

## East Cumbria Family Support Association Risk Management Policy

### 1. Introduction

- 1.2 This policy is concerned with risks faced by East Cumbria Family Support that could prevent it meeting its objective “To relieve Families in East Cumbria with children up to eighteen years old who are in conditions of need, hardship or distress”.
- 1.3 The management board is responsible for identifying, managing and assessing these risks. This policy is designed to provide an overview of our approach to identifying, reviewing and assessing risks and confirmation of our processes for this.
- 1.4 The overall aim is not to avoid all risks, but to ensure that decision making and forward planning is supported by a considered understanding of risk, and that unpleasant surprises are minimised.
- 1.5 Charity Commission Guidance (Charities and Risk Management) says that although there is no statutory requirement for smaller charities (those with a gross income below the statutory audit threshold) to make a risk management statement trustees should still be concerned about the risks their charity faces, and they are encouraged to make a risk management statement as a matter of good practice.
- 1.6 Risk management is just one part of ECFSA’s system of internal controls, other aspects are policies and procedures, reporting arrangements, business planning and budgetting.

### 2. Identifying Risks

- 2.1 The Charity Commission offers a typology of categories of possible risks as follows.
  - Governance Risks
  - Operational Risks
  - Financial Risks
  - External Risks
  - Compliance with Law and Regulation
- 2.2 These categories have been used to identify and structure a register of risks for review.
- 2.3 In terms of the range of charities ECFSA is a smaller organisation with a single straightforward aim and our approach should be proportionate to this.
- 2.4 The risk register should include actual risks rather than all potential risks and risks where causes and mitigating factors are closely linked will be assessed together.
- 2.5 ECFSA is committed to maintaining awareness of changes in government policy affecting its work, the needs of beneficiaries and fundraising opportunities, but as a small local charity does not have a role in influencing national policy, so this is not at present an area included in the risk register.

### 3 Assessing Risks

3.1 The Charity Commission provide a “heat map” model to assist with assessing the overall impact of risk. The overall risk severity rating is a combination of the impact and likelihood of each risk with red being the most severe risk and blue the least. Inevitably a degree of judgement is involved.

#### Risk “Heat Map”

Impact/ Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable
Extreme/ Catastrophic	Yellow	Red	Red	Red	Red
Major	Yellow	Yellow	Red	Red	Red
Moderate	Green	Yellow	Yellow	Red	Red
Minor	Green	Green	Yellow	Yellow	Yellow
Insignificant	Blue	Blue	Green	Green	Green

**Red – high, yellow – medium, green – low, blue – very low**

3.2 The overall aim is to help the management board focus on priorities for action.

3.3 Whilst the board needs to focus on the most severe risks the possibility of the cumulative impact of minor risks should not be ignored.

### 4. Mitigating Actions

4.1 The risk register records both existing mitigating action and new action identified as necessary.

4.2 Actions should focus on how exposure to risk can be limited, reduced or controlled.

4.3 The management board is expected to take an open and receptive approach to solving risk problems.

### 5. Respective Roles

5.1 The board has a fundamental role to play in the management of risk including:-

- Influencing the culture of risk management at ECFSA
- Approving major decisions affecting the risk profile of ECFSA.
- Identifying and monitoring the management of fundamental risks
- Satisfying itself that less fundamental risks are being actively managed.

5.2 Role of key staff and volunteers:-

- To implement policies and follow procedures relevant to risk management.
- To identify and evaluate key risks for consideration by the board
- To provide adequate and timely information to the board relevant to the status of risks.

**6. Review and Management**

6.1 Trustees will determine the frequency with which the risk register should be reviewed.

6.2 At a minimum there will be an annual review to inform the Annual Report.

6.3 At each periodic review trustees will consider:-

Is the list of risk complete or should anything be added?

- Has mitigating action been successful?
- Is any new action required?
- Are the assigned risk ratings accurate or do they need amendment?