



## Risk Management Policy (Small Charity)

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### Introduction

We recognise the importance of effective risk management to achieve our charitable objectives. This policy outlines our commitment to identifying, assessing, and managing risks to ensure our charity's resilience and continued success.

### Purpose

The purpose of this policy is to establish a framework for identifying, assessing, prioritising, and managing risks associated with our activities. It aims to ensure a systematic and proactive approach to risk management, protecting the charity, its beneficiaries, and stakeholders.

### Scope

This policy applies to all Trustees, volunteers and stakeholders involved in our work. It covers all aspects of the charity's operations, including but not limited to programmes, finances, reputational risk, and governance. Where necessary, we will create additional relevant policies, such as systems of internal control, due diligence and health and safety policies.

### Charity Commission Guidance

The Charity Commission strongly recommends that charities have a clear risk management policy to identify and manage all types of risk to embed risk management into their work.

### Risk Management Cycle

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

- a. **Identification** – Identify what could go wrong
- b. **Quantifying** – Assess how likely the risk is and how serious it might be
- c. **Managing** – Taking appropriate action to manage these risks by:
  - **Avoidance** – Action required to avoid the risk occurring in the first place
  - **Mitigation** – Action to reduce the impact of any risk should it occur
  - **Buying Out** – using insurance against the risk
- d. **Accepting** – Risk cannot be eliminated entirely and any steps taken to manage risk must be reasonable in terms of money and resources available
- e. **Review** – Risk should be reviewed regularly and appropriately, depending on the likely probability and impact in the light of changing circumstances. This will be done on an ongoing basis, at appropriate points in projects or at regular meetings.

## **Responsibilities**

Trustees have overall responsibility to ensure there is an appropriate system of control, financial and otherwise in place and working effectively. The systems of financial control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. These include:

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

All Trustees 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. Any identified risks will be assessed based on likelihood and impact to determine the level of risk. Risks will be categorised as strategic, operational, financial, or compliance related.

## **Risk Mitigation and Management**

Strategies for risk mitigation will be developed for any high-priority risks. Mitigation plans will be assigned to responsible individuals with clear timelines and the progress of these will be conducted regularly and reported to Trustees appropriately.

## **Reporting and Communication**

A risk register will be maintained and regularly reviewed by Trustees. Key risks and mitigation efforts will be communicated to relevant stakeholders.

In its annual report, Trustees will report on the steps 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 between Trustees will be conducted to raise awareness of the importance of risk management.

Approval and Review

Approved by	Date	Review Period	Review Date
Trustees	04 Aug 2025	Annually	August 2026