

## Risk Management Policy

<b>Sponsor:</b>	Corporate Director – Business Services
<b>Owner:</b>	Risk & Compliance Manager
<b>Data Approved:</b>	August 2019
<b>Date for Review:</b>	August 2021
<b>Distribution:</b>	Non-Confidential, Internal and External

### 1. Purpose

Risk management is a discipline which provides confidence in the ability of an organisation to deliver its aims and objectives by helping it not to fall victim to the unexpected or unintended due to lack of visibility, knowledge or control, whilst encouraging the pursuit of appropriate opportunities. It is a process that supports good decision-making, increasing the understanding of potential risks and their likely impact, prompting action to prevent 'downside' risks from occurring, or to limit their impact, and supporting the appropriate pursuit of 'upside' risks or opportunities.

Proactive risk management is vital to the success of any organisation including Barnardo's. It ensures that the organisation takes the 'right' risks whilst at the same time avoiding the 'wrong' risks. Barnardo's recognises that risk management and internal control are key elements of good governance.

This policy:

- Is a formal acknowledgement that the trustee board is committed to maintaining a strong risk management framework and that Barnardo's makes every effort to manage risk appropriately by maximising potential opportunities whilst preventing 'downside' risks from occurring, or limiting their impact should they do so; and
- Should be used to support the internal control systems of Barnardo's, enabling the charity to respond appropriately to risks whether they are internally or externally driven.

This policy, and the associated Risk Management Guidance and Risk Appetite Statement, aim to:

- Confirm and communicate the charity's commitment to risk management.
- Establish a consistent framework and protocol for managing risk.
- Assign accountability to management and staff for risks within their control and provide a structured process for risk to be considered, reported and acted upon throughout the organisation.

## 2. Scope

This policy applies to all Trustees, employees, agency workers, contractors, volunteers in and partners of Barnardo's.

## 3. Definitions and Key Concepts

**Risk** relates to uncertain events which, should they happen, will affect the achievement of the aims and objectives of the organisation or project. Risk reflects the combination of the probability of a threat or opportunity occurring and the magnitude of its impact on aims and objectives.

**Threat** is a term used to describe an uncertain event that could have a negative impact on aims and objectives (i.e. the potential 'downside').

**Opportunity** is a term used to describe an uncertain event that could have a favourable impact on aims and objectives (i.e. the potential 'upside').

**Risk Appetite** is the amount and type of risk which we are willing actively to accept or engage with in order to achieve our long-term objectives, where risks will need appropriate management but are worth taking. Risk Appetite is essentially a risk philosophy issued and owned by the Board of Trustees, and is central to any risk management approach, providing Senior Management with guidance and relevant constraints as they pursue Barnardo's strategy. Risk appetite levels are likely to vary over time and as such will be subject to regular review to ensure that they remain appropriate. Barnardo's has defined its risk appetite in its Risk Appetite Statement.

**Risk Tolerance** is the the level of risk which we will tolerate in the pursuit of our objectives even if we are not actively willing to engage with that level. In nearly all cases the risk appetite will be lower than the risk tolerance. Risk tolerance levels are likely to vary over time and as such will be subject to regular review to ensure that they remain appropriate.

## 4. Roles and Responsibilities

It is the responsibility of **all staff, agency workers, contractors and volunteers**, as applicable, to comply with this policy and engage in any relevant training at appropriate intervals. The management of risk is an integral part of Barnardo's operations and activities. Every individual within Barnardo's is therefore responsible for identifying and managing risk.

**All Managers** are directly responsible for implementing the policy within their operational areas and for adherence by staff they line manage.

The following individuals and groups have specific risk management responsibilities, accountability and authority, as part of their roles.

Role	Responsibility
Board of Trustees	The Board of Trustees sets the tone and shapes the culture of risk management in Barnardo's. Provides strategic direction and

leadership including:

- Protecting the reputation of Barnardo's;
- Providing leadership on the management of risk;
- Determining the risk appetite for Barnardo's;
- Reviews and monitors the effectiveness of Barnardo's risk management and internal control arrangements;
- Ensuring that assurances demonstrate that risk has been identified, assessed and all reasonable steps taken to manage it effectively and appropriately;
- Endorsing any risk-related disclosure documents; and
- Ensure that this policy is in place and is appropriately communicated and embedded in the organisation, clearly highlighting its importance.

Audit & Risk  
Committee

Supports the Board of Trustees in reviewing the adequacy and effectiveness of Barnardo's risk management and internal control arrangements.

CEO and Corporate  
Leadership Team  
(CLT)

Reinforces the importance of adherence to this policy and all associated processes and procedures on an ongoing basis. Ensures the effective management of risk and compliance with relevant legislation.

Policy Sponsor

To ensure the policy and associated processes and procedures are reviewed at regular intervals and remain appropriate in the light of emerging best practice; the policy is appropriately implemented and enforced; the Audit & Risk Committee receives relevant and timely information to assist in its oversight and monitoring of the policy; and, that all Trustees, employees and volunteers receive appropriate regular training/awareness messaging on the requirements within this policy.

Policy Owner

To maintain the policy and associated procedures; develop training/awareness notifications for all Trustees, employees and volunteers; undertake periodic assessments of the risk management framework; and, ensure that management information demonstrating adherence to this policy is produced and provided to relevant parties.

Line Managers

To ensure that all their employees (including volunteers) undertake the training/are made aware of the requirements of the policy as part of induction and at agreed frequencies thereafter. Responsible for implementing the policy within their operational areas and for adherence by staff they line manage

All Trustees,  
employees &  
volunteers

To comply with this policy and engage in any relevant training at appropriate intervals. The management of risk is an integral part of Barnardo's operations and activities. Every individual within Barnardo's is therefore responsible for identifying and

managing risk.

