

**WORLD VISION UK**

**BOARD POLICY - RISK MANAGEMENT**

Approved by ELT

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Date

Approved by: FAC (and  
Board)

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Date

Revisions Approved

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Date

# WORLD VISION UK (WVUK)

## BOARD POLICY - RISK MANAGEMENT

### 1. INTRODUCTION

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

### 2. REPORTING REQUIREMENTS

Trustees of WVUK are required to include the following in their Annual Report:

- **a statement** confirming that *the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems or procedures have been established to manage those risks.* [Accounting & Reporting by Charities SORP – s 45]
- **a description** of *the principal risks and uncertainties facing the company, including ....information that is material to understanding these risks and uncertainties ... and ... the trends and factors affecting them.....* [Companies Act 1985 Regulations 2005 – Business Review]

### 3. CHARITY COMMISSION (CC)

This Policy reflects the Guidance of the CC in their publication – *Charities & Risk Management* (July 2007 version). Management should ensure this publication is complied with in applying the Board Policy.

### 4. DEFINITION OF RISK

**Risk** is defined (per CC Guidance) as *the uncertainty surrounding events and their outcomes that may have a significant effect, either positive or negative, on:*

- *operational performance*
- *achievement of strategic aims & objectives*
- *meeting expectations of stakeholders.*[i.e. Reputation]

**Major risks** are defined (per CC Guidance) as *those risks which have a high likelihood of occurring and which would, if they occurred, have a severe impact* on the above aspects (i.e. under Risk definition) of a charity. WVUK also refers to Major risks as **Key risks**.

**Principal risks** are not defined or addressed by the Charity Commission. Commercial companies disclose a relatively small number of extremely high-level risks in their Directors' Reports and this is the approach adopted by WVUK, in consultation with the external auditors, for choosing which Major Risks to disclose as Principal Risks.

### 5. RISK APPETITE & RISK MANAGEMENT OBJECTIVES

WVUK'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, WVUK's risk appetite is **low to moderate**.

The **risk management process**, which includes this policy, seeks **to** assist in ensuring that WVUK'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 WVUK 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 a company-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 WVUK's strategic objectives and that using risk management practices in their day-to-day working environment will assist this.

The Chief Executive Officer (CEO) has overall responsibility for delivering an effective risk management strategy and culture. To achieve this, the CEO is expected to:

- Promote a risk-conscious culture.
- Designate the Chief Financial Officer to be Chief Risk Officer with the brief of acting as a champion for risk management and of overseeing the implementation of this Policy.
- 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 ELT considers risk quarterly and conducts a formal evaluation of risk annually.

## 7. IDENTIFICATION OF RISK, EVALUATION, ACTION & REPORTING

### 7.1 MANAGEMENT RESPONSIBILITIES

Process	Comment	Frequency
<b>Identification</b> Systematically identify risks and related risk mitigation: <ul style="list-style-type: none"> <li>• in a Risk Register</li> <li>• in sub-strategies or new activity plans</li> </ul>	<ul style="list-style-type: none"> <li>• All risks by relevant business managers.</li> <li>• Classify risks by category (e.g. financial, legal etc.)</li> </ul>	Annual / Ongoing
	By reference, inter alia, to Risk Events Log, new initiatives & external factors	Ongoing
	Standard section	When prepared or amended
<b>Evaluation</b> Evaluate the severity of negative impact and the likelihood of occurrence for each identified risk so that Major risks are highlighted	Use numerical grading in Risk Register	Ongoing

<b>Process</b>	<b>Comment</b>	<b>Frequency</b>
<b>Action</b> 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.	Action categories: <ul style="list-style-type: none"> <li>• Tolerate (accept)</li> <li>• Transfer (e.g. insurance)</li> <li>• Treat (reduce/manage)</li> <li>• Terminate (eliminate)</li> </ul>	Assess action ½ yearly
<b>Reporting</b> <ul style="list-style-type: none"> <li>• Key (major) Risks Report in Annual Business Plan</li> </ul>	Include Controls/Mitigation & Action plans	Annually
<ul style="list-style-type: none"> <li>• Prepare a Risk Reporting Matrix</li> </ul>	For April FAC Meeting	Annually
<ul style="list-style-type: none"> <li>• Report escalation/emergence of major risks:</li> </ul>	Existing or new major risks	
To Board via CEO Report		Quarterly
To Board Chair or FAC Chair	Per Risk Reporting Matrix according to impact severity	Immediately
* Report to FAC on status of Key Risks Action Plans	In April so can report to May Board Meeting	Annually
FAC = Finance & Audit Committee		

## 7.2 BOARD RESPONSIBILITIES

Process	Comment	Frequency	By
Approve Risk Reporting Matrix	As prepared by Management	Annually	FAC
Review Risk Register	* Seek to ensure all Key Risks are identified	Annually	FAC
Review Key Risks Report	* Management to allocate to relevant Board Committees. * Consider completeness from general awareness of operational area. * Review proposed action * Assess “net risk” before/after appropriate action is taken & <b>advise Board if considered too severe.</b>	Annually	Board Committees
Report to Board on conclusions about Key Risks Report	To Board Meeting approving Annual Business Plan	Annually	Committee Chair’s Report
Approve Statement & Description in Trustees’ Annual Report	FAC advises Board of its satisfaction & Board approves the Annual Report & Accounts	Annually	FAC & Board

## 8. RISK MANAGEMENT GUIDELINES

To assist in the detailed implementation of this policy, Management should develop Risk Management Guidelines which will form the practical means of implementing this policy. The Guidelines should explain the roles, accountability and responsibilities of WVUK staff.



**Approved by:** Board of World Vision UK

**Date:** [       ]

**Queries:** If you have any queries or want to make any comments on this policy, please contact the Chief Executive Officer or Finance Director (Chief Risk Officer)