



# **Institute of Risk Management - Charities Special Interest Group**

**Autumn 2015 Newsletter**

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**Alyson Pepperill**

Chair, IRM Charity Special Interest Group

**Introduction**

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As the year slides gently into Autumn, the SIG is celebrating a fantastic year of the Getting Started Campaign. The latest and final presentation, 'The Risk Management Framework', was posted in September here: [https://www.youtube.com/watch?v=RQz9ebWkk\\_8](https://www.youtube.com/watch?v=RQz9ebWkk_8)

We were also amazed to hear that the presentations and guides have reached South Africa – thanks to Dr Peter Tobin. Additionally, our seminar on communicating and embedding risk management was well attended with well over 37 delegates.

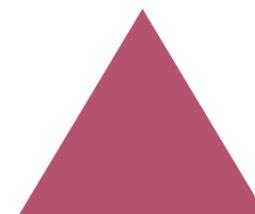
We're also looking forward to seeing many of you at the CFG Risk Conference on 26 November. Our thanks to CFG for publishing the report on Getting Started in the September Finance Focus.

This issue of the newsletter reports looks at:

- Your Risk Challenges – the priorities raised by attendees at the July round table event
- With calls for a new charity fundraising regulator, a timely article by new SIG team member Ed Wyatt of Save the Children on what can be done to risk manage fundraising
- A valuable Security Audit Guide courtesy of the European Independent Security Forum
- Six revealing questions to ask when choosing an insurer for your charity from Ansva

Our webpage is also regularly updated so click here and see what's new: <https://www.theirm.org/knowledge-and-resources/charitiesand-voluntary-organisations/>

I hope you find this newsletter useful. Please do let me know if there are other topics you would like to see covered.

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## Alyson Pepperill

Chair, IRM Charity Special Interest Group  
**IRM Charities SIG Round Table Event**

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### From the horses' mouth – your risk challenges

16 delegates attended a special Risk Challenges Round Table at the Arthur J. Gallagher office on 8th June at the Walbrook, London. I wanted to share some of the key soundbites that came from the lively debate that ensued, not least because I'm sure they'll sound very familiar!

#### **“We need to move risk management so it is ‘built in’ not ‘bolted on’”**

“We need to link risk management to planning, by doing it through budget planning and make it easier to tackle and not just an after thought.”

“Each department has their own risk register and their own non standardised approach to risk management!”

It was clear that the inability to link the strategic and the departmental risk register is a real headache for many charities. And it's when this goes wrong and a gap appears that risks are missed and can come back to bite you. The group felt that there is definitely work needed around the internal communication and education of risk management. Without it, the bottom-up feedback of new risks and escalation of risks just won't happen.

An extension of this was the view that decision making actually needs to start with risk management. After all, the project management fraternity has managed to do this at a project level.

#### **“The scoring has a tendency to take over at Board meetings”**

I had plenty of experience of this myself when I was a Director of a not for profit. I still remember hours of Board meetings taken up with reassessing and re-scoring the key risks. This is clearly not the role of the Board– which should be oversight and challenge.

The Risk Challenge delegates felt that, in many cases, it was clear that those with risk responsibility needed much better dialogue with trustees and directors. However, delegates also wondered “are we asking too much of our busy directors and trustees?” Many felt that purely up-skilling directors and trustees is not enough. There is probably a wider leadership training and culture issue

at play. In fact, some wondered if we should really worry at this level. Instead, would it be wiser to focus on the next layer down – those actually ‘doing’ the risk management?

#### **“Is it more about the culture of an organisation than just risk registers?”**

Sometimes a risk management framework can be seen as a straightjacket, limiting activity and innovation.

Delegates discussed the concept of Risk Champions, which has proved effective in, for example, organisations tackling waste and recycling. The feeling was that they can be a successful way of ‘spreading the word’ and helping embed risk management approaches, especially for overseas offices which can feel isolated from the centre.

#### **“Blindly following the objectives may not work because the objectives themselves may be debateable”**

IRM's Charities SIG has consistently advocated the need to relate risk back to the charity's objectives at a strategic level.

Some delegates raised the use of Risk Management Information Systems, asking if others had found this to be a good way to embed risk management. Overall, the general view was that these systems didn't work unless an organisation was risk mature.

