

## **6.5 The Care Trust Policy on Risk Management**

### **Policy Statement**

The Care Trust DAC ('TCT' or 'the Company') recognizes that the achievement of strategic goals and the delivery of business objectives carry inherent risks. Risks arise from TCT's operational activities and from external sources. Risks occur in numerous ways and have the potential to impact financial performance, operations, reputation or health and safety.

In order to fully understand and assess such risks, the Company has established a Risk Management Policy. This provides the framework for how risk is managed within TCT. This Policy facilitates the identification, assessment, evaluation and treatment of risk in order to protect TCT and assist in the success and continuity of its activities.

This Risk Management Policy forms part of the governance framework and is integrated with the Business Plan and the Business Continuity Plan. The Policy addresses both strategic and operational risks and the requirement of the organisation to operate within its regulatory environment.

TCT assesses the size or degree of risk by taking into consideration the likelihood of the risk materialising and the potential impact to the business. Risks are ranked in a common and consistent manner and a Risk Register is maintained containing material risks to the organisation.

Risk treatment actions and plans are developed for risks that are unacceptable to TCT. Risks, and the effectiveness of the Risk Register, are monitored on a regular basis and TCT communicates and consults with relevant stakeholders on the approach to managing risk.

## **Risk Tolerance**

The Company's tolerance for adverse risks is used to determine which risks are treated through the development of risk treatment actions to manage risks to an acceptable level. During this process, TCT will consider additional control measures where necessary to manage the risks to acceptable levels. Where a risk cannot be mitigated to a satisfactory level, it is for the Board and Management of TCT to approve the risk or propose alternative action.

## **Accountability**

Ownership of risks and risk treatment plans will be assigned to relevant roles within the Company. TCT has incorporated risk management accountability at Board and at executive management level.

## **Risk Management Oversight**

TCT's Board oversees the Policy on Risk Management. Oversight of the effectiveness of risk management processes and activities provide assurance to the Board and shareholders and supports TCT's commitment to continuous improvement.

## **Risk Register**

TCT has prepared a Risk Register in line with the principles of ISO 31000: 2009: *Risk Management – Principles and Guidelines*. The Risk Management Process involves:

- 1) Establishing context** – by defining the external and internal parameters to be considered when managing risk, and setting the scope and risk criteria.
- 2) Identifying and analyzing risks**
- 3) Evaluating the risks** – by considering impact and probability
- 4) Treatment of risks** – by mitigating controls or transferring risk
- 5) Implementing agreed actions** - by ensuring that these actions are monitored and reviewed
- 6) Communicating and consulting** – by engaging with staff, management, shareholders and the Board of TCT.

Further details on the format of TCT's Risk Register are set out in **Appendix 1** below.

The current **Risk Register** is included in TCT's Business Continuity Plan.

### **Reporting, Monitoring and Review**

TCT monitors risks and treatment actions on an ongoing basis. The Company has Whistleblowing and Fraud policies that are published, reviewed annually and communicated regularly. Registers to record complaints and fraud are in operation and these are regularly reviewed by TCT Board and auditors. The Company also proactively engages with internal and external auditors to support the commitment to its continuous improvement culture.

The Business Plan, the Business Continuity Plan and the Risk Register(s) are maintained on the Company's SharePoint site for ongoing review. TCT Board minutes document the annual reviews of the BCP/Register.

Formal reviews of the Risk Register take place on an annual basis and the Board will also assess the effectiveness of the Risk Management Policy annually. Following such review, the Register should be saved as a new version and the prior version maintained for archival/audit purposes.

### **Communication and Consultation**

TCT will communicate and consult with its stakeholders (internal and external) on its approach to risk management.

## Appendix 1: Risk Register Format

TCT's Risk Register is maintained in Excel and includes: individual references for each risk; the category and a description of each risk; the level of impact (consequences) and probability (likelihood). It also sets out mitigating controls; a calculation of the residual risk level (after mitigating controls); and a risk owner. Where further action is required, the separate Action Plan is referenced.

TCT uses a basic numerical score to calculate risk levels. A 3/2/1 computation is based on the principle that if the risk is not significant then full mitigation is not required.

The TCT Scale of Risk is as follows:

For **Impact**                      3 represents **critical**, 2 major, and 1 moderate.

For **Probability**

- 3        represents **possible** (or at least once/twice a year)
- 2        represents **unlikely** (or within 5 years/over once in 5 years)
- 1        represents **rare** (or not more than once in 5 years/more than 5 years away).

For **Control Level**

- 3        represents **weak** controls or inability to control
- 2        represents **adequate** controls and
- 1        represents **strong** controls.

The Register employs 'drop-down' menus to allow for the stratification of risk and control levels. The numerical score automatically calculates based on these factors. With a three-point scoring arrangement the maximum risk level is 27 ( $3 \times 3 \times 3$ ).

