



## **Risk Management Policy**

Trustees, staff and charity volunteers handle risk as an everyday part of the charity's work. Risk is often seen as going hand in hand with the rewards and opportunities of advancing a charity's work. For example, the opportunity to raise funds brings volunteers, staff and trustees together to advance a charity's fundraising objectives. Fundraising can even raise public awareness of the charity's work.

The SORP (FRS 102) requires that the trustees' Annual Report should include a 'statement confirming that the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and that systems have been established to mitigate or manage those risks.'

This document provides information on how Amigos Worldwide defines, manages, and reports on risk.

### **Risk definition**

'Risk' is used in this guidance to describe the uncertainty surrounding events and their outcomes that may have a significant effect, either enhancing or inhibiting:

- operational performance
- achievement of aims and objectives; or
- meeting expectations of stakeholders

### **Risk management process overview**

The Amigos' risk management process consists of three steps. These are: identify and document, assess and monitor, and report.

#### **Identify and document**

All trustees and members of staff are involved with and responsible within their role for the active management of risk within the charity. For this reason, whenever a risk or potential risk is identified this should be reported to the scheme administrator and treasurer immediately.

The employee who discovers a potential risk is responsible to update the risk register and inform all other staff. This risk register may not be fully assessed until the next trustees' meeting.

#### **Assess and monitor**

All existing risks will be reviewed periodically at trustees' meetings at least annually and when there are any changes to ensure that their status is still appropriate. The

CEO will ensure that trustees are informed on any changes to risks at trustees' meetings. New risks will be fully assessed for their appropriateness as a risk as well as the risk's category, risk level, and action. Further details of these actions can be seen in the risk register section.

## **Report**

A copy of the risk register along with an explanatory text will be included in the Trustee's Annual Report. In addition, the risk register may also be used as part of a funding application if required by the prospective funder.

## **Risk register**

To ensure that all risks are documented correctly a risk register is held by the Treasurer with an up to date copy held by the CEO. The register takes the form of an Excel spreadsheet with a number of column headings and a row for each risk. The following columns are used within the register

### **Risk ID**

A sequential number starting at 001 used to identify the risks.

### **Risk Category**

Used to categorize the risk, and can be one of the following:

- Safeguarding eg children at risk within a programme.
- Governance e.g. inappropriate organisational structure, difficulties recruiting trustees with relevant skills, conflict of interest.
- Operational e.g. service quality and development, contract pricing, employment issues; health and safety issues; fraud and misappropriation.
- Financial e.g. accuracy and timeliness of financial information, adequacy of reserves and cash flow, diversity of income sources, investment management.
- External e.g. public perception and adverse publicity, demographic changes, government policy.
- Compliance e.g. breach of trust law, employment law, and regulatory requirements of particular activities such as fundraising.

### **Risk Title**

A short (three to four words) description of the risk and its potential impact

### **Date Identified**

Date the risk was first reported and documented

### **Risk Level**

The risk level is comprised of two factors; the risk likelihood (score of 1 to 5) and the risk action (score 1 to 5). The risk level is then the product of the two scores. So a likelihood of 4 and an impact of 5 would result in a risk level of 20.

The **risk likelihood** is a score that gives some indication of how likely the risk is to happen. So for a risk that is almost certainly going to happen a score of 5 would be given. For a risk that is extremely unlikely to happen a score of 1 is given

The **risk impact** is a score that gives some indication that if the risk were to happen how would this affect the running of a charity. So for a risk that would effectively shut down the charity a score of 5 would be given. For a risk that would be a bit inconvenient and mean a bit of work by staff of treasurers an impact score of 1 would be given.

### **Risk Action Method**

For each risk a prescribed action method should be assigned. This can be one of the following:

- **Transfer.** The risk is fully transferred or shared with a third party (e.g. insurance, outsourcing)
- **Avoid.** The activity giving rise to the risk is completely avoided (e.g. a potential grant or contract not taken up)
- **Mitigate.** The risk is mitigated or managed by implemented some other process (e.g. implementing a business continuity policy)
- **Recognised.** The risk is recognised (e.g. assessed as an inherent risk that cannot be avoided if the activity is to continue).

### **Risk Owner**

The named role responsible for actively monitoring the risk and updated the trustees with any developments.

### **Oversight**

CEO, Tim Monger, is responsible for regular oversight of the risk register and advising Amigos Uganda on escalation procedures to the Board.

***Reviewed January 2024***

***Next Review January 2027***