



NATIONAL RIFLE ASSOCIATION

RISK MANAGEMENT POLICY

Adopted by Council on 9 December 2023

1. INTRODUCTION

- 1.1 'Risk' is used in this policy to describe the uncertainty surrounding events and their outcomes that may have a significant impact, either enhancing or inhibiting any area of a charity's operations.
- 1.2 Risk is an inherent part of the strategic and day-to-day activities of the National Rifle Association (NRA) and managing it effectively is essential to ensure the charity can meet its key objectives and safeguard funds and assets.
- 1.3 This policy sets out the way in which the NRA proactively identifies, assesses and mitigates risk in order to ensure that it achieves its strategic aims and maintains the safety of its staff, members and visitors.
- 1.4 Effective risk management forms an important element of the NRA's internal control framework that ensures the highest standards of good governance, transparency and accountability are achieved.
- 1.5 The NRA maintains a system of internal control which is designed to manage risk to a reasonable level rather than to eliminate it completely.

2. AIMS

In adopting this policy, the NRA aims to ensure that:

- 2.1 the identification, assessment and management of risk is linked to the achievement of the charity's objectives;
- 2.2 all areas of risk are covered e.g. financial, governance, operational and reputational;
- 2.3 a risk exposure profile can be created that reflects the trustees' views as to what level of risk are acceptable;
- 2.4 the principal results of risk identification, evaluation and managed are reviewed and considered; and
- 2.5 risk management is ongoing and embedded in management and operational procedures.

3. SCOPE

This policy applies in full to the NRA and its wholly-owned subsidiary, the National Shooting Centre Limited (NSC).

4. RISK MANAGEMENT PROCESS

Identifying risks

- 4.1 Risk is embedded within the charity and risk management is factored into planning, continuity management and project management.

- 4.2 The identification of risk involves examining all sources of potential risk that the NRA may be exposed to from the perspective of all stakeholders. The identification of risk is carried out by involving members of the Senior Management Team (SMT) who have a detailed knowledge of the way the NRA operates.
- 4.3 In identifying risks, the SMT give consideration to the following factors:
- 4.3.1 the NRA's objectives and strategy;
 - 4.3.2 the nature and scale of the NRA's activities;
 - 4.3.3 the outcomes that need to be achieved;
 - 4.3.4 external factors that might affect the NRA such as legislation and regulation; and
 - 4.3.5 the NRA's reputation.
- 4.4 There are a number of risks to which the NRA is exposed. These are split across eight main categories; strategic, financial, operational, legal and regulatory, organisational, political, environmental, reputational and technical.
- 4.5 The NRA adopts a predominantly top-down approach to identifying potential risk however, welcomes input from all levels of the charity. Risk management is undertaken collectively by the SMT who contribute to the identification, assessment and recording of risks that threaten the achievement of the NRA's objectives and strategic priorities.
- 4.6 Trustees take a strong interest in the management of risk and are kept fully informed of the NRA's risk management through the Risk Register which is maintained for ongoing review and assurance. The Risk Register is reviewed and updated regularly and is submitted to the Trustees at their two-monthly meetings.

Assessing Risk

- 4.7 Each identified risk is entered on the Risk Register and through involved discussion is assessed by the SMT in terms of the potential severity of its impact and likelihood of occurrence. This structured assessment and categorisation helps in prioritising and filtering risk items and in establishing whether any further action is required.
- 4.8 This approach attempts to map risk as a product of the likelihood of an undesirable outcome and the impact that an undesirable outcome will have on the NRA's ability to achieve its operational objectives. Crucially, this process enables the Trustees to easily identify those risks that fall into the major risk category.

