



**OVERSEAS  
FELLOWSHIP OF  
NIGERIAN CHRISTIANS**

**RISK MANAGEMENT POLICY**

**Approved by The National Executive Council of the Overseas Fellowship of Nigerian Christians (OFNC)[25 October 2015]:**  
**To be reviewed annually**

**1. SUMMARY**

Trustees, staff and charity volunteers handle risk as an everyday part of the charity work for the Overseas Fellowship of Nigerian Christians (OFNC). Risk is often seen as going hand in hand with the rewards and opportunities of advancing a charity's work. For example, the opportunity to raise funds brings volunteers, staff and trustees together to advance a charity's fundraising objectives. Fundraising can even raise public awareness of the charity's work. The Charity Commission requires that the trustees' Annual Report should include a "statement confirming that the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and that systems have been established to manage those risks". This document provides information on how OFNC defines, manages, and reports on risk.

**2. Risk definition**

"Risk" is used in this guidance to describe the uncertainty surrounding events and their outcomes that may have a significant effect, either enhancing or inhibiting;

- operational performance;
- achievement of aims and objectives;
- expectations of stakeholders; or
- ability to meet statutory requirements

**3. Risk management process overview**

The OFNC risk management process consists of three steps; (a) identify and document (b) assess and monitor, and (c) report

**a) Identify and document**

All trustees, volunteers, and members of staff are involved with and responsible for the active management of risks within the charity or such risks as may arise from carrying out activities on behalf of the charity. For this reason, whenever a risk or potential risk is identified, this should be reported to the trustee/officer in charge of the event and or the National Chairman immediately. Once reported, the risk register will be updated with the potential risk, but will not be fully assessed until the next National Executive Council (NEC) meeting.

**b) Assess and monitor**

At each NEC meeting all existing risks will be reviewed to ensure their status is still appropriate. New risks will be fully assessed for their appropriateness as well as the risk's category, risk level, and action. Further details of these actions can be seen in the risk register section.



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### **c) Report**

A copy of the risk register along with an explanatory text will be included in the Trustee's Annual Report, and signed off at the AGM. In addition, the risk register may also be used as part of a funding application if required by the prospective funder.

### **d) Risk register**

To ensure that all risks are documented correctly, a risk register is held by the National Secretary. Key information to be held in the register on each identified risk will include the following;

#### **Risk ID**

A sequential number starting at OFNC 001 used to identify the risks.

#### **Risk Category**

Used to categorize the risk, and can be one of the following:

- Governance – e.g. inappropriate organisational structure, difficulties recruiting trustees with relevant skills, conflict of interest;
- Operational - e.g. service quality and development, contract pricing, employment issues; health and safety issues; fraud and misappropriation;
- Financial - e.g. accuracy and timeliness of financial information, adequacy of reserves and cash flow, diversity of income sources, investment management;
- External - e.g. public perception and adverse publicity, demographic changes, government policy;
- Compliance - e.g. breach of trust law, employment law, and regulatory requirements of particular activities such as fund-raising or the running of care facilities.

#### **Risk Title**

A short (three to four words) description of the risk

#### **Date Identified**

Date the risk was first reported and documented

#### **Risk Level**

The risk level is comprised of two factors; the risk likelihood (score of 1 to 5) and the risk impact (score 1 to 5). The risk level will be the product of the two scores. For instance, a risk with a likelihood of 4 and an impact of 5 would have a risk level of 20.

The **risk likelihood** is a score that gives some indication of how likely the risk is to happen. For example, for a risk that is almost certainly going to happen, a score of 5 would be awarded; for a risk that is extremely unlikely to happen a score of 1 may be awarded.



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The **risk impact** is a score that gives some indication that if the risk were to happen how would this affect the running of a charity. For instance, for a risk that may effectively shut down the charity, a score of 5 would be awarded; for a risk that would imply a bit inconvenient and mean a bit of work by staff/volunteers if it crystallises, an impact score of 1 may be awarded.

The risk levels are identified using a traffic light system as follows:

- A risk level of 1 – 6 would be considered to be green.
- A risk level of 8 – 15 would be considered to be amber
- A risk level of 16 to 25 would be considered to be red

The higher the risk band the more attention the risk should be given. All amber and red level risks will have to be reviewed by a select committee appointed by the NEC or National Chairman before a risk action will be decided

#### **Risk Action Method**

For each risk, a prescribed action method should be assigned. This can be one of the following:

- **Transfer.** The risk is fully transferred or shared with a third party (e.g. insurance, outsourcing)
- **Avoid.** The activity giving rise to the risk is completely avoided (e.g. a potential grant or contract not taken up);
- **Mitigate.** The risk is mitigated or managed by implemented some other process (e.g. implementing a business continuity policy)
- **Accept.** The risk is accepted (e.g. assessed as an inherent risk that cannot be avoided if the activity is to continue).

#### **Risk Owner**

The person responsible for actively monitoring the risk and updated the BOT with any developments.

#### **Risk Action Description**

Further explanation of the risk action

#### **Risk Description**

A more detailed explanation of the risk

#### **Resources**

<http://www.charity-commission.gov.uk/investigations/charrisk.asp>

<http://www.ncvo-vol.org.uk/askncvo/index.asp?id=2537>

Signed: \_\_\_\_\_ National Chairman



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**Revisions:**

<b>Revision No.</b>	<b>Date</b>	<b>Changes</b>	<b>Notes</b>	<b>Date of next review</b>
001	9 <sup>th</sup> Jan 16	No changes	Discussed at NEC meeting	24 Oct. 16