

Risk Management

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| Approved by: | Board of Trustees |
| Date of Approval: | 3 December 2020 |
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| Policy Owner: | Chief Executive |

INTRAC recognises that the management of strategic risk is essential to its governance and operational success. This policy is designed to ensure the identification, assessment, and management of key strategic risks.

- The identification, assessment and management of risk is linked to the achievement of the charity's objectives.
- INTRAC will regularly review and assess the risks it faces and the actions to manage and mitigate those risks.
- Risks can arise through things that are not done, as well as through ongoing and new initiatives or changes in circumstances.
- Risk tolerance levels may change (e.g. tolerance levels in certain areas may be higher when the reserves are solid and there is a strong pipeline of future work). INTRAC will ensure that the level of risk the organisation is willing to accept is appropriate to the circumstances in the organisation and the external context.
- This policy and the regular review of risk will help to ensure there is a clear understanding of the risks that can and cannot be accepted.

1 Identifying the Risks

A strategic risk framework has been developed that considers the key strategic risks in the following categories:

- Strategy
- Financial Sustainability
- People
- Reputation
- Governance
- Statutory / Regulatory Compliance

As part of its business processes, INTRAC will maintain an overview of these strategic risk areas. This will be a 'living document' and is the foundation for risk identification, assessment, and mitigation.

INTRAC recognises that new operational risks will appear and other risks will become less or more severe or may disappear. Risk identification is therefore an ongoing process within INTRAC. When new risks are identified by a trustee or staff member, these will be referred to the Director of Finance and Administration who will consult with the SMT to decide how to respond to this risk. Many new operational risks will be manageable by the management team. If a new risk has the potential to have wider strategic implications it will be brought to the attention of Finance, Audit & Risk Committee and then to the full Board.

In undertaking this, staff and trustees will consider:

- INTRAC's objectives, mission, and business plans.
- the nature and scale of our activities and assessment of our vulnerabilities
- the outcomes that need to be achieved.
- external factors that might affect INTRAC such as legislation and regulation.
- the INTRAC reputation with its major funders and supporters.
- past mistakes and problems that INTRAC has faced.
- the operating structure.
- comparison with other charities working in the same area or of similar size.

INTRAC's Finance and Audit Committee (FARcom) will review the risk framework at least twice a year and more frequently if needed. Each FARcom meeting will consider any key changes in INTRAC's overall risk landscape.

2 Assessing , Monitoring and Evaluating risk

- Identified risks will be put into perspective in terms of the potential severity of their impact and likelihood of their occurrence. Assessing and categorising risks helps in prioritising and filtering them, and in establishing whether any further action is required.
- When a new risk arises, it will be assessed by staff/ trustees based on how likely it is that it will occur and how severe it's impact will be.
- For major risks, appropriate actions to mitigate these risks will be agreed and the risk reporting template updated.
- If a trustee or employee has a concern about a risk, s/he may raise the concern via email to the Chair and the Treasurer or at the next Board meeting.
- If an employee has a concern about a risk, s/he may raise the concern via email to a member of the SMT.

3 Actions to mitigate risks include

Where an identified risk exceeds the charity's risk tolerance then actions are needed. Potential actions include:

- the risk may need to be avoided by ending that activity.
- the risk could be transferred to a third party (e.g. outsourcing or other contractual arrangements with third parties).
- the risk could be shared with others (e.g. a joint venture project).
- the charity's exposure to the risk can be limited (e.g. establishment of reserves against loss of income, phased commitment to projects).
- the risk can be reduced or eliminated by establishing or improving control procedures (e.g. internal financial controls, controls on recruitment, personnel policies).
- the risk may need to be insured against (this often happens for residual risk, e.g. employer's liability, third party liability, theft, fire).

In assessing the actions to be taken, the costs of management or control should be considered in the context of the potential impact or likely cost that the control seeks to prevent or mitigate. It is possible that the process may identify areas where the current or proposed control processes are disproportionately costly or onerous compared to the risk they are there to manage. A balance will need to be struck between the cost of further action to manage the risk and the potential impact of the residual risk.

Risk Reporting Template

| Strategic Risk Area | | Comments |
|---------------------|-------------------------------------|----------|
| 1 | Strategy & Impact | |
| 2 | Financial Sustainability | |
| 3 | People | |
| 4 | Reputation | |
| 5 | Governance | |
| 6 | Statutory and Regulatory Compliance | |

Key

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| High risk | Some mitigation processes identified but not sufficient to adequately manage the risk or only partly effective |
| Medium Risk | Some mitigation processes identified but improvements possible to make them more comprehensive and/or effective |
| Low Risk | A comprehensive range of mitigation processes in place. |

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|-------------------------------------|--------------------|---------------|----------------|
| Risk Area | 1. Strategy | | |
| Description | | | |
| Inherent Risk | Likelihood | Impact | Overall |
| Risk Mitigation / Management | | | |
| Residual Risk | Likelihood | Impact | Overall |
| Other considerations | | | |
| Action Points | | | |

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|-------------------------------------|------------------------------------|---------------|----------------|
| Risk Area | 2. Financial Sustainability | | |
| Description | | | |
| Inherent Risk | Likelihood | Impact | Overall |
| Risk Mitigation / Management | | | |
| Residual Risk | Likelihood | Impact | Overall |
| Other considerations | | | |
| Action Points | | | |

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|-------------------------------------|-------------------|---------------|----------------|
| Risk Area | 3. People | | |
| Description | | | |
| Inherent Risk | Likelihood | Impact | Overall |
| Risk Mitigation / Management | | | |
| Residual Risk | Likelihood | Impact | Overall |
| Other considerations | | | |
| Action Points | | | |

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|-------------------------------------|----------------------|---------------|----------------|
| Risk Area | 4. Reputation | | |
| Description | | | |
| Inherent Risk | Likelihood | Impact | Overall |
| Risk Mitigation / Management | | | |
| Residual Risk | Likelihood | Impact | Overall |
| Other considerations | | | |
| Action Points | | | |

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|-------------------------------------|----------------------|---------------|----------------|
| Risk Area | 5. Governance | | |
| Description | | | |
| Inherent Risk | Likelihood | Impact | Overall |
| Risk Mitigation / Management | | | |
| Residual Risk | Likelihood | Impact | Overall |
| Other considerations | | | |
| Action Points | | | |

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|-------------------------------------|---|---------------|----------------|
| Risk Area | 6. Statutory and Regulatory Compliance | | |
| Description | | | |
| Inherent Risk | Likelihood | Impact | Overall |
| Risk Mitigation / Management | | | |
| Residual Risk | Likelihood | Impact | Overall |
| Other considerations | | | |
| Action Points | | | |