Risk Management Policy

QUR'AN STUDIES INSTITUTE

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1. Policy objective

Risk in this policy describes the uncertainty surrounding events and their outcomes that may have a significant impact, either enhancing or inhibiting, on any area of the charity's operations.

The Charity Commission strongly recommends that charities have a clear risk management policy and process. The charity should have a structured approach to risk management that is appropriate for its size and complexity.

The objective of this policy is to provide guidance on managing organisational risk to support the achievement of strategic objectives, protect beneficiaries, staff and business assets and ensure business operations and financial sustainability. The policy objective is to provide a framework to:

- Define risk governance
- Identify principal risks
- Assess priority risks
- Develop mitigating strategies and actions
- Monitor and review risk activities
- Communicate and report risks

The policy design is in line with Charity Commission guidance, Charities and risk management (CC26).

2. Risk governance

Role	Responsibility
Trustees	Trustees are required to identify and review the strategic, operational, regulatory, strategic, governance and external risks which the organisation is exposed to and assess the likelihood of such risks and the possible level of impact they would have using the expertise from professional advisors e.g. auditors and risk management consultants. Trustees must be satisfied that risk management is embedded in the organisation and adequate systems are in place to monitor, manage and, where appropriate, mitigate **QUR'AN STUDIES INSTITUTE's** exposure to the major risks. Trustees must review potential risks, issues and actions at quarterly meetings. Discuss and decide as to whether priority risks need to be introduced, amended or replaced in light of external events or operational challenges.

	Trustees should promote risk management processes throughout the organisation and encourage transparency in reporting and speedy issue and risk escalation.
Staff & Volunteers	Comply with risk management policy and processes and foster an environment where risks can be identified and escalated.

3. Principal risk identification

Risk is embedded within the organisation and risk management is factored into business planning, performance management, audit and assurance, business continuity management and project management.

Any potential risks will be identified and placed under six main categories:

- **Financial**
- **Operational**
- **Legal and regulatory**
- **Strategic**
- **External**
- **Governance**

From these six categories, 'priority risks' are identified, which are considered by management and trustees as particularly relevant and important at that point in time. These must have a high level of significance, and be relevant to the current operational challenges and external environment.

4. Assess priority risks

Each priority risk is entered on the risk register. The risk is assessed by considering the following dimensions:

- Risk appetite (high, medium, medium/low, low)
- Significance of the risk (scale of 1-5, where 5 is the most significant)
- Probability of risk occurrence (scale of 1-5, where 5 is the most probable)
- Description of potential impact, including a financial quantification if appropriate

5. Risk mitigation

Each risk has an owner responsible for the mitigation strategy. The key elements of the mitigation strategy are noted on the risk register with description of the potential impact.

A key element of our approach is to capture ‘RAG’ status, which relates to our progress on mitigating the risk rather than on ‘retained risk’. Our view has been that this is far more useful as it indicates what management should be focusing on rather than simply ranking risks post mitigation. ‘Red’ means the strategy is not yet finalised (or can mean that the current strategy has not been found to be adequate to mitigate so we are ‘back to the drawing board’), ‘amber’ means we have a strategy but have not yet fully implemented it, and ‘green’ means we have taken all the actions we think are required.

It is designed to be a dynamic process, both in terms of considering what the top risks are and looking at strategies to mitigate them. These strategies provide the foundation for developing our key operational and financial processes such as safeguarding, reserves and management policies.

6. Risk monitoring and review

Trustees are ultimately responsible for the system of risk management and internal control and our external auditors will review the effectiveness of this system.

Every year the trustees will consider in depth the nature and extent of the principal risks that **QUR’AN STUDIES INSTITUTE** is willing to take to achieve its strategic objectives. For each principal risk, risk appetite is assessed to balance opportunities for development and growth in areas of potentially higher risk, while maintaining reputation and reasonable levels of broad stakeholder support.

Key management reports, issues and actions are reviewed at every quarterly meeting. There are discussions to decide as to whether priority risks need to be introduced, amended or replaced in light of external events or operational challenges. It is an accountability of trustees to promote risk management processes throughout the organisation and encourage transparency in reporting and speedy issue and risk escalation.

Priority risks will be reviewed regularly by **a professional auditor** and their recommendations are considered when developing the annual internal audit plan. Key risks are also assessed and referenced in the development of the audit approach for each audit review.

7. Risk communication and reporting

Trustees are required to report on the adequacy of the risk management framework under Charities SORP – Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

As well as a risk systems adequacy statement, a description of each priority risk will be published by trustees in the annual report.

Risk management is factored into business planning, performance management, audit and assurance, business continuity management and project management and monitoring.

Appendix 1

Example of our Risk Register

Risk Identified	Volunteers
Risk Area	Operational
Risk Appetite (Score)	Medium
Significance of Risk (score)	3
Probability of risk occurring	3
Description and impact	• Competencies and training • Vetting and reference procedures. • Recruitment and dependency.
Owner	Chair of trustees
Strategy to Mitigate risks (RAG)	Green • Assessment of role, competencies. • Vetting procedures. • Training and supervision procedures. • Development and motivation.
Date of review/Risk Monitoring	Monthly

Appendix 2 Charity Commission: Charities and Risk Management (CC26)

www.gov.uk/government/publications/charities-and-risk-management-cc26/charitiesand-risk-management-cc26

Appendix 3 Institute of Risk Management guidance

www.theirm.org/media/3296897/0926-IRM-Risk-Appetite-12-10-17-v2.pdf

This document from the IRM summarises UK Corporate Governance Code requirements and notes selected company approaches to designing and implementing risk appetite statements.