Corporate Audit & Inspection (CAIU)

Independently to review adherence to this policy and associated processes and procedures across the charity.

## 5. Policy

### Overview

The Board of Trustees and management of Barnardo's believe that sound risk management is integral to both good management and good governance practice. Risk management is an integral part of Barnardo's decision-making process and supports its approach to strategic and operational planning.

Risk assessments will be conducted on all new activities and projects to ensure they are in line with the charity's objectives and mission. Any risks or opportunities arising will be identified, analysed and reported at an appropriate level.

Barnardo's is committed to ensuring that all Trustees, employees, agency workers, contractors, volunteers in and partners of Barnardo's are provided with appropriate guidance and training on the principles of risk management relevant to their roles and responsibilities.

Through the application of this policy and associated procedures the organisation's risks will be identified, assessed and treated as appropriate. The significant risks, and the progress on related mitigating actions, will be reported to the Board of Trustees, the Audit & Risk Committee and the Corporate Leadership Team in a consistent and timely manner.

This policy is implemented within Barnardo's by:

- establishing and implementing formal risk management and internal control processes;
- identifying from these processes the strategic, tactical, operational and project risks which may impact upon the organisation;
- monitoring and assessing the performance and effectiveness of risk management and internal control processes; and
- ensuring risk management is overseen by the Board of Trustees, Audit & Risk Committee and Corporate Leadership Team.

Further details are provided in Barnardo's Risk Management Guidance.

The charity will regularly review and monitor the effectiveness of its risk management framework and update it as considered appropriate.

### Risk Appetite

In setting the Corporate Strategy, and undertaking annual business planning, the Board of Trustees and Corporate Leadership Team assess the risks and opportunities for Barnardo's and their impact as part of strategic decision-making.

Risks and opportunities are assessed and managed in the context of the Barnardo's risk appetite. Barnardo's Risk Appetite Statement describes the amount and type of risk which

we are willing actively to accept or engage with in order to achieve our long-term objectives.

### **Risk Register**

The principle tool Barnardo's uses for identifying and assessing risks and associated control measures is the Risk Register. This contains a detailed description of each risk, including the likelihood and consequence of exposure to the risk at both a gross level (i.e. before accounting for mitigating actions) and a net level (i.e. after accounting for current mitigating controls).

The Risk Register will be reviewed regularly to ensure that it remains up-to-date. Reviews should include horizon-scanning to identify if there are any emerging risks which require assessment and management. Where appropriate, the outcomes of assurance activities will also be reflected in updates to the Risk Register.

### **Risk Escalation and Reporting**

All parts of Barnardo's will, on a regular basis, review their identified risks and the controls put in place to manage those risks. Risk Registers will be maintained by directorates and these will be used for identifying and assessing risks and the associated control measures. These risk registers will be regularly reviewed and will include and enable the escalation and aggregation of local, departmental or directorate risks as appropriate so that they can be reported to and managed at the appropriate level within Barnardo's.

Programme and project risks, and the controls put in place to manage them, will similarly be subject to regular review and reporting. These reviews will also include and enable the escalation and aggregation of those risks as appropriate so that they can be reported to and managed at the appropriate level within Barnardo's.

### **Assurance**

Barnardo's has adopted a 'top-down' / 'bottom-up' approach to risk management which considers risk from strategic, tactical and operational bases through the 'three lines of defence' model as outlined below:

- Line 1 - Supervisory and service management review and formal self-assessment.
- Line 2 - Functional oversight, review and analysis by business leads which is reported to the Corporate Leadership Team and Audit & Risk Committee. The review process includes evaluation of risks along with opportunities to:
  - Obtain assurance that risks have been properly identified;
  - Inform improvement in the design and application of mitigations;
  - Alert the organisation of any concerns, issues or threats; and
  - Determine whether any risks should be escalated or de-escalated.
- Line 3 - Internal audit and inspections via risk-based and compliance audits undertaken by Barnardo's Corporate Audit & Inspection Unit (CAIU) along with external audits, inspections, accreditations and certifications.

The outcomes of these assurance activities, and any other related review processes, will be reflected in updates to Risk Registers, as appropriate.

## 6. Associated Legislation, Guidance, References and Documents

The requirements in this policy should be considered alongside the requirements of other Barnardo's policies and in particular the following:

- Risk Management Guidance
- Barnardo's Risk Appetite Statement

## 7. Risk Assessment

The Policy Owner, with assistance from relevant individuals will undertake a detailed risk assessment of Barnardo's risk management framework at least every two years, using this to inform required changes to this policy, any associated processes and procedures or training / awareness-raising as required.

## 8. Compliance and Oversight

In addition to the compliance and oversight arrangements set out under Roles and Responsibilities, the following applies:

- The Policy Owner will ensure that management information demonstrating adherence to and compliance with this policy is produced and provided to relevant parties as required.
- The Corporate Audit and Inspection Unit (CAIU) will periodically and independently review adherence to and compliance with this policy and associated procedures and processes across the Charity in line with their approved audit and inspection plans.

## 9. Document History

Version	Date	Author	Status	Approval (by / when)	Comments
0.1	April 2019	Risk & Compliance Manager	First Draft		First Draft
0.2	May 2019	Risk & Compliance Manager	Second Draft		Updated following comments from CAIU and Company Secretariat
0.3	June 2019	Risk & Compliance Manager	Second Draft	Corporate Director – Business Services / June 2019  CLT / June 2019	Approved by Corporate Director – Business Services  Approved by CLT
0.4	July 2019	Risk & Compliance Manager	Third Draft	Audit & Risk Committee (ARC) / July 2019	Updated following comments from ARC
1.0	July 2019	Risk & Compliance Manager	Final	Board of Trustees / July 2019	Final