

Risk Management Policy

**Compass Disability Services
Units 11 – 12 Belvedere Trading Estate
Taunton TA1 1BH**

**October 2014
Review Date: October 2017**

Purpose

The policy forms part of Compass Disability Services' internal control and governance arrangements.

The policy explains the underlying approach to risk management, identifies the roles and responsibilities of the Board of Trustees (the Board) and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures. In addition, it describes the process that Compass Disability Services will use to evaluate the effectiveness of internal control procedures.

Underlying approach to risk management

The following key principles outline Compass Disability Services' approach to risk management and internal control:

The Board has ultimate responsibility for overseeing risk management within the charity.

The Chief Executive Officer (CEO) is responsible for supporting the Board in their risk management activities.

The Operations Manager is responsible for co-ordinating all risk management activities, ensuring appropriate reports and data are available to support the Board with their decisions.

Senior managers support, advise and implement policies approved by the Board.

All staff are responsible for encouraging good risk management practice within their areas of work.

Key risks will be identified by the Board/key employees and closely monitored on a regular basis.

Date updated: 11/08/2015	By whom: Paula	Version number: 2
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Role of the Board of Trustees

The Board has a fundamental role to play in the management of risk.

With support from the CEO they will:

Set the tone and influence the culture of risk management within Compass Disability Services.

This includes:

- Communicating Compass Disability Services' approach to risk.
- Determining what types of risk are acceptable and which are not.
- Determining the appropriate risk appetite or level of exposure for Compass Disability Services.
- Approving major decisions affecting risk profile or exposure.
- Identifying risks and monitoring the management of significant risks to reduce the likelihood of adverse results.
- Satisfying themselves that the less severe risks are being actively managed, with the appropriate controls in place and that the controls are working effectively.
- Annually reviewing Compass Disability Services' approach to risk management and approving changes or improvements to key elements of the processes and procedures.

Role of senior staff members

- Implementing policies on risk management and internal control.
- Identifying and evaluating the main risks faced by Compass Disability Services for consideration by the Board.
- Implementing policies on risk management and internal control.
- Providing adequate information in a timely manner to the Board on the status of risks and controls.
- Undertaking an annual review of the effectiveness of the system
- Internal control and provide a report to the Board.

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Risk management as part of the system of internal control

The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation; enabling Compass Disability Services to respond to a variety of governance, operational, financial, external and compliance risks. These elements include:

Policies and procedures

Attached to major risks are a series of policies that underpin the internal control process. The policies are approved by the Board and implemented and communicated to staff. Written procedures support the policies where appropriate.

Reporting

Comprehensive reporting via a risk register is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular senior team meetings and Trustee Board meetings.

Business planning and budgeting

The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly via work plans.

Quality processes

The Quality Manual is the mechanism by which we can assess the suitability of the risk management policy. The process assists in providing assurance that our systems, plans, policies and procedures are constantly monitored and improved, so as to achieve our objectives and manage our funds effectively.

External audits and third parties

External audits provide feedback to the Board on the operation of the internal controls, reviewed as part of the annual audit.

From time to time, the use of external agencies may be necessary in areas such as finance and quality management. The use of external agencies for consulting and reporting can increase the reliability of the internal control system.

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Risk management process

Compass Disability Services operates a risk management process as follows:

- A review of the previous year's risk management systems.
- A 'risk identification' exercise for the design of a risk register.
- Evaluation of identified risks using risk assessments.
- Managing risks through application of risk management techniques.
- Recording and monitoring risks using a risk register.
- Assigning responsibility for risks to appropriate personnel.

Risk identification is not an annual process. The Board and staff members are encouraged to report on risk, update risk registers and carry out assessments throughout the year.

Annual review of effectiveness

The Board, with support from the CEO is responsible for reviewing the effectiveness of internal control through findings based on information provided by the senior employees. Its approach is outlined below.

For each major risk identified, the Board will:

- Review the previous year and examine Compass Disability Services' track record on risk management and internal control.
- Consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

In making its decision, the Board will consider the following aspects.

1. Control Environment:

- Compass Disability Services' objectives and its financial and non-financial targets.
- The organisational structure and calibre of the staff.
- The culture, approach, and resources with respect to the management of risk.
- The delegation of authority.
- Public reporting.

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2. On-going Identification and Evaluation of Significant Risks:

- The timely identification and assessment of major risks
- The prioritisation of risks and the allocation of resources to address areas of high exposure.

3. Information and Communication:

- The quality and timeliness of information on newly identified risks.
- The time it takes for control breakdowns to be recognised or new risks to be identified.

4. Monitoring and Corrective Action:

- The ability of Compass Disability Services to learn from its problems.
- The commitment and speed with which corrective actions are implemented.

The Operations Manager is responsible for co-ordinating all risk management activities and will prepare a report of significant changes to the risk register every two months to support the CEO report and will review the effectiveness of the internal control system annually for consideration by the Board.

Policy revision

This policy will be reviewed every three years and amended as necessary, or earlier in accordance with any forthcoming legislation. All employees should pass suggestions or recommendations, for the revision of any aspect of this policy through normal channels to the Chief Executive.

Further reading

Finance Policy
Quality Manual
Business Plan

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