WSRA POLICY No M3: Risk Management Policy

Scope

Trustees must review the risks that the charity faces on a regular basis. This includes all financial, reputational, governance, commercial and operational risk. Significant risks must be known and assessed enabling trustees to make informed decisions and take timely action. This enables the charity to makes the most of opportunities and provides them with the confidence that any risks will be properly managed. This also improves strategic planning.

When Risk must be considered

The following list is not comprehensive but:

- At least annually in a specific meeting called for the purpose.
- Before a new venture is started by the Charity
- Before a new commercial relationship is entered into by the charity
- Before accepting any gift or legacy including locomotives, equipment and rolling stock
- Before establishing any new commercial venture via a wholly owned trading company
- Before entering into any agreement with an events company
- Before entering into any agreement with a fundraising company.

Types of Risk the Charity May Face

Governance risks

- Inappropriate organisational structure and sub-structure
- Trustee body lacks relevant skills or commitment
- Conflicts of interest

Operational risks

- Lack of safety process and procedure
- Sufficiently experienced key staff and volunteers
- Poor staff and volunteer training
- Availability of staff and volunteers

Financial risks

- Inaccurate and/or insufficient financial information
- Inadequate reserves and cash flow
- Dependency on limited income sources
- Inadequate investment management policies
- Insufficient insurance cover
- Uninsurable risks
- Declining membership

External risks
• Poor public perception and reputation
• Demographic changes such as an increase in the size of beneficiary group
• Turbulent economic environment
Compliance with law and regulation
• Poor knowledge of the legal responsibilities such as diversity, data protection etc
• Poor knowledge of regulatory requirements

Applicable Law and Regulations

WSRA accounts are required to be Independently Examined or Audited and Trustees must make a risk management statement in their annual report.

The risk management statement
The responsibility for the management and control of a charity rests with the trustee body and therefore their involvement in the all aspects of the risk management process is essential. The purpose of the risk management statement is to give readers of the trustees' annual report an insight into how the charity handles risk and an understanding of the major risks the charity is exposed to. It is also an opportunity for the trustees to comment on any further developments of risk management procedures being undertaken or planned.
A narrative style that addresses the key aspects of the requirements is acceptable.

Identifying risks

The identification of risks is best done by involving those with a detailed knowledge of the topic under review. Trustees should ensure that for each risk assessment carried out the team assembled has sufficient technical, managerial, commercial or governance knowledge to ensure a robust risk assessment process. Trustee should invite those with the required knowledge to participate and formally note the qualifications of those so invited. Policy M2 outlines the process that should be used to carry out risk assessment.

Policy Author	Diana Ricketts-Tanner (Trustee)
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Review Interval	Bi-annually
Next Review Due	November 2026