Overall scores at or less than 9 suggest that the risk is at an acceptable level, and will be monitored.

Overall scores between 10 and 17 suggest that the risk is at an acceptable level, but is subject to high levels of monitoring in case the risk rises to a critical level.

The critical level for risk is triggered at 18 in the three-point scheme.

Overall risk scores of 18 or above require the completion of a **Risk Treatment Plan**. This plan provides a summary report on the actions proposed, any issues arising, and the eventual outcome. In such cases, the eventual outcome may be that the risk level is acceptable to the Board and no further action is required.

**The Risk Owner** is, at each level within TCT, the person who has responsibility for the risk at his/her level. Where a risk is sufficiently serious to show at a higher level within the Company, then personnel at that higher level must be shown to have responsibility.

**The Risk Treatment Plan** sets out the current risk assessment and the target risk level, after application of further mitigating controls. This applies where the residual risk level is calculated at 18 or above.

**The Completion Date** notes the day on which actions to mitigate/reduce risk to an acceptable level were finalized.

## Appendix 2: Risk Register

05/08/2022

### The Care Trust DAC Risk Register

The TCT Board regularly assesses the impact and probability (consequence) of all risks that apply to TCT. The risk score is then adjusted for the relevant control level, to provide a Residual Risk Level. This is graphically depicted in the heat maps presented on the right.

PROBABILITY	CONSEQUENCE		
	IMPACT		
	Moderate	Major	Critical
Possible	3	6	9
Unlikely	2	4	6
Rare	1	2	3

CONSEQUENCE	RESIDUAL RISK LEVEL		
	CONTROL LEVEL		
	Strong	Adequate	Weak
9	9	18	27
6	6	12	18
4	4	8	12
3	3	6	9
2	2	4	6
1	1	2	3

Risk No.	Category	Risk Description	Impact	S	Probability	S	Overall Risk Rating	Mitigating Controls	Control Level	Control Rating	Residual Risk Level	Further Action Required	Risk Owner	Treatment Plan	Completion Date	BCP Plan: Relevant pages/controls in Business Continuity Plan				
TCT/16/14	Operational	Ability to recruit and retain sufficient, effective fundraising representatives	Critical	3	Possible	3	9	DLOM continues to try all channels. Incentives for recruitment/training. Considering other payment channels	Adequate	2	18	Yes - See Plan	Chief Executive	Yes	Ongoing	20	22			
TCT/16/3	Operational	Loss/unplanned absence of key staff. Public health crisis	Critical	3	Possible	3	9	Staff Reviews / Appraisals. Active Knowledge Base. Rotation of duties. Full, up-to-date process documentation. COVID-19 Back to Work Plan. Board reviewing and considering succession planning for key/senior managers.	Adequate	2	18	Yes - See Plan	Chief Executive	Yes	Ongoing	18	19	20	26	
TCT/17/1	Strategic	Failure to clarify/define future strategic direction. Inability to implement strategic change due to lack of consensus at Board and / or Shareholder level on future strategy. Lack of resources, funding and expertise to develop and successfully implement new fundraising initiatives to complement core door-to-door fundraising activity	Major	2	Possible	3	6	Engaged Strategic Review and Governance Committees in place. Strong governance compliance to assure Directors' independence. Input from professional consultants. MOUs now in place. Building relationships we new and appealing beneficiary entities, eg, ALFL and HUGG	Weak	3	18	Yes - See Plan	Board	Yes	Ongoing					
TCT/18/1	Compliance/Statutory	Failure to comply with EU General Data Protection Regulations. Inability to implement and monitor adequate policies and systems to ensure data security, monitoring of possible cross-	Major	2	Possible	3	6	Board and management commitment, with Contributor communications and key policies in place. Gap analysis carried out, with clear actions and timelines for project plan. Staff training and awareness ongoing	Adequate	2	12	No	Board & CEO			9	10	17	21	26
TCT/16/13	Financial/Funding/Reputation	Adverse publicity targeted specifically at TCT	Critical	3	Possible	2	6	Detailed Annual Report. Charities SORP. Media Action Plan. Committed Management. Compliance with CRA Governance Code (assessed annually)	Adequate	2	12	No	Board & CEO			19	22			
TCT/16/4	Financial/Funding/Reputation	Fraud occurrence at any level. Risk to operations and contributor retention	Critical	3	Possible	3	9	Fraud Register. Internal & external audits. Secure encrypted systems. Cyber Security Policy	Strong	1	9	No	Chief Executive			19	22			
TCT/16/1	Financial/Funding/Reputation	Adverse publicity/loss of trust. Risk to maintain/extend contributor base	Critical	3	Rare	1	3	Shareholder support. Detailed Annual Reports & Financial Statements. Public Relations advice and support	Adequate	2	6	No	Board			22	26			
TCT/16/2	Compliance/Statutory	Poor Governance - negative affect on reputation and funding	Critical	3	Unlikely	2	6	Engaged Governance Committee. Independent Board/Independent Auditors/Professional support for Board Members	Strong	1	6	No	Board & CEO			20	26			
TCT/18/2	Clients/suppliers	Reliance on prize car suppliers to meet standard requirements and expectations of TCT and prize car winners for good winner experience	Moderate	1	Possible	3	3	Contract with prize car supplier reviewed and renewed annually. Car winners database with controls and audit trail. Regular interface with car winners through photo shoots etc and surveys. Media Plan in place.	Adequate	2	6	No	CEO & Management			19	22			
TCT/20/1	Strategic	Inability to secure long-term viability of Fair Play To You or other online or fundraising initiatives (e.g., online charity shop project), despite significant investment in	Major	2	Rare	1	2	Lessons learned analyses from the FPTY and online fashion shop projects have been compiled and shared with the Board. The business is re-focussed on its core door-to-door fundraising activity, following the interruptions	Adequate	2	4	No	Board & CEO							