#### **“Risk management is seen as a negative thing”**

Part of the problem with getting people to think about risk management is it has a negative perception within organisations. It can be seen as either about closing things down or highlighting unpleasant things. It's also historically linked to health & safety and ticking boxes. To tackle this, we need to highlight some of the ‘upsides’ of risk management to make it more ‘sexy’ and attractive to others.

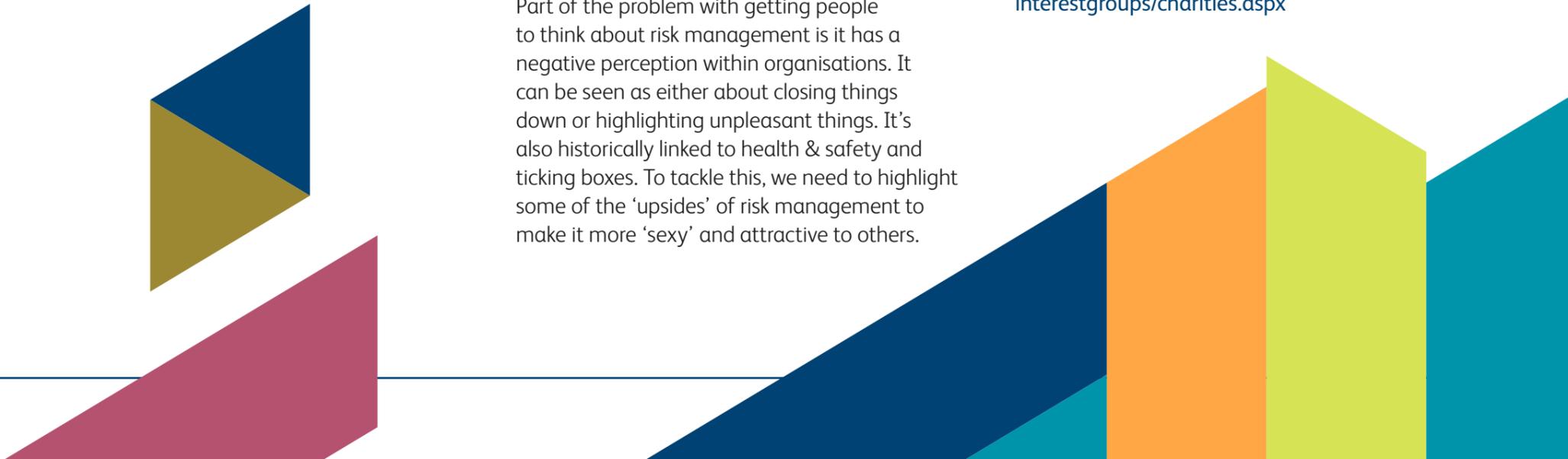
We should ask ourselves – how can we make communicating risk more relevant? One attendee tackles this by asking colleagues “what could hurt you?”, encouraging them to voice their deepest, darkest fears and then facilitates the person into explaining how to resolve the issue. Another delegate prefers to use the analogy of risks as hurdles to be overcome with colleagues. And, of course, pointing out that it's important to celebrate when the risk hurdle is jumped.

Everyone agreed that successes in reducing or eliminating risks should most definitely be celebrated – and that celebration and credit should be specific, down to the individual or team which applied themselves to the problem.

I particularly welcomed the suggestion that the celebration be light hearted too, as this would increase the attractiveness of risk management. Such a form of celebration can also help develop more of a conversation about risk management. People can ‘tell the story’ of how risk has been managed so that others in the organisation can see the benefit and want a part of the celebration.

And all this talk of celebrating risk management successes reminds me – the SIG is holding a seminar afternoon of Wednesday 9th December at Arthur J. Gallagher entitled Celebrating Risk Management Success. So if you have a success story that you're keen to share please contact me or one of the other SIG members.

[www.theirm.org/events/special-interestgroups/charities.aspx](http://www.theirm.org/events/special-interestgroups/charities.aspx)



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## Lisa Reilly

Executive Co-ordinator, EISF

### Security Audits, an EISF guide for non-governmental organisations

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*Security Audits* is a guide that can be used to examine the security management system of an organisation. This guide was written by Christopher Finucane, based on a methodology he had developed and successfully applied when conducting security audits of different NGOs.

