



Risk Management Policy – July 2022

Date of Policy: 07 July 2022

Policy approved by: BoT

Signature: CA

Overall Responsibility for Policy: Board of Trustees

Person responsible for implementation of the policy: COO

Policy applies to: All Trustees, Staff, Contractors and Volunteers of COMPASS-Ghana

Date of next review: July 2023

Section One: Risk Management Model

1. **COMPASS-Ghana** recognises that risk management is essential to its governance and to sustainable operation of its services. Our risk management will be designed to ensure:
 - ✿ The identification, assessment and management of risk is linked to the achievement of the charity's objectives
 - ✿ All areas of risk are covered - for example, governance, operational, financial, external/environmental and compliance
 - ✿ A risk exposure profile can be created that reflects the trustees' views as to what levels of risk are acceptable
 - ✿ The principal results of risk identification, evaluation and management are reviewed and considered
 - ✿ Risk management is ongoing and embedded in management and operational procedures.
2. **COMPASS-Ghana** will regularly review and assess the risks it faces in all areas of its work and plans for the management of those risks.
3. There are risks associated with all activities – they can arise through things that are not done, as well as through ongoing and new initiatives. Risk exposure for the organisation will vary depending on circumstance. For example, **COMPASS-Ghana** may be willing to expose itself to higher risks as the size of its reserves/size increases. Risk tolerance may also be a factor in determining what activities are undertaken to achieve objectives. **COMPASS-Ghana** will therefore ensure that there is an appropriate balance taken between higher and lower risk activities. These considerations will inform the Trustees, Directors and Staff in their decision as to the levels of risk they are willing to accept.
4. Trustees need to let Directors and staff know the boundaries and limits set by their risk policies to make sure there is a clear understanding of the risks that can and cannot be accepted. In practice, Directors and staff will update, advise on and manage the risk policies and risk registers, but the risk register, detailing residual risk levels, **must be shared** and discussed with trustees as and when new risks are identified. Trustees must be given the opportunity to challenge and provide input into what levels of risks they deem acceptable, and how to manage those risks.



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Section Two: Identifying Risks

5. As part of our planning process, **COMPASS-Ghana** has developed a risk register. The risk register is a '**living document**' and forms the baseline for further risk identification. The Board recognises that new risks will appear, and other risks will become less or more severe or may disappear over the lifetime of the plan.

6. Risk identification is therefore an ongoing process. When new risks are identified by a trustee or staff member, these will be referred to the Directors who will, in consultation with the trustees, update the risk register accordingly. **COMPASS-Ghana** will also annually review the risks identified in the risk register, and whenever a new project is initiated.

7. In undertaking this, staff and trustees will consider:

- ✿ Our Purpose, Objectives and Mission
- ✿ The nature and scale of our activities
- ✿ The Operating Structure, Skills and Competencies available and required
- ✿ The Skill, Competence and Experience of our partners
- ✿ The outcomes that need to be achieved
- ✿ External factors that might affect us, such as legislation and regulation;
- ✿ Our reputation with funders and supporters
- ✿ Past mistakes and lessons learnt
- ✿ Comparison with other charities working in the same area or of similar size, and
- ✿ Examples of risk management prepared by other charities or other organisations.

8. In developing the risk register, trustees and staff will identify/update risks in the following areas:

- ✿ Operational Risk
- ✿ Reputational Risk
- ✿ Financial Risk
- ✿ Compliance Risk
- ✿ Strategic Risk

Section Three: Assessing, Monitoring, and Evaluating Risk

9. Identified risks need to be put into perspective in terms of the potential severity of their impact and likelihood of their occurrence. Assessing and categorising risks helps in prioritising and filtering them, and in establishing whether any further action is required.

10. **Conventional Review:** When a new risk arises, the management, in consultation with the trustees, will then assess the factors/risks identified based on how likely they are to occur and how severe their impact – using the methodology set out in Appendix 1. The risk register will be updated accordingly.

11. Where a trustee subsequently has a concern about the risk register, they should initially seek agreement to amendment via email, and if they are still not satisfied, then raise the issue at the next board meeting.



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12. **Immediate Review:** This policy must also reflect an immediate Risk and all Trustees, Management, Staff and Volunteers who become aware directly or indirectly of a decision, occurrence or event (external/internal) that will impact on **COMPASS-Ghana**, its operations or ability to influence, must respond, either by making a decision/action that will address or delay the issue (dependent on competence and capability) or direct their concerns directly and expeditiously to an individual who can.