### The Care Trust DAC Risk Register

The TCT Board regularly assesses the impact and probability (consequence) of all risks that apply to TCT. The risk score is then adjusted for the relevant control level, to provide a Residual Risk Level. This is graphically depicted in the heat maps presented on the right.

PROBABILITY	CONSEQUENCE		
	IMPACT		
	Moderate	Major	Critical
	Possible 3	6	9
PROBABILITY	Unlikely 2	4	6
	Rare 1	2	3

### RESIDUAL RISK LEVEL

CONSEQUENCE	CONTROL LEVEL		
	Strong	Adequate	Weak
	9	18	27
	6	12	18
	4	8	12
	3	6	9
	2	4	6
	1	2	3

Risk No.	Category	Risk Description	Impact	S	Probability	S	Overall Risk Rating	Mitigating Controls	Control Level	Control Rating	Residual Risk Level	Further Action Required	Risk Owner	Treatment Plan	Completion Date	BCP Plan: Relevant pages/controls in Business Continuity Plan				
TCT/16/8	Security	Crime activity/burglary or vandalism/Client data hacked or removed	Moderate	1	Unlikely	2	2	Alarms. Systems security/encryption. Data Protection policy. Document storage/shredding policy. Cyber security policy.	Adequate	2	4	No	CEO & Management			9	13	14	21	27
TCT/16/11	Compliance/Statutory	Challenge by Revenue Commissioners / or individual re contract status	Critical	3	Rare	1	3	Form 46G submitted annually. Contracts of / for service. Code of Conduct/Role descriptions. Segregated payment routines	Strong	1	3	No	CEO & Management			20				
TCT/16/5	IT/CID/Info Management	Systems Failure	Critical	3	Rare	1	3	Cloud-computing. Off site back-ups/Monthly 'Roll Over' and Restore Checks/Off-site IT resource/ Development Strategy/Systems continuity plan. Data encryption	Strong	1	3	No	Management/ Staff			9 to 11	12	14 to 19	27	
TCT/16/6	Operational	Fire/Flood/Power Cuts/Acts of God	Critical	3	Rare	1	3	Business Continuity Plan. Insurance cover. Secure location.	Strong	1	3	No	Chief Executive			9 to 11	13 to 19	21	24 to 25	
TCT/16/7	Compliance/Statutory	Failure to meet legislation/statutory requirements	Critical	3	Rare	1	3	Board expense. Internal & external audits/Charities SORP. Annual review of Governance Code compliance; IORP Compliance and Pension	Strong	1	3	No	Board & CEO			20	22			
TCT/21/1	Strategic	Loss of MMUH as Beneficiary and failure to secure suitable replacement projects	Moderate	1	Rare	1	1	Grant-funding of special charitable projects agreed by the Board. Long-term relationships being established with new beneficiary entities, ALFL and HUGG. Rapid response funding for	Adequate	2	2	No	Board & CEO							
TCT/16/10	Operational	Cash handling by Agents	Moderate	1	Rare	1	1	Cash collection model has ceased. Agent Collectors no longer involved in the business. FRs not permitted to accept cash donations at the doorstep	Adequate	2	2	Yes - See Plan	Chief Executive			20				
TCT/16/12	Operational	Staff welfare, behaviour and performance	Moderate	1	Rare	1	1	Annual appraisals. Regular meetings. Small number of staff. Staff Handbook / policies	Strong	1	1	No	CEO & Management			20	26			
TCT/16/9	Operational	Telephone Failure	Moderate	1	Rare	1	1	Second broadband provider - failover tested. Failover to mobile phones. Wi-Fi access	Strong	1	1	No	CEO & Management			23				