A security management system audit is an evidence-based review of the system's structure and functions and a test of the system's purpose. Auditing provides managers and their staff with essential information from which to identify system strengths and weaknesses, allowing resources to be focused where most needed.

Aid organisations will audit their security management systems for two key reasons:

1. As employers, NGOs have a moral obligation towards their employees to ensure they are not placed in danger as a result of doing their jobs.
2. In many contexts NGOs are obliged by law to exercise a duty of care towards employees, requiring clearly defined systems and processes to manage workplace risks.

Understanding the structure of a security management system is essential when determining system effectiveness. What does the system actually look like? How can the system be communicated to those responsible for its implementation? This guide first provides the process for answering these two key questions, and then presents tools to conduct an assessment of the system's design and effectiveness. Determining system effectiveness is more subjective than assessing its structure and design. In other words, it can be easier to describe what something looks like than to see how it works.

This guide is designed for use by any staff member, including non-security specialists, and can be applied to the organisation as a whole, to headquarters, or to a country office. The associated practical tools can be downloaded in editable format at EISF website. Organisations are free to use or adapt these tools provided that EISF and Humanitarian Policy are acknowledged as the original source. *Security Audits* is also available in French and Spanish.

*Security Audits* can be downloaded free of charge at <https://www.eisf.eu/library/security-audits/>

The European Interagency Security Forum (EISF) is an independent, member-led security network of over 70 European-based aid agencies, which exists to share best practice, provide peer support and produce practical research for security risk management in the humanitarian sector. EISF is committed to improving the safety and security of relief operations and staff, by strengthening risk management in a way that allows greater access to, and impact for, crisis-affected populations. [www.eisf.eu](http://www.eisf.eu)



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## Ed Wyatt

Risk & Compliance Manager, Save the Children

### Calling time on fundraising scandals

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Charities, and charity fundraising in particular, have increasingly come under the media magnifying glass in recent years. Always serious, and more frequently shocking stories in tabloids and broadsheets alike have created tides of public, regulatory and governmental pressure on all fundraising organisations.

It's easy to blame the media for oversimplification or piling on this pressure. Easy but wrong. As John Low, Chief Executive of the Charities Aid Foundation, argued recently, "We, as a sector, knew what the public were saying about fundraising and we should have been ahead of this," he says. "We can't blame the media – we should blame ourselves."

At Save the Children we have been very concerned about some of the practices highlighted in recent press investigations. The public are quite rightly frustrated and shocked when fundraising is not carried out to a high standard. Charity and fundraising are concepts stitched in to our national DNA; they belong to everyone. So if public trust and confidence in charity is dropping, we have a moral obligation to get it back.

Fundamentally, trustees are accountable for the work of 'their' charities. The buck stops with them. They can delegate activity, but not responsibility, and their ability to make an effective decision is crucial. But can trustees really be expected to see everything? Increasingly, the expectation is yes. So we have a vital role to play in helping them make the best informed decisions.

To do this trustees need all the relevant information, formulated, processed and delivered in a timely and appropriate package.

Of course, doing this requires a joining of the dots between strategy and delivery, front line services and back room support, the top of the pyramid and the feet on the ground. A complex web indeed. But luckily this web has a name. Risk Management.

Looked at from a risk perspective, what we are dealing with is as fundamental as it is wide reaching. If people don't trust charities then everything rots. The rot starts with reputation, which in turn impacts income, which quickly cripples our ability to deliver the valuable work that defines our very existence. And make no mistake; this is not a slow process. The rot of mistrust is exceptionally quick to destroy.

This is where we, the risk managers, come in. Risk management creates the environment for effective decision-making. This environment is created via a web of information made up of champions, triggers, plans, assessments, frameworks and audits. It joins the dots, packages the information and allows for the necessary oversight and effective decision making we need to protect the charity, sustain fundraising, safeguard our beneficiaries and earn back the public's trust and confidence.

So instead of resenting the looking glass that has highlighted the sector's fundraising weaknesses, let's focus on the risk management tools that can make them strong again.

