



## POLICY COVERSHEET

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### **1. Risk Management Policy**

The Dyslexia Association of Ireland (DAI) is committed to minimising risk to the operation and reputation of the DAI.

DAI defines risk as “an uncertain event which may occur in the future preventing or delaying a charity’s ability to realise and achieve objectives”. The impact and likelihood of a risk occurring can only be estimated. To estimate risk properly, each risk should be identified, understood and evaluated by the DAI Governance and Risk Sub-Group and presented to the DAI Board within the timeframe mentioned in this policy. Risks can be either positive (Opportunities) or negative (Threats). Positive risks that offer opportunities within limits may be pursued in order to generate enhanced value to the DAI.

## 2. Risk Methodology and Approach

The DAI's approach to risks that affect the operation and reputation of the DAI are on the basis of experience, knowledge, ongoing risk assessment and effective prevention measures.

The DAI risk assessment process is initiated, controlled and co-ordinated by Governance and Risk Sub-Group.

The DAI uses the Qualitative Risk assessment methodology to measure risks.

The Governance and Risk Sub-Group will review the output from the detailed process and ensure that the DAI Risk Register is updated with relevant information regarding risks / matters identified as being of a critical or catastrophic nature.

## 3. Conducting the Risk Assessment Process

All DAI staff, including Board members, are responsible for monitoring risks on an on-going basis and are required to notify the Governance and Risk Sub-Group promptly, and in writing, of any new risks arising, or if there is a significant change to an existing risk identified, in order for appropriate risk management documentation to be updated.

All such risks identified are recorded by the Governance and Risk Sub-Group in the DAI Risk Register.

For each risk identified the following is also documented:

- Risk No.
- Risk Description
- Risk Category
- Risk Owner
- Steps to Mitigate
- Risk Date Identified
- Action by Date
- Impact 1-5
- Likelihood 1-5
- Risk Rating

All documented risks are categorised within the DAI Risk Register according to the overall nature of the risk under one the following risk categories:

<b>RISK CATEGORIES</b>	
<b>Governance</b>	<b>May include charity trustees not knowing or living up to their responsibilities</b>
<b>Strategic</b>	<b>May include any risk which may cause a charity to be delayed or prevented from achieving its objectives</b>
<b>Compliance (Legal or Regulatory)</b>	<b>May include failure to comply with legal or regulatory requirements</b>

<b>Operational</b>	<b>May include volunteers or employees being unavailable for duty or only trained for one role</b>
<b>Financial</b>	<b>May include failure to meet financial management and reporting requirements and/or maintain prudent financial reserves</b>
<b>Environmental</b>	<b>May include change in the overall environment in which the charity operates such as a change in Governance policy that affects the charity</b>
<b>Reputational</b>	<b>Consider the actual and perceived impact of the decisions a charity takes, ensuring that all decisions are taken in line with the best interests and charitable purposes of the charity</b>

#### 4. Calculation of Risk Exposure (Matrix)

The risk exposure for each risk identified in the DAI Risk Register is calculated by the Governance and Risk Sub-Group based on multiplying (a) Risk Impact with the (b) Risk Likelihood. Both the Risk Impact and Risk Likelihood are measured using a scale of 1 to 5 as outlined below:

##### 4.1 Risk Impact

<b>Impact</b>	<b>Rating</b>
Insignificant	1
Minor	2
Moderate	3
Major	4
Extremely Detrimental Impact	5

##### 4.2 Risk Likelihood

<b>Likelihood</b>	<b>Rating</b>
Remote	1
Unlikely	2
Possible	3
Very likely	4
Unavoidable / Already Happening	5

##### 4.3 Overall Risk Rating and Priority Action Required

An overall priority score is arrived at by multiplying the Risk Impact score by the Risk Likelihood score. All identified risks are classified by the Governance and Risk Sub-Group using the following risk tablets.

<b>LIKELIHOOD</b>	<b>IMPACT</b>
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	Insignificant 1	Minor 2	Moderate 3	Major 4	Extremely Detrimental Impact 5
Unavoidable / Already Occurring 5	5	8	15	20	25*
Very Likely 4	4	8	12	16	20
Possible 3	3	6	9	12	15
Unlikely 2	2	4	6	8	10
Remote 1	1	2	3	4	5

\* If Risk Rating identified as 25, it is not a Risk, it is an Issue and must be addressed immediately

RISK RATING	ACTION REQUIRED
Low Risk 1 to 8 Appetite Limit	Management responsibility allocated for monitoring & reporting
Medium Risk 9 to 15 Tolerance Limit	Senior management intervention mandatory. Action required to mitigate to Appetite level. Board approval required for residual risk that exceeds Risk Appetite limit.
High Risk 16 to 25 Unacceptable	Immediate remedial action required

#### 4.4 Risk Responses

The risk response process determines effective response actions that are appropriate to the priority of the individual risk. Risk responses when implemented, can have potential effects on the DAI operations and as such, can generate additional risks. These are known as secondary risks and have to be analysed and planned for in the same way as those risks which were initially identified.

<b>Risk Responses</b>	
<b>Avoid</b>	<b>This involves taking the actions required to address the risk in order to ensure either that the threat cannot occur or can have no effect to the Charity</b>
<b>Transfer</b>	<b>This entails transference to a third party that is better positioned to address a risk</b>
<b>Mitigate</b>	<b>Mitigation and enhancement are the most widely applicable and widely used risk response. Here, the approach is to identify actions that will decrease the probability and/or impact of the risk</b>
<b>Accept</b>	<b>This applies when the other risk responses are not considered applicable or feasible. Acceptance entails tasking no further action unless the risk actually occurs, in which case it becomes an issue</b>

#### *4.5 Management Review*

The risk register and in particular progress on the actions to mitigate risk will be reviewed quarterly. A comprehensive risk review process will be undertaken at least annually to identify new/change risks and to re-score the identified risks. Arising from the review, the DAI Risk Register would be updated as required. It is important to note that no risks on the DAI Risk Register will ever be removed. If a risk is deemed to be closed or accepted, that risk will be archived. This is for lessons learned reviews of historical DAI risks.

The updated DAI Risk Register is reviewed by the Governance and Risk Sub-Group. For each risk identified the Governance and Risk Sub-Group evaluates and manages the appropriate options and treatment of the risk which includes the following measure:

- Applying pertinent controls
- Knowingly and objectively accepting the residual risk – providing they are clearly satisfied the organisations policies and criteria for accepting risks
- Select an appropriate risk response
- Communicate the outputs of the updated DAI Risk Register with relevant stakeholders

The results of the risk assessment process are advised to the DAI Board of Directors.