



## **Risk management and internal controls framework**

This policy is a formal acknowledgement that SOGB's Board of Directors is committed to maintaining a strong risk management framework. The aim is to ensure that SOGB makes every effort to manage risk appropriately by maximising potential opportunities whilst minimising the adverse effects of risks.

It should be used to support the internal control systems of SOGB, enabling SOGB to respond to operational, strategic and financial risks regardless of whether they are internally or externally driven.

Risk policy objective:

- To confirm and communicate SOGB's commitment to risk management
- To establish a consistent framework and protocol for determining appetite for and tolerance of risk and for managing risk
- To assign accountability to management and staff for risks within their control and provide a structured process for risk to be considered, reported and acted upon throughout the organisation.

### **Risk policy statement**

The Board of Directors and executive management of SOGB believe that sound risk management is integral to both good management and good governance practice.

Risk management should form an integral part of the charity's decision-making and be incorporated within strategic and operational planning.

Risk assessment will be conducted on all new activities and projects to ensure they are in line with SOGB's objectives and mission.

Any risks or opportunities arising will be identified, analysed and reported at an appropriate level.

A risk register covering key strategic risks will be maintained and updated at least twice a year and more frequently where risks are known to be volatile. This will be reviewed and updated by the Board of Directors every six months.

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A more detailed operational risk register will be maintained in aspects where this is considered appropriate, taking account of the impact of potential risk and the cost benefit of the exercise. This will be reviewed and updated by the senior leadership team on a bi-monthly (every two months) basis.

All staff will be provided with adequate training on risk management and their role and responsibilities in implementing this. Requirements are included in the Staff Handbook.

SOGB will review and monitor the effectiveness of its risk management and internal control frameworks on an annual basis. The Board of Directors will be responsible for this action and for ensuring any necessary refinements are made.

Reports will be made to the Board of Directors and CEO each quarter of continuing and emerging high concern risks and those where priority action is needed to effect better control. This will be included as part of the CEO's update to the Board at each quarterly meeting.

Individual error and incident reports will be required from individual staff where a reportable event is identified. Such incidents which are considered to pose a significant threat to the charity, financial or otherwise, will be escalated in accordance with the management plan.

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## Organisational roles

### The role of the Board of Directors:

*(NB. From 2019, some of these responsibilities will be delegated to the Finance and Audit Committee, acting on behalf of the Board of Directors)*

- To ensure that a culture of risk management is embedded throughout SOGB
- To set the level of risk appetite and risk tolerance for the organisation as a whole and in specific circumstances
- To communicate SOGB's approach to risk and set standards of conduct expected of staff
- To ensure risk management is included in the development of business plans, budgets and when considering strategic decisions
- To approve major decisions affecting SOGB's risk profile or exposure
- To satisfy itself that less fundamental risks are being actively managed and controlled
- To regularly review SOGB's approach to risk management and approve any changes to this
- To receive reports from internal audit, risk subcommittee, external consultants and any other relevant parties and to make recommendations on this
- To review the effectiveness of SOGB's risk management and internal control frameworks and procedures on an annual basis and to make any refinements required to improve procedures

### The role of the CEO and the senior management team

- To ensure that risk management policy is implemented throughout the organisation
- To anticipate and consider emerging risks and to keep under review the assessed level of likelihood and impact of existing key risks
- Provide regular and timely information to the Board of Directors on the status of risks and their mitigation
- To implement adequate corrective action in responding to significant risks; to learn from previous mistakes and to ensure that crisis management plans are sufficiently robust to cope with high level risk

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### **The role of project and team managers**

Project and team managers are responsible for managing project specific operational risks and for ensuring that risks are reported upon in a timely fashion through designated lines of reporting.

### **Interaction with internal control systems**

Risk management forms part of the charity's system of internal controls and should be read in conjunction with the policies and detailed controls procedures specified in our Financial Procedures Document and Delegation of Authority. These document sets out in detail operational limits within which individuals may act in particular circumstances in order to minimise the risk of fraud or error. These limits cover amongst other things – control over bank payments and receipts, authorisation of and processing of expenditure and approval required at particular levels of decision making.

In addition SOGB aims to meet minimum standards required by legislation and best practice in operational areas covering the following:

- IT and data protection
- HR
- Health and safety
- Governance
- Financial accounting and reporting
- Management of volunteers and clubs

The risk of falling short of these standards is mitigated as far as possible by ensuring that appropriate policies and working practices are adopted in each of these key areas and that staff are adequately experienced and trained to manage this. Where necessary, external advice is sought to supplement internal expertise.

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