

## Luna's Fund - Risk Management Policy

1. Our charity acknowledges that we are potentially exposed to the impact of internal and external events that could have a negative effect on our organisation - these are known as risks, which we define as uncertain future events which could impact adversely. We record these in our risk register under 5 categories:

- Strategic risk - things that could impact on our purposes and plans
- Compliance risk - things that could prevent us from meeting our legal, regulatory and charitable obligations
- Operational risk - things that might hamper or prevent us from carrying out our charitable activities
- Financial risk - things that might impact on our financial position or viability, including fraud and theft
- Reputational risk - things that might impact on our standing in the community and how we are perceived

2. Our charity acknowledges that we may also potentially realise the positive impact of internal and external events - these are known as opportunities, which we define as uncertain future events which could impact positively. We treat these as positive risks when examining our risk exposure.

3. Our charity acknowledges that sometimes risks could come to fruition or situations may arise that affect us here and now - these are known as issues, which we define as live current events which are impacting, or could impact, negatively. We identify these in our risk register, but deal with them in the appropriate timeframe so as to minimise any adverse impact.

4. As part of effective governance, we:

- Identify - we review each risk category against our charity's context to identify risks or opportunities
- Measure - we examine the extent of the potential impact of each risk/opportunity and assess the likelihood of it materialising (see below)
- Mitigate - we decide whether to tolerate the risk or treat it by taking action
- Report - we report at each meeting of the Trustees and discuss the risk register by exception
- Monitor - we regularly review risks/opportunities/issues within our risk register against our context and review our progress against the planned mitigating actions

5. We quantify the extent of the risk and whether it is increasing or subsiding by using the following methodology:

Consequence score	Likelihood score
1 - minimal impact	1 - very unlikely
2 - low impact	2 - unlikely
3 - medium impact	3 - fairly likely
4 - high impact	4 - likely

5 - severe impact	5 - very likely
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### Risk Scoring Grid

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Consequence				

Risk rating	Assessment and action
20-25	Extremely high - implement mitigating actions
15-16	High - consider actions
8-12	Medium - discuss potential actions and monitor
3-6	Low - tolerate
1-2	Extremely low - tolerate

### Monitoring assessment

↑	Increased since last review
↗	Increased for 2 or more consecutive reviews
↔	Same as last review
↓	Decreased since last review
↘	Decreased for 2 or more consecutive reviews

6. Individual health and safety risk assessments are not covered under this policy, although specific health and safety related risks that require board-level visibility would feature in our risk register in their own right.

7. The Treasurer will manage the risk process, but all Trustees will contribute to the identification, assessment and mitigation process. Risk management will be a standing agenda item for all Trustee meetings.