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**Alyson Pepperill**

Chair, IRM Charity Special Interest Group

**“Getting Better” – now a major IRM thought leadership project**

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Readers of the Summer issue of this newsletter will remember we asked you to ‘watch this space’ for further news of our *Getting Better* campaign. Since then, the idea of developing a Risk Maturity model was felt to be so critical by the IRM’s Technical Committee that it has now become a major piece of thought leadership for the Institute. As a result, we’ll wait for the final results from the Committee before taking them forward. The Charity SIG’s very own Rebecca Bowry will be on the Working Group which will develop the model.

So, while this development means there will be a bit of a delay in delivering the next steps, the good news is that once this work is completed, we’ll be able to interpret and tailor it for the sector. We’re really looking forward to doing that work in the future.”

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## Duncan Tuffrey

Sales and Marketing Director, Ansvar Insurance

### Six revealing questions to ask when choosing an insurer for your charity



Good insurance is essential to protect your organisation and those you help. But how can you sort the good from the bad? Insider Duncan Tuffrey, of Ansvar Insurance, suggests a few probing questions that can help you make the best choice.

#### 1. Do they understand what we do?

When it comes to insuring charities, one size doesn't fit all. The needs of an animal rescue shelter are going to be vastly different to those of a medical research charity. An insurer with experience in your field can help you avoid pitfalls that are costly to your bottom line and reputation.

For example, if an animal shelter fosters a basset hound to a family for a week and it bites a neighbour's child, who's responsible?

A small organisation may not have the resources to inspect foster families first. A specialist insurer could help them create a fostering template to protect both the charity and those fostering. It would then be clear from the outset what the responsibilities of each party were and what the foster family is expected to do. Which means everyone is happier – especially the child and the basset hound.

#### 2. Will they go the extra mile?

If the time comes to make a claim, you may need more than financial compensation.

Recently, we received a claim for a church that went up in flames. The cost of rebuilding was covered but there were other pressing questions they needed help with too. How would the church operate during the two years it could take to re-open? Where would services be held? How would meals-on-wheels be delivered to elderly locals? How would vital income be sustained?

In complex situations, you need an insurer who's prepared to work closely with you to resolve critical issues quickly.

#### 3. Can we trust them? Do they care?

It's important to know your insurer is going to be there when you need them and deal with you promptly and fairly. If meals-on-wheels needed to be delivered that day, there's no point telling a worried vicar you'll get back to him in a week.

An experienced third-sector insurer will understand that meeting your organisation's caring commitments is top of your list.

So how can you tell if an organisation is ethical and trustworthy? Have a look at their website for statements of values and their approach to corporate social responsibility. A quick Google search will provide recent news, while following an insurer on Twitter is a good way to get a feel for what they're like.

See how committed they are to the third sector too. Do their employees volunteer outside work? If so, they're much more likely to understand what you're trying to achieve and support your aims.

#### 4. Will they fill the insurance gaps?

A specialist insurer will ask the right questions and make sure you have all the cover you need. They'll understand it's not just your employees that must be covered, but volunteers and trustees as well. If not, there could be dangerous gaps in your cover. In the case of a trustee, their home could be at risk if something goes wrong.

Fundamental changes to insurance law come into force in 2016. The onus shifts to the customer to present in-depth information on their business to enable insurers to offer adequate cover. An experienced insurer can help you set out your story and get what you need.

#### 5. Are they worth it?

Now you've ticked most of the boxes, it's time to consider price. Rather than looking for the cheapest premium, check to see which insurer offers best value for money.

This goes back to establishing how well they understand your organisation's work, and what does – and doesn't – need to be covered. Also, the 'added value' they offer, when it comes to providing support and expertise that can help prevent costly claims in the first place.

#### 6. Should I use a broker?

If you want to be sure you have the best cover for your organisation, for the best price, your safest option may be a reputable insurance broker. Again, it's best to select someone who understands the work of your charity, so dig around their website and ask a few questions before going further.

It can also be handy to opt for someone local; sometimes it's easier to iron out complex issues in person.

Then, armed with your questions, you can assess any prospective insurer with your eyes open and your charity's best interests leading the way.

