Risk Management Policy

Written 28th November 2024
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Introduction

We acknowledge the significance of effective risk management in achieving our charitable objectives. This policy describes our dedication to identifying, assessing, and managing risks to ensure the resilience and ongoing success of our charity.

Purpose

The purpose of this policy is to create a structured approach for identifying, assessing, prioritizing, and managing risks related to our activities. It aims to ensure a systematic and proactive method for risk management, safeguarding the charity, its beneficiaries, and stakeholders.

Scope

This policy is applicable to all trustees, employees, volunteers, and stakeholders engaged in our work. It addresses all aspects of the charity's operations, including but not limited to programs, finances, reputational risk, and governance. If needed, we will develop additional relevant policies, such as those for internal control, due diligence, and health and safety.

Charity Commission Guidance

The Charity Commission highly recommends that charities establish a clear risk management policy and process to identify and address all types of risks, incorporating risk management into the charity's ongoing activities. CC26 offers guidance on this matter.

Risk management typically involves a cycle of identification, quantification, management, and review.

1. **Identification**: Identify the various risks that could potentially arise.
2. **Quantification**: Assess and quantify these risks.
3. **Management**: Implement appropriate actions to manage these risks. This area often presents challenges within a risk management framework. Risks can be managed in the following ways:
   - **Avoidance**: Take actions to prevent a risk from occurring.
   - **Mitigation**: Implement measures to reduce the potential impact of a risk if it does occur.
   - **Buying Out**: Transfer risk through the purchase of insurance.
   - **Acceptance**: Recognize that risks cannot be completely eliminated. Management strategies must be reasonable and mindful of limited resources such as time and money. Additionally, a strictly risk-averse approach can hinder opportunities.

4. **Reviewing**: Regularly review risks as necessary, depending on their probability and potential impact, particularly in light of changing circumstances. This review may be conducted continuously, at key points in projects, or at regular intervals.Risk Management Cycle

Risk is usually managed by means of a cycle of identification, quantification, management and review.

- **Identification.** Identify the various risks that may materialise.

Responsibilities

The Board is ultimately responsible for ensuring that an effective system of controls is in place, covering both financial and other aspects. These financial control systems are designed to offer reasonable assurance, though not absolute, against significant misstatements or losses.   These include:

- a strategic plan and an annual business plan and budget approved by the Board.
- regular consideration by the Board of financial results and variance from budgets.
- delegation of authority and segregation of duties.
- management of risk.

All staff and volunteers have a role in identifying and reporting risks within their respective areas of responsibility.

Risk Identification and Assessment

Risks will be identified through regular risk assessments conducted at least annually.

Identified risks will be assessed based on likelihood and impact to determine the level of risk.

Risks will be categorized as strategic, operational, financial, or compliance related.

Risk Mitigation and Management

Strategies for risk mitigation will be developed for high-priority risks.

Mitigation plans will be assigned to responsible individuals with clear timelines.

Regular monitoring and reporting on the progress of risk mitigation plans will be conducted.

Reporting and Communication

A risk register will be maintained and regularly reviewed by the Board of Trustees.

Key risks and mitigation efforts will be communicated to relevant stakeholders.

In its annual report, the Board will report on the steps it has taken to manage risk, to demonstrate the charity's accountability to its stakeholders including beneficiaries, donors, funders, employees and the general public.

Review and Continuous Improvement

The risk management policy and processes will be reviewed annually or as needed.

Lessons learned from risk events will be used to improve risk management practices.

Training and Awareness

Staff and volunteers will receive training on risk management principles and practices.

Regular communication will be conducted to raise awareness of the importance of risk management.

Version Control - Approval and Review

Useful links

[Charity Governance Code: 4 Decisions, Risk, Control](#)
[HSE: Charities](#)
[CFG: Charity Fraud Guide](#)
[ICAEW: Risk Management](#)
[CFG: Rethinking Risk](#)
[Gov.uk: Data Protection Act](#)

Charity Commission E&W

[CC: Fundraising legally and responsibly](#)
[How to manage risk in your charity](#)
[Charities and Risk Management](#)
[CC: Charities, fraud and financial crime](#)
[Managing International Risk](#)
[CC: Charities and terrorism](#)
[CC: Protecting charities from abuse for extremist purposes](#)
[CC: Moving and receiving funds safely](#)
[CC: Keeping money safe](#)

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Signed……………………………….
Dated……………………………….