**WW1 Aviation Heritage Trust Ltd Ltd - Policy Amendment History**

|  |  |  |  |
| --- | --- | --- | --- |
| Amendment No | Amended By | Signature | Date |
| Original Issue | R FORSYTHE |  | 6 May 14 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**WW1 Aviation Heritage Trust Ltd - Risk Management Policy**

This policy is:

• A formal acknowledgement that the trustee board is committed to maintaining a strong risk management framework. The aim is to ensure that the charity makes every effort to manage risk appropriately by maximising potential opportunities whilst minimising the adverse effects of risks.

• Should be used to support the internal control systems of the charity, enabling the charity to respond to operational, strategic and financial risks regardless of whether they are internally or externally driven.

The objectives of this Risk Policy are to:

• Confirm and communicate the charity’s commitment to risk management.

• Establish a consistent framework and protocol for determining appetite for and tolerance of risk and for managing risk.

• Assign accountability to management and staff for risks within their control and provide a structured process for risk to be considered, reported and acted upon throughout the organisation.

Risk Policy Statement:

The trustees and executive management of the charity believe that sound risk management is integral to both good management and good governance practice. Risk management should form an integral part of the charity’s decision–making and be incorporated within strategic and operational planning.

Risk assessment will be conducted on all new activities and projects to ensure they are in line with the charity’s objectives and mission. Any risks or opportunities arising will be identified, analysed and reported at an appropriate level. A risk register covering key strategic risks will be maintained and updated at least twice a year and more frequently where risks are known to be volatile.

All staff will be provided with adequate training on risk management and their role and responsibilities in implementing this. The charity will regularly review and monitor the effectiveness of its risk management framework and update it as considered appropriate.

Reports will be made to the trustee board each quarter of continuing and emerging high concern risks and those where priority action is needed to effect better control.

Individual error and incident reports will be required from individual staff where a reportable event is identified. The procedures for this are set out in a separate ‘reportable events policy’ which is specified within our crisis management plan. Such incidents which are considered to pose a significant threat to the charity, financial or otherwise, will be escalated in accordance with the crisis management plan.

Risk Policy

Organisational Roles:

The Role of the Trustee Board

• To ensure that a culture of risk management is embedded throughout the charity

• To set the level of risk appetite and risk tolerance for the organisation as a whole and in specific circumstances

• To communicate the charity’s approach to risk and set standards of conduct expected of staff

• To ensure risk management is included in the development of business plans, budgets and when considering strategic decisions

• To approve major decisions affecting the charity’s risk profile or exposure

• To satisfy itself that less fundamental risks are being actively managed and controlled

• To regularly review the charity’s approach to risk management and approve any changes to this

• To receive reports from internal audit, risk subcommittee, external consultants and any other relevant parties and to make recommendations on this

• To ensure that risk management policy is implemented throughout the organisation

• To anticipate and consider emerging risks and to keep under review the assessed level of likelihood and impact of existing key risks

• Provide regular and timely information to the trustees on the status of risks and their mitigation

• To implement adequate corrective action in responding to significant risks; to learn from previous mistakes and to ensure that crisis management plans are sufficiently robust to cope with high level risk

The Role of Project and Team Managers

Project and team managers are responsible for:

* Managing project specific operational risks and for ensuring that risks are reported upon in a timely fashion through designated lines of reporting.
* Interaction with internal control systems

Risk management forms part of the charity’s system of internal controls and should be read in conjunction with the policies and detailed controls procedures specified in our Internal and Financial Management and Control Policy.

* This document sets out in detail operational limits within which individuals may act in particular circumstances in order to minimise the risk of fraud or error. These limits cover amongst other things – control over bank payments and receipts, authorisation of and processing of expenditure and approval required at particular levels of decision making.
* In addition the charity expects to meet minimum standards required by legislation and best practice in operational areas covering the following:

* + IT and data protection
  + HR
  + Health and safety
  + Governance
  + Financial accounting and reporting
  + Management of volunteers, etc

The risk of falling short of these standards is mitigated as far as possible by ensuring that appropriate policies and working practices are adopted in each of these key areas and that staff are adequately experienced and trained to manage this.

A Risk Register is to be maintained:

Early warning indicator to trigger action on risk

Governance

* Significant issues arising from internal or external audit
* Poor follow up on issues or reports from external or internal review bodies
* Overdue action on points from risk register
* Escalating risks on risk register
* Legal claims or disputes
* Trustee conflicts of interest
* Activity falling outside charitable objects
* Breaches of regulatory requirements

Operational

* High staff turnover
* Loss of key staff or key members of the board of trustees

Dropping number of volunteers/donors

* Increased complaints from staff/volunteers/beneficiaries/funders
* Accidents involving staff/volunteers/beneficiaries
* Loss of contracts/grants/trading revenue
* Regular rejection of funding or contract bids
* High dependence on a small number of funders
* Poor performance against target
* Projects running over time/incomplete/abandoned
* Project cost overrun
* Late reporting to funders
* IT system downtime
* Significant insurance claims
* Calls against legal charges over assets held by third parties
* Lack of adherence to internal control systems

Financial

* Month end close down and control account reconciliations falling behind schedule
* Reporting and management accounting delayed or incomplete
* Increased bad debts
* Late payment of suppliers
* Increased reliance on overdraft or bank exposure

Reserves falling below level set in reserves policy

* Incidence of fraud