**Churches Together in England (CTE)**

**Risk Management Policy**

**1. INTRODUCTION**

This Policy sets out a framework for Risk Management as approved by Churches Together in England. The Policy seeks to reflect best practice for managing the organization as well as enabling the Board to discharge its reporting obligations under Charity Commission regulations and Company Law.

**2. REPORTING REQUIREMENTS**

Trustees of Churches Together in England are required to include the following in their Annual Report:

* a descriptionof the principal risks and uncertainties facing the charity as identified by its trustees, together with a summary of their plans and strategies for managing those risks[Accounting & Reporting by Charities SORP FRS102]
* 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)

**3. CHARITY COMMISSION (CC)**

This Policy reflects the Guidance of the CC in their publication CC26 – *Charities & Risk Management* (June 2010 version). Management should ensure this publication is complied with in applying the Board Policy.

**4. DEFINITION OF RISK**

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. (per CC guidance)

Major risks are those risks that have a major impact and a probable or highly probable likelihood of occurring. If they occurred they would have a major impact on some or all of the following areas:

* governance
* operations
* finances
* environmental or external factors such as public opinion or relationship with funders
* a charity’s compliance with law or regulation

Any of these major risks and their potential impacts could change the way trustees, supporters or beneficiaries might deal with the charity.

**5. RISK APPETITE & RISK MANAGEMENT OBJECTIVES**

CTE’s **risk appetite** is its tolerance of risk. Risk appetite guides an organisation in deciding how much risk it can accept, manage and optimise effectively. Due to the nature of its operations, CTE’s risk appetite is **moderate**.

The **risk management process,** which includes this policy, seeks toassist in ensuring that CTE’s organisational and strategic objectives are achieved by:

* Developing a strong risk control and compliance culture;
* Minimising and managing negative operational risks to an acceptable level;
* Identifying and acting on opportunities to improve efficiency and productivity;
* Meeting the expectations of stakeholders, including the public, regulators and the Board;

**6. RISK-CONSCIOUS CULTURE**

The Board is committed to an organisational culture that enables CTE to achieve its strategic objectives through appropriate management of risk. A risk management framework and sound risk management practices help to ensure that advantage is taken of opportunities while also mitigating threats to objectives and operations. Managing risk is not the responsibility of a separate function: it is essential that there is an organization-wide, integrated procedure in place to monitor and control risks.

Leadership and commitment from all levels of the organisation are necessary to ensure a risk conscious culture. Management should ensure that all staff are aware that they have a role to play in achieving CTE’s strategic objectives and that using risk management practices in their day-to-day working environment will assist this. People management and staff welfare is seen as key in the effective management and mitigation of risks.

CTE has appointed its finance committee to have overall responsibility for delivering an effective risk management strategy and culture. To achieve this, the finance committee is expected to:

* Promote a risk-conscious culture
* Maintain a Risk Register
* Identify who Risk Owners are around the organisation, ensure they identify risks and related controls, and monitor their action plans.
* Ensure the Board considers formal evaluation of risk annually
* Regularly review specific risks in detail at the Board’s direction

**8. IDENTIFICATION OF RISK, EVALUATION, ACTION & REPORTING**

**7.1 MANAGEMENT & RISK COMMITTEE RESPONSIBILITIES**

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| **Process** | **Frequency** |
| **Identification**  Systematically identify risks and related risk mitigation in a Risk Register.  Ensure risks are reviewed by risk holders and register is updated appropriately for any changes to risks/ removal of risks/inclusion of new risks. | Ongoing  Annually |
| **Evaluation**  Evaluate the severity of impact and the likelihood of occurrence for each identified risk so that Major risks are highlighted. Risks to be graded within the register. | Ongoing |
| **Action**  Ensure appropriate action plans are implemented, bearing in mind the proportionality of cost of mitigation to the severity of the potential impact of a risk.  Review in detail a number of individual risks as directed by the Board. | Annually  Annually |
| **Reporting**  Report escalation/emergence of major risks to the Board of Trustees. | As appropriate in quarterly meetings |

**7.2 BOARD RESPONSIBILITIES**

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| **Process** | **Frequency** |
| Review Risk Register - seek to ensure all key risks are identified and appropriate controls in place to reduce/mitigate impact of the risks. | Annually |
| Approve statement and description in Trustees Annual Report which ensures risk compliance with Companies Act and Charity Commission SORP. | Annually |
| Review the composition of the Finance and Operations Committee | Annually |

**7.3 FINANCE AND OPERATIONS COMMITTEE RESPONSIBILITIES**

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| **Process** | **Frequency** |
| Review Risk Register - seek to ensure all key risks are identified and appropriate controls in place to reduce/mitigate impact of the risks. | Quarterly |
| Report to the full governing board any new risks identified or any risks that have increased significantly | Quarterly |

This policy will be reviewed annually by CTE.

Approved by the Board of Trustees of Churches Together in England

Signed

Dated

Reference Minute