

CILT (UK) Audit & Finance Committee

13 July 2018

Risk Management Approach Proposal

The increasing focus and importance of risk management in the charitable sector has been heightened by a number of recent high profile failures of management of risks in some large, well known charities.

Previously the approach of the Institute to Risk Management has been light touch, with a high level risk register produced. Suggested modifications have been made to this register via the A&F Committee.

The risk management approach of organisations is predominantly a function of its risk maturity and as an organisation becomes more risk aware and sophisticated the use of risk management techniques and process typically develops accordingly. For information, a paper on risk governance for charities prepared by the Institute of Risk Management, **ref 5.9**

Our Board and the Auditors have highlighted the increasing importance of risk management, and a report is to be made to the Board from the Audit and Finance Committee on a proposed approach, and future planned developments to enhance the effectiveness of the process.

The initial proposal and planned future approach to risk management is as follows:

- An initial high level proposed risk register is discussed and agreed at A&F Committee and provided as a discussion point for the Board
- An outline approach and timetable agreed for the development of a more sophisticated approach to risk management, to include:
 - risk governance (separation of Audit & Finance, creation of Audit & Risk Committee?)
 - risk identification – Board/Committee?
 - risk scoring
 - risk reporting
 - setting of risk appetite and tolerance

The suggestion is that this proposed approach is reported to the July Board and that subject to approval, these are agreed for the next A&F Committee and reported to the September Board.

As an initial point of discussion, a proposed high level risk register has been provided, **ref 5.10**

Andrew Weatherill
11 July 2018