



Risk Management Policy

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All policies

Business and Operational Risk Policy

Section 1: Purpose and Scope of Policy

This policy statement outlines Fèis Rois' strategy and objectives for operational risk management and the approach and processes by which the organisation achieves those objectives.

The policy takes account of, and is consistent with, operational risk policy guidance issued by government and national bodies in connection with youth arts organisations, and with current business practice in voluntary organisations.

The purpose of risk management for Fèis Rois is to help ensure that the organisation's strategic aims are achieved in a timely manner, without undermining the organisation's public perception, as this is crucial to the continuance of Fèis Rois. The system of internal control is intended to manage, rather than to eliminate, the risk of failure to achieve policies, aims and objectives. The strategy considers the benefits that the organisation wishes to achieve, and assesses the acceptable level of risk for each particular area, by taking into account a cost-benefit analysis.

Definition and categorisation

Fèis Rois has adopted the following definition of operational risk:

"the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events"

Operational risk presents significant exposures to Fèis Rois which may threaten its survival and capital adequacy.

Fèis Rois has established a common risk language to provide a consistent framework for the definition and categorisation of risk and the organisation of its risk management activities.

Within this framework, Fèis Rois categorises operational risk into seven sub-categories, as summarised below.

Fèis Rois' detailed risk categorisation is set out in the Fèis Rois risk register.

Category	Example of event
Financial	<ul style="list-style-type: none">• A downturn in fee income from course participants makes activities uneconomic.• Cutbacks in public funding mean that core funders are no longer able to support Fèis Rois.• Charitable foundations no longer have funds to invest at previous levels• Fundraising from the public does not generate sufficient income• Insufficient consideration of diversification.• Too much diversification draws energy and focus away from core of

	<p>business.</p> <ul style="list-style-type: none"> • Funding allocated too tightly with insufficient slack for unforeseen circumstances.
Staffing/Board of Directors	<ul style="list-style-type: none"> • Insufficient knowledge on Board of Directors as Trustees gradually step down after serving initial three year cycle or maximum six years on the Board. • Poor/inappropriate behaviour by staff member or Board Director. • Staff working beyond full capacity which may lead to work not being completed and failure to meet statutory deadlines/requirements.
Project failures	<ul style="list-style-type: none"> • A project collapses because one of the partners pulls out. • Poor quality tutor/teaching artists which leads to negative feedback/publicity
Legal liabilities	<ul style="list-style-type: none"> • One of the participants at a Fèis Rois activity makes a claim against the organisation. • A member of staff makes a claim against Fèis Rois
Accidents	<ul style="list-style-type: none"> • One of the participants suffers injury or damage whilst taking part in a Fèis Rois activity.
Environmental conditions	<ul style="list-style-type: none"> • Feis Rois has a high “carbon footprint” • Adverse weather conditions make travel difficult
IT	<ul style="list-style-type: none"> • Significant IT event/outage occurs

Section 2: Risk Management Strategy

In determining acceptable levels of exposure, the Board of Fèis Rois plays a decisive role.

Risk Register

The Risk Register focuses on high level risks. Each of these relates to at least one of the strategic aims of the organisation, and focuses on those risks which could adversely affect its capacity to achieve its purposes.

High level risks

The high level risks are those which in the opinion of the organisation could critically, or seriously, affect the operation of the organisation as a whole. Their inclusion in the organisation’s Risk Register indicates that they have been agreed as such with the Board.

Strategic aims

The strategic aims have been set out in the organisation’s Business Plan 2018-2021. They are reproduced in full at the beginning of the Register, and then, in order to clarify the alignment of risks with aims, aims are inserted against the items in the Register which relate to them.

Section 3: Procedures

Fèis Rois' risk management procedures involve:

- an annual Review conducted by the team, in consultation with the managers responsible for areas where high level risks are identified, which is presented in written form to the Board.
- the linking of personal objectives for senior managers to the responsibility for the management of specific risks.
- quarterly review by the team of the record of risks facing the organisation, and regular discussion of emerging risks and the system of risk indicators.
- follow-up and reporting on actions recommended by internal audit. On at least an annual basis the organisation formally assesses whether sufficient is being done to manage each risk effectively.

The Chief Executive, to which the responsibility for detailed review of Fèis Rois' risk management arrangements is delegated, considers the recommendations of the team, as to which of these risks should be classified as 'high exposure', 'medium exposure' or 'low exposure', and whether the proposed approach is appropriate in the circumstances.

Section 4: Key Controls

The organisation has in place the following controls:

- An established organisational structure with identified reporting lines and responsibilities.
 - Financial Regulations, specifying authorisation and approval levels.
 - Written policies for key areas of activity.
 - A formal structure for the governance of the organisation.
 - Formal terms of reference, membership and periods of office for the governing body (the Board) and Committees.
- annual review of attendance at Board meetings
---formal agendas and minutes for all Board meetings
---regular agenda items on risk management for Board, Executive and Staff meetings
---annual strategic planning and review exercises

Section 5: Risk Owners

The organisation's risk management procedures identify 'the linking of personal objectives for managers to the responsibility for the management of specific risks' as one of four interlinked elements in the organisation's approach to risk management. Each risk is 'owned' by a member of the team.

Within the framework of Fèis Rois' risk management policy and procedures, an individual 'risk owner' is expected to take responsibility for:

- Monitoring the organisation's level of exposure to the identified risk, on a continuing basis

- Drawing the attention of the Chief Executive and other managers to the need for review of and/or changes to institutional practice/activity, at any time, if:
 - The level of risk appears to be increasing.
 - New approaches to risk mitigation need to be adopted.
 - The level of risk appears to have been wrongly estimated.
- Leading the team's regular review of the relevant section of the risk register.
- Ensuring that issues of concern are reported to the Chief Executive, as part of the regular reporting on risk management made to the Chief Executive.

While the ownership of risks requires regular support and advice from colleagues throughout the organisation, within Fèis Rois' risk management procedures, the ownership of the seven identified 'high level' risks which comprise the Risk Register rests with the members of the management team. It is only with the formal approval of the Chief Executive that a manager risk 'owner' may delegate the ownership of a particular risk, or element of a risk. If this is agreed, all members of the management team will be informed and the change will be documented.

Job descriptions, appraisal discussions and the setting of personal objectives will take account of the risks for which an individual member of the management team is responsible.

Section 6: Risk rating method

The Fèis Rois Risk Register currently uses the following method of risk rating:

Hazard Severity - Low-medium-high (for rating purposes, 1 -5)

Likelihood Low-medium-high (for rating purposes, 1 -5)

The risk rating has been calculated by multiplying these figures, to produce a 'risk score'.

On the basis of the risk score, items are categorised in terms of exposure, either high, medium or low:

High exposure is 17-25

Medium exposure is 9-16

Low exposure is 1-8

The acceptable risk for activities involving children is <6.