

Faith Movement CIO

Risk Management Policy

Introduction

The Faith Movement Charitable Incorporated Organisation (hereinafter referred to as “the Faith Movement”) is a charity registered in England, number 1188137.

1. Risk Management Model

1.1 The Faith Movement recognises that risk management is essential to its governance and to sustainable operation of its services. Risk management in the Faith Movement will be designed to ensure that:

- the identification, assessment and management of risk is linked to the achievement of the charity's objectives.
- all areas of risk are covered, e.g. financial, governance, operational and reputational.
- a risk exposure profile can be created that reflects the Trustees' views as to what levels of risk are acceptable.
- the principal results of risk identification, evaluation and management are reviewed and considered.
- risk management is ongoing and embedded in management and operational procedures.

1.2 The Faith Movement will regularly review and assess the risks it faces in all areas of its work and will plan for the management of those risks.

1.3 There are risks associated with all Faith Movement activities. These can arise through things that are not done, as well as through ongoing and new initiatives. Risk exposure for the Faith Movement will vary depending on circumstance. For example, the Faith Movement may be willing to expose itself to higher risks as the size of its reserves/size of its organization increases. Risk tolerance may also be a factor in what activities are undertaken to achieve objectives. The Faith Movement will therefore

ensure that there is an appropriate balance taken between higher and lower risk activities. These considerations will inform the Trustees in their decisions as to the levels of risk they are willing to accept.

1.4 Trustees must make members and volunteers aware of the boundaries and limits set by their risk policies to make sure there is a clear understanding of the risks that can and cannot be accepted.

2. Identifying Risks

2.1 As part of its planning process, a Risk Register will be maintained. This Register is a 'living document' and forms the baseline for further risk identification. The Faith Movement recognises that new risks will appear and other risks will become less or more severe or may disappear over the lifetime of the plan. Risk identification is therefore an ongoing process within the Faith Movement. When new risks are identified by a Trustee, member or volunteer, these will be referred to the Board of Trustees who will, in consultation with professional advice, update the Risk Register accordingly. The Faith Movement will also annually review the risks identified in the Faith Movement's Risk Register.

2.2 In undertaking this, Trustees will consider:

- The Faith Movement's objectives, mission, and business plan;
- the nature and scale of its activities;
- the outcomes that are to be achieved;
- external factors that might affect the Faith Movement, such as legislation and regulation;
- the Faith Movement's reputation with its major funders and supporters;
- past mistakes and problems that the Faith Movement has faced;
- the operating structure, e.g., if new initiatives are established;
- comparison with other charities working in the same area or of similar size;
- examples of risk management prepared by other charities or other organisations.

2.3 In developing the Faith Movement's Risk Register, Trustees and members will identify/update risks in the following areas:

- governance;
- operational risk;
- financial risk;
- environmental and external risk;
- legal and regulation compliance risk, e.g. GDPR risk;
- safeguarding risk.

3. Assessing, Monitoring and Evaluating Risk

3.1 Identified risks must be put into perspective in terms of the potential severity of their impact and the likelihood of their occurrence. Assessing and categorising risks helps in prioritising and filtering them, and in establishing whether any further action is required.

3.2 When a new risk arises, the Trustees will then assess the risk identified based on how likely they are to occur and how severe their impact using the methodology set out in Appendix 1.

3.3 They will identify those risks that are major and propose appropriate actions to mitigate these risks. They will update the Faith Movement's Risk Register and will be approved by the Chairperson and Treasurer (if a financial risk).

3.4 Where a Trustee subsequently has a concern about the Risk Register, they should initially seek agreement to amendment via email and if they are still not satisfied raise the issue at the next Trustees' meeting.

3.5 Examples of possible actions to mitigate risks are set out in Appendix 2.

Risk Assessment Methodology

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 e.g. long-term sickness • adverse publicity not avoidable (local media) • complaint probable • litigation probable • Sudden loss of funding
Extreme	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 • resignation of board • major premises related issue e.g. burglary • 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
Definite	5	will occur in certain circumstances

Actions that could be taken to mitigate risks

The following are examples of possible actions that could be taken to mitigate risks:

- the risk may need to be avoided by ending that activity.
- the risk could be transferred to a third party (e.g. use of a trading subsidiary, outsourcing or other contractual arrangements with third parties).
- the risk could be shared with others (e.g. a joint venture project).
- the charity's exposure to the risk can be limited (e.g. establishment of reserves against loss of income, phased commitment to projects).
- the risk can be reduced or eliminated by establishing or improving control procedures (e.g. internal financial controls, controls on recruitment, personnel policies).
- the risk may need to be insured against (this often happens for residual risk, e.g. employer's liability, third party liability, theft, fire).

In assessing the actions to be taken, the costs of management or control should be considered in the context of the potential impact or likely cost that the control seeks to prevent or mitigate.

It is possible that the process may identify areas where the current or proposed control processes are disproportionately costly or onerous compared to the risk they are there to manage. A balance will need to be struck between the cost of further action to manage the risk and the potential impact of the residual risk.

Adopted 19th May, 2021.....

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