13. **Any member** of **COMPASS-Ghana's** Staff (full time or volunteer) has the right to direct their concerns directly to the Chief Operating Officer and if necessary to the Chief Executive or any Trustee, **without fear or favour**. All such incidents will be recorded in the Risk Register and assessed appropriately, so that future lessons may be learnt.

14. Examples of possible actions to mitigate risks are set out in Appendix 2.

End July 22



**APPENDIX 1: RISK ASSESSMENT METHODOLOGY –
COMPASS-Ghana (CG) Years One to Three**

Impact

Level of Impact	Strategic	Operational	Financial	Reputational	Compliance
Very High	Would require a fundamental change in CG's strategic/critical objectives. BoT Action and ownership	Fundamental organisational changes would need to be implemented. Delay of one (1) year plus in delivery of project.	If the risk materialised the cost to CG would be greater than £500K	Significant and irreparable damage to CG's reputation. Sustained negative publicity resulting in loss of public/professional/political confidence in the charity.	Serious breach of governance regulations that would lead to the status of the charity being reviewed.
High	Would require a significant change in CG's strategic/critical objectives that would require BoT input and ownership	A significant amount of work would need to be done at all levels to resolve the matter. Delay of six (6) to twelve (12) months delivery on the project.	If the risk materialised the cost to CG would be between £250k to £500K	Significant and irreparable damage to reputation. High negative impact on the CG's ability to influence public/professional/politicians. Generates a significant number of complaints.	Significant breach of governance regulation requiring immediate notification of regulatory bodies.
Medium	Would impact on CG's strategic/critical objectives and would require management discussion	A significant amount of work would be required by a team to repair operational systems/planning /implementation Delay of three (3) to six (6) months in delivery of the project.	If the risk materialised the cost to CG would be between £100k and £250K	Minor damages but widespread. Significant localised low level negative impact on CG's reputation. Generates limited complaints	Breaches Governance regulations and would require significant work to rectify.
Low	May have impact on achieving CG's strategy, but this could be resolved	Low level processes would need to be revised but the matter could be resolved. Delay of one (1) to three (3) months in the delivery of the project	If the risk materialised the cost would be between £20k to £100K	Minor damages in a limited area. May have localised, low level negative impact on CG's reputation, generates low level of complaints.	May breach low level governance regulations but can be rectified.
Very Low	Little Impact on CG's strategy	Has no impact on the day to day operation of CG . Less than one (1) months' delay in delivery of project.	If the risk materialised the cost to the charity would be no more than £20k	Has no negative impact on CG's reputation, no media interest.	No impact on the CG's governance structures.



Likelihood

Likelihood	Certainty	Number of instances	Time period
Highly probable / Very high (5)	Almost certain	1/10	Once in 3 months
Probable / High (4)	More likely than not	1/100	Once in a year
Possible / Medium (3)	Fairly likely	1/1,000	Once in 5 years
Unlikely / Low (2)	Unlikely	1/10,000	Once in 10 years
Remote / Very low (1)	Extremely unlikely	<1/10,000	Not in 50 years

Overall Assessment: Impact vs. Likelihood

Impact	Extreme/Catastrophic	5	5	10	15	20	25
	Major	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Insignificant	1	1	2	3	4	5
			1	2	3	4	5
			Remote	Unlikely	Possible	Probable	Highly probable
			Likelihood				



APPENDIX 2: POTENTIAL MITIGATING ACTIONS

1. The following are examples of possible actions:
 - ✿ The risk may need to be avoided by ending, deferring or not considering that activity;
 - ✿ The risk could be transferred to a third party (e.g. use of a trading subsidiary, outsourcing or other contractual arrangements with third parties);
 - ✿ The risk could be shared with others (e.g. a joint venture project);
 - ✿ The charity's exposure to the risk can be limited (e.g. establishment of reserves against loss of income, phased commitment to projects);
 - ✿ The risk can be reduced or eliminated by establishing or improving control procedures (e.g. internal financial controls, controls on recruitment, personnel policies);
 - ✿ The risk may need to be insured against (this often happens for residual risk, e.g. employer's liability, third party liability, theft, fire, etc).