

ACAT Conference 2023

Maximising Resources: Being Efficiently Effective



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Risk, Resources and Results

Why effective risk
management should
matter to churches

Risk management is an important part of governance in any organisation – with churches being no exception

- Risk can be defined as the exposure to **uncertainty** – good or bad
 - Focus usually on **adverse events**
 - Consider anything that could impact our ability to pursue our **objectives**
 - Various types e.g. financial, operational – not just safety!
- Risk should be managed for moral / biblical and legal reasons and to ensure the church is able to fulfil its objectives
- Risk management should be appropriate to the church context

Trustees (i.e. the PCC) are expected to manage risk as an essential aspect of their general duties running the charity

“Risk is an everyday part of charitable activity and managing it effectively is essential if the trustees are to achieve their key objectives and safeguard their charity’s funds and assets”

Charities and risk management (CC26) – section 1.1

- Failure to manage risk would be seen as a failure on the part of trustees to exercise their duties
- CC26 and the SORP require larger charities to include a risk management statement in their TAR – good practice for smaller charities too
- Further guidance is available from the Institute of Risk Management – “Risk management for charities” and “Risk governance for charities”

Risk management can also enable us to manage organisations better and improve outcomes – a 'value adding activity'

- Risk management is more than a 'box tick' to satisfy legal duties – rigorous examination of risk brings other benefits:
 - Better understanding of activities and operations
 - Identification of critical vulnerabilities
 - Focusing priorities where the most value can be added
 - Prevention of adverse events
 - Drives development of contingency plans *before* they are needed
 - Builds confidence in robustness of operations
 - Potential to reduce insurance premiums

Risk management is worth doing because it helps us carry out our ministry better

General risk assessment follows a similar process to safety risk assessment while considering a broader range of issues

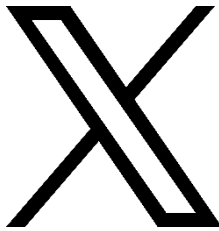
1. Risk identification
2. Risk evaluation – frequency and severity
3. Judgement of tolerability and proposal of mitigations
 - You may wish to use a risk matrix
 - The severity scale may be different for different types of risk

Frequency	5					
	4					
	3					
	2					
	1					
		1	2	3	4	5
		Severity				

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