



# Risk Management in Churches

## Risk management is an important part of governance in any organisation – with churches being no exception

- Risk can be defined as the exposure to **uncertainty** – good or bad
  - Focus usually on **adverse events**
  - Consider anything that could impact our ability to pursue our **objectives**
  - Various types e.g. financial, operational – not just safety!
- Risk should be managed for moral / biblical and legal reasons and to ensure the church is able to fulfil its objectives
- Risk management should be appropriate to the church context

## Trustees (i.e. the PCC) are expected to manage risk as an essential aspect of their general duties running the charity

*“Risk is an everyday part of charitable activity and managing it effectively is essential if the trustees are to achieve their key objectives and safeguard their charity’s funds and assets”*

*Charities and risk management (CC26) – section 1.1*

- Failure to manage risk would be seen as a failure on the part of trustees to exercise their duties
- CC26 and the SORP require larger charities to include a risk management statement in their TAR – good practice for smaller charities too
- Further guidance is available from the Institute of Risk Management – “Risk management for charities” and “Risk governance for charities”

## Risk management can also enable us to manage organisations better and improve outcomes – a 'value adding activity'

- Risk management is more than a 'box tick' to satisfy legal duties – rigorous examination of risk brings other benefits:
  - Better understanding of activities and operations
  - Identification of critical vulnerabilities
  - Focusing priorities where the most value can be added
  - Prevention of adverse events
  - Drives development of contingency plans *before* they are needed
  - Builds confidence in robustness of operations
  - Potential to reduce insurance premiums

**Risk management is worth doing because it helps us carry out our ministry better**

# General risk assessment follows a similar process to safety risk assessment while considering a broader range of issues

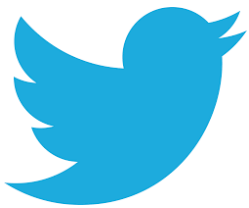
1. Risk identification
2. Risk evaluation – frequency and severity
3. Judgement of tolerability and proposal of mitigations
  - You may wish to use a risk matrix
  - The severity scale may be different for different types of risk

Frequency	5					
	4					
	3					
	2					
	1					
		1	2	3	4	5
		Severity				

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