

1. INTRODUCTION

The responsibility for the management and control of risk for a charity rests with the trustee body and therefore their involvement in the key aspects of the risk management process is essential. Although staff members will deliver actions identified by the Board, it is the trustees' responsibility to ensure that risk is regularly reviewed and required actions achieved.

Charities are required by law to make a risk management statement in their annual report. However effective governance procedures, carried out throughout the year, need to include regular reviews and updates on risk.

2. TYPES OF RISK

Risks that may have a major impact on a charity and are probable or highly probable to occur, are likely to occur in five main areas:

- governance;
- operations;
- finances;
- external factors such as public opinion or relationship with funders;
- compliance with law or regulation.

3. RISK MANAGEMENT POLICY OBJECTIVES

In order to ensure that Rett UK effectively manages risk, key objectives have been developed to ensure that:

- the identification, assessment and management of risk is linked to the achievement of the charity's business plan objectives;
- all key areas of risk are covered in the process including finance, legal, governance, operational issues and reputation;
- a risk exposure profile is created that reflects the trustees' views as to what levels of risk are acceptable;
- the results of risk identification, evaluation and management are reviewed, considered and acted upon;
- risk management is ongoing and embedded in management and operational procedures.

4. RISK MANAGEMENT OVERALL PROCESS

An effective charity regularly reviews and assesses the risks it faces in all areas of its work and plans for the management of those risks. The implementation of an effective risk management policy and process is a key part of ensuring that Rett UK is and remains fit for purpose. There are two stages to the overall process.

Stage 1 Regular Risk Management Processes

1. Trustees will identify boundaries and limits for risk and ensure that staff know the boundaries and what levels of risk can and can't be accepted.
2. Potential new risks will be identified by staff and trustees, during the general running of the organisation.

3. The Risk Register will be reviewed and updated at each Board Meeting, with any new actions being identified and required tasks allocated to the person responsible for reducing the risk.

Stage 2 Annual Risk Management Statement

The Charity Commission recommends a narrative style for the annual statement that addresses the key aspects of the requirements is acceptable, including:

- an acknowledgement of the trustees' responsibility;
- an overview of the risk identification process;
- an indication that major risks identified have been reviewed or assessed; and
- confirmation that control systems have been established to manage those risks.

Rett UK will ensure that the required information is included in the Annual Report and Accounts.

4. DETAILED RISK ASSESSMENT PROCESS

Stage 1 Identifying risk

As a small charity, Rett UK will involve staff, volunteers and trustees in identifying any new risks, within the 5 types of risk detailed in section 2. Example of potential, significant risks could include the:

- a charity lacking direction, strategy and forward planning;
- the trustee body lacks the relevant skills or commitment;
- ineffective organisational structure;
- loss of key staff;
- project / service development;
- fundraising;
- procedural documentation;
- reserves.

Stage 2 Assessing risk

Identified risks need to be put into perspective in terms of the potential severity of their **impact** and the **likelihood** of their occurrence. This helps in prioritising and filtering them, and in establishing whether any further action is required.

Rett UK will use a standard 5 x 5 Impact and Likelihood template. This approach maps risk as a product of the likelihood of an undesirable outcome and the impact that an undesirable outcome will have on the charity's ability to achieve its overall objectives. The outcome can be assessed numerically between 1 and 25, enabling trustees to identify the potential severity of the identified risk and take appropriate action. Significant risk, (4 or 5 for either impact or consequence), will also be identified to ensure that any extremes do not mask the potential for severe problems. Detailed charts of the Charity Commission's Impact and Likelihood definitions are attached in Appendix 1. An Impact/Likelihood grid showing typical RAG coloured risk categories, is attached Appendix 2.

Stage 3 Action Planning to Mitigate Risk

Once risks have been assessed, the trustees will produce an action plan for the mitigation of the identified risk. This will include who will carry out the mitigation tasks, when they need to complete the actions, and to which Trustee meeting the results need to be presented. (see Appendix 3 for Risk Management Template

Stage 5 Review Progress at Next Meeting

The trustees will review previously identified risks and progress made to mitigate this at each meeting, if necessary identifying further actions required to continue to reduce risk.

Following the review, any new risks will be highlighted and the process begins again at stage 1.

5. LEARNING AND DEVELOPMENT

Trustees and staff will be trained in the organisation's risk management policy and process during their induction period. Additional refresher training will take place when required.

6. MONITORING AND REVIEW

An annual review of the policy will ensure that the organisation complies with any changes in legislation and best practice and trustees and staff are aware of their responsibilities with regard to managing risk.

7. CONCLUSION

Rett UK is committed to implementing and delivering effective risk management processes, as part of their overall governance responsibilities. Once the new policy and processes are in place, they will be regularly monitored and provide specific information to ensure that risk is effectively managed across the organisation.

Appendix 1 Charity Commission Assessing Risk Definitions

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 adverse publicity not avoidable (local media) complaint probable litigation probable
Extreme/Catastrophic	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 and board 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
Highly probable	5	expected to occur frequently and in most circumstances

Appendix 2 5 x 5 Likelihood and Consequence Grid

