

Risk Register Guidance

In accordance with Charity Commission Guidance (refer [CC26 Charities and Risk Management](#)), charity trustees should regularly review and assess the risks faced by their charity in all aspects of its work. Charities should have a risk management policy and a framework for assessing and managing these risks.

There are many approaches available, the following template is based on the Charity Commission recommended approach.

How to Use

We have developed a [template editable spreadsheet](#) for you to use with this guidance.

The risk register can be used in two ways: Firstly, as a management tool to ensure the risks to the organisation are well understood and that appropriate actions are being taken to minimise or remove the risk. Secondly, the risk register is a governance tool to ensure that those ultimately accountable for the organisation understand the risks it faces and what is being done on a day to day basis to manage those risks; in essence an oversight and monitoring function that ensures they make good decisions.

Operational staff (the most senior staff member in a small and specialist student organisation) should normally review it at least quarterly to make sure they have identified, assessed and are managing the risks in their activities. The Board/ Advisory Board should review the risk register at least annually and also whenever the most significant risks change – either increasing or reducing in risk level.

These are the key steps to develop your own risk register based on the Charity Commission model:

Identify Risks

The first step in the risk management cycle is to identify risks. It is critical that the identification of risk is carried out by the people who have the greatest knowledge and exposure to the activities or situations concerned; therefore risk identification should be an collaborative and organisational process.

Risks can be identified by examining strategic or operational objectives, horizon scanning, looking at feedback, data, lessons learned as well as considering risks associated with new opportunities.

Consider the nature of the risk and its consequences.

You can consider risk under the following 8 headings:

Strategic

Data

Finance

Reputation

Compliance

Governance

People

Operational

Assess Risks (scoring)

The main way that we assess and analyse risks is by using risk scoring. Each risk is assessed using criteria based on the likelihood of the risk happening and the impact of the risk on the organisation.

The process weights impact (I) more highly than likelihood (L). Once the assessment of impact and then likelihood is complete, the weighting is applied to the impact score and then the two scores are multiplied to give a final rating: $(L \times I) + I$.

The graphs below gives a clear indication of the risk level generated as a result. All organisational risks are compiled into the organisational risk register.

Impact:

Descriptor	Score	Definition
Insignificant	1	No impact on service No impact on reputation Complaint unlikely Litigation unlikely Little to no financial impact (up to £500) No material negative impact
Minor	2	Slight impact on service Slight impact on reputation Complaint possible Litigation possible Minor financial impact (between £500 and £1000) Minor negative impact
Moderate	3	Some service disruption Potential for adverse reputational impact but avoidable with careful handling Complaint probable Litigation probable Moderate financial impact (between £1000 and £5000) Localised negative impact.
Major	4	Service disruption Adverse reputational impact not avoidable, localised

		<p>Complaint probable</p> <p>Litigation probable</p> <p>Moderate financial impact (between £5000 and £20000)</p> <p>Significant negative impact</p>
Extreme or Catastrophic	5	<p>Service interrupted for significant time</p> <p>Major adverse reputational impact not avoidable, national media</p> <p>Major litigation expected</p> <p>Resignation of senior management and board</p> <p>Loss of beneficiary/ funder confidence</p> <p>Catastrophic financial impact (over £20000)</p> <p>Devastating negative impact</p>

Likelihood:

Descriptor	Score	Definition
Remote	1	May only occur in exceptional circumstances, extremely unlikely to ever happen
Unlikely	2	Expected to occur in only a few circumstances, unlikely to happen
Possible	3	Expected to happen in some circumstances, might happen
Probable	4	Expected to happen in many circumstances, will probably happen
Highly probable	5	Expected to occur frequently and in most circumstances. Will undoubtedly happen

Heat Map

		Impact				
		Extreme or Catastrophic 5	Major 4	Moderate 3	Minor 2	Insignificant 1
Likelihood	Highly probable - 5	30	24	18	12	6
	Probable - 4	25	20	15	10	5
	Possible - 3	20	16	12	8	4
	Unlikely - 2	15	12	9	6	3
	Remote - 1	10	8	6	4	2

Risks should not be considered in isolation. Low impact risks can suddenly turn into high impact situations if a series of risks are triggered as a result. You should consider the cumulative impact when assessing the impact and resultant level of risk

Risk Mitigation

Once the risk has been identified and assessed, the process requires consideration of the actions needed to either reduce, remove, or control the risk. Actions will either reduce impact, likelihood or both. Actions that could be considered include:

- Stopping the activity
- Transferring the risk to a 3rd party
- Sharing the risk with a 3rd party
- Insuring against the risk
- Improving internal controls
- Reviewing the risk annually (risk is low and resources to reduce it further are deemed to high on balance)

Control measures (actions) should be recorded in the *organisational risk register* along with whoever is accountable for their implementation and monitoring of the risk.