This template has been provided the Scottish Council for Voluntary Organisations (SCVO).

Use of this model policy is entirely at your own risk. The policy should be adapted to suit your own organisational needs, and you should ensure if meets your own specific requirements. You should also check this policy is compliant with the law and your organisation’s governing document. No liability rests with SCVO.

For more information see our information on [using SCVO templates](https://scvo.scot/support/using-scvo-templates).

**Risk Policy for** [INSERT ORGANISATION NAME]

The draft policy is appropriate to charities, voluntary organisations who are not a charity would not include references to the Trustee Duties contained in the [Charities and Trustee Investment (Scotland) Act 2005](http://www.legislation.gov.uk/asp/2005/10/contents) (the 2005 Act) but should retain references to the Data Protection Act. The named post holders in the policy should be amended to reflect those of the organisation.

**Purpose**

The purpose of this policy is to provide guidance regarding the management of risk of the [INSERT ORGANISATION NAME] to support its charitable aims and purposes, safeguard the charities assets, ensure financial stability and protect the staff and volunteers of [INSERT ORGANISATION NAME].

The policyreflects the Trustee Duties contained in Section 66 of The [**Charities and Trustee Investment (Scotland) Act 2005**](http://www.legislation.gov.uk/asp/2005/10/contents) (the 2005 Act).

All trustees of [INSERT ORGANISATION NAME] have a duty to act with care and diligence in the best interests of [INSERT ORGANISATION NAME]. Trustees will act with a higher level of care than they may do with their own finances and affairs and this will be reflected in the duty of care they exhibit with respect to the assets of [INSERT ORGANISATION NAME].

**Scope**

This policy applies to all [INSERT ORGANISATION NAME] activities and formspart of the [INSERT ORGANISATION NAME] risk management framework, it applies to all trustees, employees and volunteers of [INSERT ORGANISATION NAME].

**Risk management Framework**

The following are responsible for aspects of the risk management framework:

[THIS MUST BE TAILORED TO THE ORGANISATION’S STAFF STRUCTURE – SUGGESTIONS ARE:]

The Board is responsible for the risk policy for receiving risk reports, reviewing the reports, approving actions and managing the appropriate subcommittee which has responsibility for Risk Management.

The Chief Executive, (*or if there is no one in that position, the Chair of the Board*) is responsible for ensuring that risk management is incorporated in the day to day activities of [INSERT ORGANISATION NAME]*.* The Chief Executivewill ensure that all employees and volunteers are continuously improving the risk management policy. Line managers ensure that their staff adhere to the risk management policy and there is a process by which risks identified by staff and volunteers are fed into the risk policy and appropriate revisions, if necessary are made.

**Risk Management Process**

[INSERT ORGANISATION NAME] operates a formal risk management process to assess business risks and implement risk management strategies. Steps taken are to identify the types of risks faced, establish the context, analyse and evaluate the risk prioritising them in terms of potential impact and likelihood of occurrence, identifying means of mitigating the risk and monitor and review the risk.

[INSERT ORGANISATION NAME] has integrated risk management into all governance, financialand operational processes.

The following risk categories are included in the risk register and in risk reporting:

* financial
* governance
* external
* compliance and regulations
* operational
* reputation

Risks identified will be added to the register immediately. The register will be reviewed at each Board meeting and risks that are no longer considered relevant will be removed from the register.

The risk reports for each area of responsibility will be prepared by the Line Manager, these will include details of the risk treatment plans. They will be reviewed by the Chief Executive (*or Chair of the Board if no CEO )* and will be reviewed by the Board at each full meeting. Where a risk is identified that is deemed to be of a critical nature a special meeting of the Board will be convened.

This policy will be reviewed by the Board annually.

**Example of a Risk Register Entry**

|  |  |
| --- | --- |
| Risk area/risk identified | **Unsatisfactory fundraising** |
| Likelihood of occurrence (score) | Probable (4) |
| Severity of impact (score) | Major (4) |
| Overall or ‘gross’ risk | High |
| Control procedure | Budget reporting by fundraising activity  Financial appraisal of new project |
| Retained or ‘net’ risk | Medium |
| Monitoring process | Financial reporting by fundraising activity  Quarterly reporting by fundraising manager to trustees |
| Responsibility | Fundraising Manager / Chief Executive Officer |
| Further action required | New initiatives to be approved by trustees unless included in current business plan |
| Date of review | On xxxxx date or next trustee meeting |

**References**

OSCR Trustee Duties - <https://www.oscr.org.uk/managing-a-charity/trustee-duties/>

Institute of Risk Management - <https://www.theirm.org/what-we-say/thought-leadership/charities-and-voluntary-organisations/>

Charities Commission CC26 - <https://www.gov.uk/government/publications/charities-and-risk-management-cc26>

Applies to England and Wales but many of the principles are common throughout the UK

Document version control

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| --- | --- | --- | --- |
| **Version number** | **Change or update** | **Author or owner** | **Date** |
| 1.0 | First version |  |  |
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