

# **RISK MANAGEMENT POLICY**



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## 1.0 INTRODUCTION

The policy explains Foundation of Light's approach to risk management and documents the roles and responsibilities of the Board and other parties.

## 2.0 PURPOSE

It outlines key aspects of the risk management process and identifies the main reporting procedures. The policy applies to all Foundation of Light employees, Trustees, volunteers and other designated stakeholders.

## 3.0 SCOPE

This policy applies to all educational, coaching, training and associated services provided by the Foundation.

## 4.0 POLICY DETAILS

### Approach

The Foundation of Light is a company and a charity. Its Board members are the charity's Trustees and the company's Directors. As a charity it is charged with providing public benefit; as a company it is charged with providing benefit to the company's members. The Board appoints committees to help it achieve its aims and fulfil its statutory duties.

The Audit and Risk Committee role is to help the Board of Trustees to meet their responsibilities by providing independent oversight of the Foundation of Light's systems of internal control, risk management, financial reporting and efficient use of funds.

The Audit and Risk Committee is authorised by the Foundation of Light Board to:

- Investigate any activity within its terms of reference
- Seek any information it requires to discharge its duties from any employees of the Foundation of Light or subsidiary companies and all employees are directed to co-operate with any request made by the Committee; and
- Obtain outside legal or independent advice, at the Foundation of Light's expense, and secure the attendance of outside expertise and experience if it considers it necessary

## Terms of Reference

The Audit and Risk Committee terms of reference are to advise the Board on:

1. Financial Reporting
  - a. to review and challenge where necessary, the actions and judgement of management, in relation to the financial statements, operating and financial reviews and interim reports
  - b. compliance and accounting standards
2. Internal Control and Risk Management
  - a. to review procedures and detecting fraud, bribery, whistleblowing and HSE, and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial controls or any other matters
  - b. ensure the organisation's reputation and public relations are considered in any event and advise on the related procedures
  - c. to advise the Board of the effectiveness of the approach to risk management arrangements including systems to identify, assess, manage and monitor financial and non-financial risks
3. Effectiveness of internal audit
  - a. to consider annually whether there is a need for an internal audit function where no such function exists
  - b. to review the internal audit programme and ensure that it is appropriately resourced
  - c. to receive regular reports as a result of the internal auditor's work and monitor the managements response to the findings and recommendations
  - d. to appoint and dismiss the Head of Internal Audit

#### 4. External Audit

- a. to oversee the relationship with the external auditor including making recommendations on appointment and reappointment
- b. to approve the audit fee
- c. to discuss with the external auditor, before the audit commences, the nature and scope of the audit
- d. to review with the external auditors any findings of its work, including major issues that have arisen during the course of the audit
- e. to review the audit representation letters before consideration by the Board, giving particular consideration to matters relating to non-standard issues
- f. to review and monitor the contents of the external auditor's management letter, in order to assess that it is based on a good understanding of the Foundation of Light's business
- g. to develop and recommend a policy in relation to the provision of non-audit services by the auditor to ensure that the provision of such services does not impair the external auditors independence or objectivity

#### 5. Value for Money

- a. to assess the Foundation's compliance with the National Audit Committee criteria for whether economy, effectiveness and efficiency have been achieved in the use of public funds

#### 6. Reports from external agencies (e.g. The Charities Commission, National Audit Committee) in relation to legal and statutory requirements

#### Reporting

The Secretary shall circulate the minutes of the Audit and Risk Committee meeting to all members of the Board. The Chair of the Committee shall, as a minimum, attend the Board meeting at which the accounts are approved.

The Audit and Risk Committee shall annually review its Terms of Reference and its own effectiveness, and recommend to the Board any changes.

The Audit and Risk Committees shall prepare a report on its roles and responsibilities, and actions it takes to discharge its duties for inclusion in the annual reports and accounts. Such a report should specifically include:

- A summary of the role of the Audit and Risk Committee
- The names and qualifications of all members of the Audit and Risk Committee during this period
- The number of committee meeting and attendance by each member and
- The way the Audit and Risk Committee has discharged its duties.

The Audit and Risk Committee Chair shall attend the AGM and shall answer questions through the chair of the Trustee Board, on the Risk and Audit Committee's activities and responsibilities.

### Risk Register

Risk is managed and tracked via three risk registers or grids. The registers identify the risks, outline how they are currently managed and future management actions, assess their impact and probability, and identify desired outcomes:

#### High Risk Register

- Highlights key risks across Foundation of Light.

#### Foundation of Light and Beacon of Light Grid

- Details risks to Foundation of Light and Beacon of Light across Data Protection, Finance, Governance, Health and Safety, Legal, Reputation and Safeguarding.

#### Foundation of Light and Beacon of Light Finance Grid

- Details specifically financial risks to Foundation of Light and Beacon of Light.

Responsibility for maintaining and monitoring the risk registers lies with:

- Audit and Risk Committee and Trustees – monitoring and advising
- Overall responsibility – Chief Executive
- Delegated specific responsibilities:
  - Commercial Director
  - Director of Finance
  - Director of Programmes
  - Senior Leadership Team

The risk register is reviewed on a quarterly basis.

## **5.0 RESPONSIBILITY**

The CEO of the Foundation of Light has overall responsibility for ensuring that the policy is implemented.

## **6.0 EQUALITY, DIVERSITY AND INCLUSION STATEMENT**

All individuals will be treated equally and fairly in the application of this procedure. All reasonable requests to accommodate requirements in terms of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation will be made.

## **7.0 REVIEW**

The Audit and Risk Committee/Trustees is responsible for the periodic review of this effectiveness of this policy approach on an annual basis.

This policy is reviewed every 3 years.