



# Policy – Risk Management

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# Risk Management Policy

## 1. Policy summary

The Salisbury Diocesan Board of Finance (DBF) is committed to maintaining a robust risk management framework, which complies with Charity Commission regulatory and good practice requirements.

The legal responsibility of the Bishop's Council as the DBF Directors and body of Trustees is to oversee risk associated with strategy, reputation, assets and liabilities of the DBF as a registered charity. In addition, charities that are required by law to have their **accounts audited must make a risk management statement in their Trustees' annual report** confirming that '...the charity Trustees have given consideration to the major risks to which the charity is exposed and satisfied themselves that systems or procedures are established in order to manage those risks.' (Charities (Accounts and Reports) Regulations 2008)

This Risk Management Policy provides guidance on the risk management approach and principles adopted by the DBF, enabling the Trustees, the DBF Leadership team and staff to manage risk appropriately by maximising potential opportunities whilst minimising the adverse effects of risk in achieving the DBF's purpose, vision and objectives.

This Policy is also applicable to any projects. Large projects that have an agreed budget may be excluded if the project has its own risk framework in place as part of the project governance.

In its wider relationship to the Diocese, the Bishop's Council also seeks to encourage effective risk management in the Diocese as a whole, recognising that there are other registered charities and bodies which also carry their own responsibilities for risk management.

## 2. Purpose

**Risk management** is a coordinated set of activities and methods to identify, objectively assess and control risks associated with our internal and external context and organisational activities, thereby improving the ability of the DBF to achieve its purpose and objectives as expressed in its Memorandum and Articles of Association.

This Risk Management Policy is therefore intended to:

- Explain the purpose of and underlying approach to risk management.
- Outline the key stages of the risk management process.
- Document roles and responsibilities of all parties involved in the process.
- Outline risk reporting procedures.

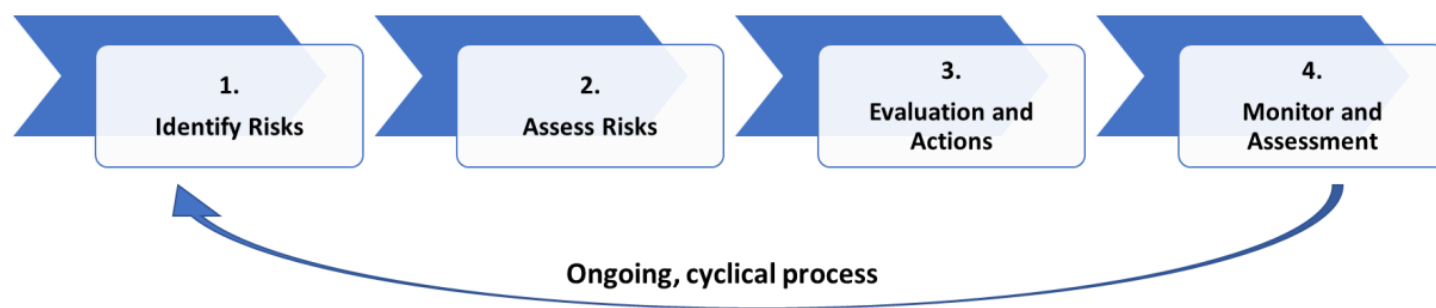
In order to:

- **Protect the DBF** from disruption in the achievement of its charitable aims and objectives and performance of its duty and purpose;
- **Comply** – manage risk in accordance with best practice in order to adhere to the charity governance code and align with insurance provisions;

- **Anticipate and respond** to changing social, environmental and legislative requirements;
- **Establish a consistent framework** and protocol to manage risks and for determining risk appetite and tolerance;
- **Raise awareness** of the need for risk management through assigning accountability to the DBF Trustees, management and staff and providing a structured process for risk to be considered, reported and acted upon throughout the organisation; and
- **Integrate** risk management into the culture of the DBF.

### 3. Approach

**Risk management** is a coordinated set of activities and methods to identify, objectively assess and control risks, thereby improving the ability of the DBF to achieve its purpose, vision and objectives. Risk management is a continual activity, not just a one-off process. The DBF will therefore adopt the following approach:



#### 3.1 Identify Risks

A risk is an unexpected adverse event or set of events that, should it occur, may have a significant impact on operations and will impede the achievement of the Diocesan vision and priorities. Potential unexpected adverse events may relate to the internal organisational context, the external environment or the priorities and objectives that underpin the DBF's purpose.

Risk is not only about adverse events; it is also about missed opportunities.

All areas of activity should be considered when seeking to identify risk.

The risks documented in the DBF Risk Register will be those deemed to have a significant impact on the DBF should they materialize. Lesser risks should be regularly discussed, documented and managed at departmental level.

In addition, the DBF will identify Principal Risks. These are the overarching areas of risk that could prevent the DBF from delivering its purpose, vision and objectives and are published in the Annual Report.

## **3.2 Assess Risks**

Each significant risk will have an “owner” responsible for assisting with the risk assessment and for the mitigating strategies, the “Key Controls”.

The potential **causes** of a risk materializing should be considered together with the range of potential **outcomes** and how this may impact the DBF’s objectives. Risk assessment, balancing the likelihood of the risk materializing against the perceived impact should it materialize, helps in prioritising action or deciding whether action is required at all.

Appendix A sets out the scoring used for both risk assessment and the rating of residual risk after mitigating activities have been applied. Risk scoring should not be undertaken in isolation; where information on past or similar events is available a more evidence-based judgement will be possible.

