



## Risk Management Procedure

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This policy reflects legislation and official guidance at the time it was last reviewed. Any changes in legislation will take precedence over anything printed in this policy. Where other policies are referred to they can be viewed on the Policy Library.

## Risk Management - Procedure

### 1. Introduction

1.1 This document sets out the RSN's policy on Risk Management and the procedure to be applied when identifying and monitoring risk.

Its aim is to ensure that risk is managed effectively to help ensure that:

- significant risks are known and monitored, enabling Council Members, the Chief Executive and RSN Senior Management Team to make informed decisions and take timely action
- the RSN makes the most of opportunities and develops them with the confidence that any risks will be managed
- forward and strategic planning are improved
- the RSN's aims are achieved more successfully

### 2. Policy Procedure

**2.1** Risk management at the RSN has four stages: identifying risks, assessing risks, evaluating what action needs to be taken on risks and periodic monitoring and assessment. Risk management is documented in the RSN's risk register.

**2.2** Risks are generally **identified** under five headings: governance, finances, operations, reputation (external risk) and legal/regulatory. Risks are identified by the Chief Executive and Senior Management Team who have a detailed knowledge of the organisation. They should in turn consult more widely with their direct reports as ideas are likely to come from all levels of the organisation.

**2.3** The risks are **assessed** by considering the likelihood (high/medium/low) and the impact on the RSN (high/medium/low) leading to an overall assessment of the risk as high/medium/low.

**2.4** For each of the major risks identified, the existing control procedures/ actions are assessed for their effectiveness and then a retained risk is recorded. Any additional action that needs to be taken to manage the risk is **evaluated**, either by lessening the likelihood of the event occurring or lessening its impact if it does.

**2.5** Once each risk that been evaluated, any further actions can be noted and plans made for steps that need to be taken to address or mitigate significant or major risks so that they can be **periodically monitored**. The level of each risk must be controlled to a level that Council Members are happy with retaining. The organisational appetite for risk depends upon the risk itself and will be considered on a case-by-case basis. Consideration of whether an activity should take place (and the

**2.6** Council Members are required to report on the adequacy of the risk management framework under the Charities SORP (FRS 102). The Financial Review in the

Annual Report is required to include a description of the principal risks and uncertainties facing the RSN and its subsidiary, as identified by Council Members, together with a summary of plans and strategies for managing those risks.

### **3. Definitions**

**Risk** describes the uncertainty surrounding events and their outcomes that may have a significant impact, either enhancing or inhibiting any area of a charity's operations.

#### **Likelihood**

Low = Remote – unlikely to occur in next three years

Medium = Possible – may occur in the next three years

High = Probable/Certain in the next 12 months

#### **Impact**

Low = Minor impairment or achievement of objective in strategic plans party impaired – rectifiable by line managers/senior managers.

Medium = Failure to achieve objective in operational level plans – for consideration by Chief Executive/senior managers.

High = Critical impairment in achieving strategic plan/ failure to achieve RSN's overall objective – for consideration by Council Members.

#### **Policy Schedule – Not Required**