul style="list-style-type: none"> • no impact on service • no impact on reputation • complaint unlikely • litigation risk remote
Minor	2	<ul style="list-style-type: none"> • slight impact on service • slight impact on reputation • complaint possible • litigation possible
Moderate	3	<ul style="list-style-type: none"> • some service disruption • potential for adverse publicity - avoidable with careful handling • complaint probable • litigation probable
Major	4	<ul style="list-style-type: none"> • service disrupted • adverse publicity not avoidable (local media) • complaint probable • litigation probable
Extreme/ Catastrophic	5	<ul style="list-style-type: none"> • service interrupted for significant time • major adverse publicity not avoidable (national media) • major litigation expected • resignation of senior management and board • loss of beneficiary confidence

Likelihood

Descriptor	Score	Example
Remote	1	may only occur in exceptional circumstances
Unlikely	2	expected to occur in a few circumstances
Possible	3	expected to occur in some circumstances
Probable	4	expected to occur in many circumstances
Highly probable	5	expected to occur frequently and in most circumstances

OVERALL RISK RATING	
Major or Extreme Risks	Total score of 8 or more
Moderate or Medium Risks	Total score of 5 – 8
Minor or Low Risks	Total score of less than 5

RISK AREA/RISK IDENTIFIED	Unsatisfactory fundraising
LIKELIHOOD OF OCCURRENCE (SCORE)	Probable (4)
SEVERITY OF IMPACT (SCORE)	Major (4)
OVERALL RISK (SCORE TOTAL)	High (20)
CONTROL PROCEDURE	<ul style="list-style-type: none"> financial appraisal of new projects/gigs benchmarking of returns achieved budget reporting by fundraising activity
NET RISK	Medium
MONITORING PROCESS	<ul style="list-style-type: none"> financial reporting by fundraising activity quarterly reporting by fundraising manager to trustees/CEO
RESPONSIBILITY	Area Fundraising Manager/CEO
FURTHER ACTION REQUIRED	<ul style="list-style-type: none"> new initiatives to be approved by trustees unless included in current business plan review of regulatory compliance of current methods
DATE OF REVIEW	<ul style="list-style-type: none"> when appropriate next trustee meeting

Risks for consideration

Set out below are risk areas identified by the charity together with a set of measures to mitigate the potential risks.

Conflicts of interest

POTENTIAL IMPACT	STEPS TO MITIGATE RISK
charity is unable to pursue its own interests and agenda	Agree a protocol for disclosure of potential conflicts of interest
decisions may not be based on relevant considerations	Put in place procedures for standing down from relevant decision making processes
Impact on reputation	Review recruitment and selection processes
Private benefit	

Reporting to Trustees

POTENTIAL IMPACT	STEPS TO MITIGATE RISK
Inadequate information resulting in poor quality decision making	Put in place proper strategic planning, objective setting and budgeting processes
Failure of Trustees to fulfil their control functions	Timely and accurate reporting
Trustee body becomes remote and ill informed	Assess and review authorisation procedures
	Have regular contact between Trustees and senior staff and managers

Fundraising

POTENTIAL IMPACT	STEPS TO MITIGATE RISK
Unsatisfactory returns	Implement appraisal, budgeting and authorisation procedures
Reputational risks of campaign or charity	Review regulatory compliance
Actions of fundraising staff	Monitor the adequacy of returns achieved
Compliance with law and regulations	Review current procedures and deliver training if required

Volunteers

POTENTIAL IMPACT	STEPS TO MITIGATE RISK
Lack of competences, training and support	Review and agree role competences
Poor service for beneficiaries	Review and agree vetting procedures

Inadequate vetting and reference procedures	Review and agree training and supervision procedures
Recruitment and dependency	Agree development and motivation initiatives

Health and Safety

POTENTIAL IMPACT	STEPS TO MITIGATE RISK
Staff injury	Comply with law and regulations
Welfare or event liability	Train staff and compliance officer
Ability to operate	Put in place monitoring and reporting procedures
Injury to beneficiary or the public	Qualified staff to conduct assessments

Budgetary/Financial Reporting

POTENTIAL IMPACT	STEPS TO MITIGATE RISK
Budget does not match key objectives and priorities	Link budgets to business planning and objectives
Decisions made on inaccurate reporting	Monitor and report in a timely and accurate way
Decisions made based on unreliable costing data and income projections	Use proper costing procedures for events and welfare delivery
Inability to meet commitments or key objectives	Ensure adequate skills base to prepare and interpret reports
Poor credit control	Agree procedures to review and action variances and control costs
Poor cash flow and financial management	Regularly review reserves and investments
Inability to function as a going concern	Regular and accurate forecasting and prompt action on variances

Fraud or Error

POTENTIAL IMPACT	STEPS TO MITIGATE RISK
Financial loss	Review financial control policy and procedures
Reputational risk	Segregate duties
Regulatory action	Set authorisation limits Agree whistle-blowing policy
Impact on funding	Review security of assets Identify insurable risks

Adverse publicity

POTENTIAL IMPACT	STEPS TO MITIGATE RISK
Loss of donor/public confidence	Implement complaints procedures (internal and external)
Loss of influence	Agree proper review procedures for complaints
Impact on morale	Agree a crisis management strategy including a spokesperson
Loss of beneficiary	

Compliance

POTENTIAL IMPACT	STEPS TO MITIGATE RISK
Compliance with legislation and regulations appropriate to the activities, size and structure of the charity	identify key legal and regulatory requirements
finances, penalties or censure from licensing or activity regulators	allocate responsibility for key compliance procedures
loss of licence/authority to undertake particular activity	<ul style="list-style-type: none"> put in place compliance monitoring and reporting prepare for compliance visits
Employee or consumer action for negligence	
Reputational risks	obtain compliance reports from regulators (where appropriate) - auditors and staff to consider and action at appropriate level

RISK REGISTER FORM TEMPLATE

RISK AREA/RISK IDENTIFIED	
LIKELIHOOD OF OCCURRENCE (SCORE)	
SEVERITY OF IMPACT (SCORE)	
OVERALL RISK (SCORE TOTAL)	
CONTROL PROCEDURE	
NET RISK	
MONITORING PROCESS	
RESPONSIBILITY	
FURTHER ACTION REQUIRED	
DATE OF REVIEW	
NAME OF PERSON(S) REVIEWING	