## **3.3 Evaluation and Actions**

Once a risk and its potential causes and consequences have been identified and scored, a decision will be made on the “risk appetite” ie the level of risk the DBF is willing to accept to achieve its objectives should that particular risk materialize.

Where possible or appropriate, actions will be identified to manage the risk within acceptable levels, such as risk transfer (insurance), risk avoidance or risk mitigation (controls) and the main elements of mitigation will be noted on the Risk Register with associated comments. A fresh set of scores is then produced to reflect the residual risk after risk management activities have been put in place (See Appendix A) and the outcome checked to see if the controls are adequate to bring the score to the level of, or below, the risk appetite.

## **3.4 Monitoring and Assessment**

Effective risk management includes processes to continuously monitor and assess risk, fostering a culture where risks can be identified and any issues escalated.

Both issues and opportunities associated with each risk will be recorded so that these can be investigated and addressed quickly and effectively. The “lessons learnt” will improve future policies, procedures and processes, which may in turn identify new risks or opportunities.

A “change” column on the Risk Register will indicate progress since previous review and act as an early warning for escalating risks.

# **4. Reporting and Communications**

The DBF will use the following risk reporting and communication tools:

- Risk Management Statement and principal risks published in the Annual Report and available to external stakeholders.
- DBF Risk Register – an internal register used by management to capture, prioritise, report and monitor

principal and other significant risks. The Risk Register categorises risks as Strategic, Operational, Financial, External & Reputational or Governance & Compliance.

- Regular reporting by exception to both the Finance and Resources Committee and the Bishop’s Council as the body of Trustees with risk discussion on the agenda at least twice per annum.

## 5. Roles and Responsibilities

Risk management is an organization-wide function that is built into the culture of the Diocese. As such, all areas of DBF activity will be considered as part of a consistent framework using the Risk Register together with supporting reporting mechanisms.

Role	Responsibility
Bishop’s Council as DBF Trustees	<p>Are ultimately responsible and set the tone and culture for managing risk.</p> <p>Must be satisfied that risk management is embedded in the organisation and adequate systems are in place to monitor, manage and, where appropriate, mitigate the DBF’s exposure to key risks.</p> <p>Are legally required to review and approve the “Risk Management Statement and Principle Risks” to be included in the Annual Report.</p>
Finance and Resources Committee	<p>Review and monitor the effectiveness of the DBF risk management processes and recommend changes to the Trustees as appropriate.</p> <p>Monitor principal and other risks, significant issues and opportunities.</p> <p>Engage with the External Auditors as appropriate.</p>
DBF Leadership Team	<p>Regularly review key management reports, issues, missed opportunities and actions at management meetings and agree mitigating activities, in dialogue with Bishop’s Staff, the Governance &amp; Pastoral Planning Manager and risk owners as required.</p> <p>Review the DBF Risk Register and other risk-related documentation, supported by the Governance &amp; Pastoral Planning Manager.</p> <p>Ensure that risk training is undertaken by staff and foster awareness.</p> <p>Promote risk management processes throughout the DBF and encourage transparency in reporting and the speedy escalation of issues and emerging risks.</p>
Managers, Staff and Bishop’s Staff	<p>Comply with the DBF Risk Management Policy and processes and foster a culture where risks can be identified and escalated.</p> <p>Identify, review and escalate risks, issues and missed opportunities as appropriate.</p> <p>Attend risk training.</p>

## 6. Violation of this Policy

All Diocesan staff are held responsible for adhering to this policy. Breaches may lead to disciplinary action under the DBF Disciplinary Policy. Serious breaches may constitute gross misconduct and may lead to action up to and including dismissal.

## 7. Acceptance & Review

This policy forms part of the staff policies and procedures accessible by all staff on the intranet and also brought to the attention of new staff as part of induction.

This policy will be reviewed in 12 months.

## 8. Approve & Review

<b>Policy applicable to</b>	DBF staff, volunteers on boards and committees and Trustee
<b>Approved by</b>	Bishop's Council
<b>First Approved date</b>	22 July 2021
<b>Policy owner</b>	Elizabeth Harvey (Director of Strategy and Operations). 2024 update by Miriam Longfoot (Governance and Pastoral Planning Manager)
<b>Next review date</b>	Annual
<b>Previous review date</b>	May 2024

## 9. Revision History

Version No.	Revision Date	Previous Revision Date	Summary of Changes
2	May 2024	N/A	Re-drafted for clarity of intent and process in light of the 2023 re-evaluation of risk management framework (in conjunction with EIG).

## Appendix A

The grid below shows the likely risk assessment ratings and overlays this with the risk appetite:

		LIKELIHOOD (of consequence occurring)				
		1 - VERY UNLIKELY / REMOTE	2 - UNLIKELY	3 - POSSIBLE	4 - LIKELY	5 - ALMOST CERTAIN
IMPACT (of consequences)	5 - CRITICAL / EXTREME	10 - MODERATE	15 - HIGH	20 - HIGH	25 - HIGH	30 - VERY HIGH
	4 - MAJOR	8 - MODERATE	12 - MODERATE	16 - HIGH	20 - HIGH	24 - HIGH
	3 MODERATE	6 - LOW	9 - MODERATE	12 - MODERATE	15 - HIGH	18 - HIGH
	2 - MINOR	4 - LOW	6 - LOW	8 - MODERATE	10 - MODERATE	12 - MODERATE
	1 - NEGLIGIBLE / INSIGNIFICANT	2 - LOW	3 - LOW	4 - LOW	5 - LOW	6 - LOW