**Model Risk Register**

Notes:

The Charity Commission’s annual return questionnaire asks charities whether they have a risk management policy.

In addition, the trustees must state in their annual report whether they have given consideration to the major risks to which the charity is exposed and satisfied themselves that systems or procedures are in place in order to manage those risks (see Regulation 40(2)(b)(ii)(ee) of The Charities (Accounts and Reports) Regulations 2008).

Identifying and managing risks is a key responsibility for charity trustees. All organisations regardless of size are exposed to varying degrees of risk and that risk could result in harm for the charity, beneficiaries, volunteers or staff. Each individual charity will be exposed to risk in differing ways and have different capacities to tolerate or absorb risk. It is not possible to eliminate all risks.

The trustees should consider each risk faced by the charity and score it appropriately, and then decide how the major risks should be dealt with. This may involve taking steps to transfer the risk to others (for example by insuring against the risk); terminate the risk (for example by stopping the activity); reducing the risk (for example putting in place preventative measure); or tolerating the risk (for example accepting that the risk cannot be dealt with in any other way but clearly identifying the risk for everyone to be aware of the issue).

This template risk register follows the approach suggested by the Charity Commission in its guidance (see below) and it is recommended that the charity trustees read the guidance before completing the model policy.

The model risk register lists suggested risks that the trustees may wish to consider, but this should not be considered an exhaustive list and each charity will face its own particular risks and the policy should be tailored appropriately. It is a useful exercise to ask trustees to complete the policy as a group, collectively considering the risks faced by the charity and the appropriate scores. This enables all trustees to understand the risks the charity faces.

Good practice suggests that the “score” for each risk should be calculated by deciding (a) a score of 1 – 5 depending upon how likely the incident is to happen (with 5 being the most likely), (b) a score of 1 – 5 depending upon the likely impact on the charity if the incident happens (with 5 being the most severe). For example:

A major risk that is likely to be a rare occurrence (e.g. a major fire):

L = Likelihood = 2

I = Impact = 5

S = Risk Score calculated as L x I = 10

Trustees may wish to fill the score box with a colour (e.g. green, yellow, red to provide a clear visual indicator of the likely risk), and review each ‘category’ on an appropriately regular basis eg Red rated risks monthly, Amber quarterly etc.

Further reading:

Charity Commission guidance: “[Charities and risk management (CC26)](https://www.gov.uk/government/publications/charities-and-risk-management-cc26/charities-and-risk-management-cc26)”

**RISK REGISTER**

**1. Governance Risks**

| **Risk** | **L** | **I** | **S** | **Responsibility** | **Impact** | **Action planned** |
| --- | --- | --- | --- | --- | --- | --- |
| The Charity does not have enough trustees to function effectively | 3 | 3 | 9 | Chair of Trustees | Charity ceases to be compliant or quorate; lack of diversity; succession issues. | Advertise in the local paper/Trustees Unlimited or other such sources of Trustees acquisition to attract new Trustees |
| The Charity lacks direction, strategy and forward planning |  |  |  |  |  |  |
| The trustee body lacks relevant skills or commitment |  |  |  |  |  |  |
| The trustee body is dominated by one or two individuals or by connected individuals |  |  |  |  |  |  |
| Trustees are benefitting from the charity (e.g. remuneration) |  |  |  |  |  |  |
| Conflicts of interest |  |  |  |  |  |  |
| Ineffective organisational structure |  |  |  |  |  |  |
| Loss of key staff |  |  |  |  |  |  |
| Reporting to trustees (accuracy, timeliness and relevance) |  |  |  |  |  |  |

**2. Operational Risks**

| **Risk** | **L** | **I** | **S** | **Responsibility** | **Impact** | **Action planned** |
| --- | --- | --- | --- | --- | --- | --- |
| Contract risk |  |  |  |  |  |  |
| Dependency on particular suppliers |  |  |  |  |  |  |
| Capacity and use of resources |  |  |  |  |  |  |
| Security of resources |  |  |  |  |  |  |
| Fundraising |  |  |  |  |  |  |
| Employment issues |  |  |  |  |  |  |
| Volunteers |  |  |  |  |  |  |
| Disaster recovery and planning |  |  |  |  |  |  |
| Procedural systems and documentation |  |  |  |  |  |  |
| Information technology |  |  |  |  |  |  |
| Service provision – satisfaction of beneficiaries |  |  |  |  |  |  |
| Disputes |  |  |  |  |  |  |
| Safeguarding concerns  |  |  |  |  |  |  |
| Health, safety and environment |  |  |  |  |  |  |
| Compliance with relevant laws |  |  |  |  |  |  |
| Fire Risks |  |  |  |  |  |  |
| Risk of slips, trips and falls |  |  |  |  |  |  |
| Gas appliances and fittings |  |  |  |  |  |  |
| Electrical appliances and fittings |  |  |  |  |  |  |
| Water systems and risk of legionella disease |  |  |  |  |  |  |
| Asbestos risks |  |  |  |  |  |  |

**3. Financial Risks**

| **Risk** | **L** | **I** | **S** | **Responsibility** | **Impact**  | **Action planned** |
| --- | --- | --- | --- | --- | --- | --- |
| Cost over run  |  |  |  |  |  |  |
| Budgetary control and financial reporting |  |  |  |  |  |  |
| Reserves Policies |  |  |  |  |  |  |
| Cash flow sensitivities |  |  |  |  |  |  |
| Dependency on income sources and availability of benefits for beneficiaries |  |  |  |  |  |  |
| Borrowing |  |  |  |  |  |  |
| Guarantees to third parties |  |  |  |  |  |  |
| Pension commitments |  |  |  |  |  |  |
| Inappropriate or loss making non-charitable trading activities |  |  |  |  |  |  |
| Investment policies |  |  |  |  |  |  |
| Protection of permanent endowment (and failure to identify permanent endowment assets) |  |  |  |  |  |  |
| Compliance with donor-imposed restrictions on properties or investments |  |  |  |  |  |  |
| Fraud or error |  |  |  |  |  |  |

**4. Environmental or external factors**

| **Risk** | **L** | **I** | **S** | **Responsibility** | **Impact** | **Action planned** |
| --- | --- | --- | --- | --- | --- | --- |
| Public perception |  |  |  |  |  |  |
| Adverse publicity |  |  |  |  |  |  |
| Relationship with funders / local authority providers |  |  |  |  |  |  |
| Government policy in relation to … |  |  |  |  |  |  |

**5. Compliance risk (law and regulation)**

| **Risk** | **L** | **I** | **S** | **Responsibility** | **Impact** | **Action planned** |
| --- | --- | --- | --- | --- | --- | --- |
| Compliance with legislation and regulations appropriate to the activities, size and structure of the charity |  |  |  |  |  |  |
| Regulatory reporting requirements |  |  |  |  |  |  |
| Taxation |  |  |  |  |  |  |
| Professional advice |  |  |  |  |  |  |

**Key:**

**L = Likelihood**

**I = Impact**

**S = Risk Score calculated as L x I**

Impact 1 Insignificant Likelihood 1 Remote

 2 Minor 2 Unlikely

 3 Moderate 3 Possible

 4 Major 4 Probable

 5 Extreme / Catastrophic 5 Highly probable

Major risks: Score of greater than 14

Moderate risks: Score between 7 and 13

Minor risks: Score less than 6