Evaluating action to be taken

- 4.9 Once a risk has been identified it is then assessed to identify how effective existing controls are. For major risks, further consideration is given to any additional action that can be taken to manage the risk further, either by reducing the likelihood of the event occurring or reducing its impact if it does.
- 4.10 Risks can be managed in some of the following ways:
- 4.10.1 the risk may need to be avoided by ending the particular activity or service involved;

- 4.10.2 the risk could be transferred to a third party (e.g. use of a trading subsidiary, outsourcing or other contractual arrangements with third parties);
 - 4.10.3 the risk could be shared with others;
 - 4.10.4 exposure to the risk can be limited (e.g. establishment of reserves against loss of income, phased commitment to projects);
 - 4.10.5 the risk could be reduced or eliminated by establishing or improving control procedures (e.g. internal financial controls, controls on recruitment, personnel policies);
 - 4.10.6 the risk may need to be insured against (e.g. employers liability, third party liability, theft, fire);
 - 4.10.7 the risk may be accepted as being unlikely to occur and/or of low impact and therefore will be reviewed annually; or
 - 4.10.8 the risk may be accepted as one that cannot be avoided if the activity is to continue.
- 4.11 In assessing additional action to be taken, the costs of management or control will be considered in the context of the potential impact or likely cost that the control seeks to prevent or mitigate. It is possible that the risk management process may identify areas where the current or proposed control processes are disproportionately costly or onerous compared to the risk they are there to manage. In managing such risk, a balance will need to be struck between the cost of further action to manage the risk and the potential impact of the residual risk.
- 4.12 Ultimately, risk management is aimed at reducing the 'gross level' of risk identified to a 'net level' of risk i.e. the risk that remains after appropriate action is taken. Good risk management is intended to allow the charity to take opportunities and to meet urgent need as well as preventing disasters.

Periodic monitoring and assessment

- 4.13 Risk management is a continual process ensuring not only that new risks are addressed as they arise but also that previously identified risks are revisited to see how they may have changed. The NRA monitors and assesses risk using a Risk Register that draws together the key aspects of the risk management process. The Risk Register identifies gross risks and their assessment, the controls in place and the net risks, and can identify responsibilities, monitoring procedures and follow up action required. The Risk Register allows Trustees to monitor risk by:
- 4.13.1 ensuring that the identification, assessment and mitigation of risk is linked to the achievement of the charity's operational objectives;
 - 4.13.2 ensuring that the assessment process reflects the trustees' view of acceptable risk;
 - 4.13.3 reviewing and considering the results of risk identification, evaluation and management;
 - 4.13.4 receiving interim reports where there is an area needing further action;
 - 4.13.5 considering the risks attached to significant new activities or opportunities;

- 4.13.6 regularly considering external factors such as new legislation; and
- 4.13.7 considering the financial impact of risk as part of operational budget planning and monitoring.

5. THE RISK REGISTER

- 5.1 Broadly, the Risk Register summarises the risks faced by the charity and its wholly-owned subsidiary and identifies the controls in place to manage the risk.
- 5.2 The Risk Register features a list of identified NRA and NSC risks. Each risk is categorised in accordance with 4.4 above and responsibility for the risk is allocated to a member of the SMT or indeed to the SMT team as a whole.
- 5.3 For each risk item, the inherent risk is then assessed on a numerical basis in terms of its potential impact and the likelihood of it happening. Consideration is then given to the measures the NRA has in place to manage the initial level of risk posed and a numerical reassessment of the 'residual risk' is then carried out. Further consideration is then given to the financial impact of each risk, whether the measures put in place have improved the residual risk outcome and additional comments on the risk status and further mitigating actions.
- 5.4 Lastly, each risk is further categorised as to whether it is an "on us" risk i.e. one that the NRA or NSC can control or an "off us" risk i.e. one that is outside the control of the NRA or NSC. This is helpful in highlighting the risks the NRA or NSC has little to no control over as by their nature the "off us" risks are subject to external influence and control.
- 5.5 The Risk Register is regularly considered by the SMT who assist in the ongoing assessment and review of the risks faced by the NRA and NSC.
- 5.6 The Risk Register is submitted to the Trustees for review at their two-monthly meetings.

6. RISK MANAGEMENT STATEMENT

- 6.1 The NRA is required by law to have its accounts audited and the Trustees in their annual report must make a risk management statement confirming that "the charity trustees have given consideration to the major risks to which the charity is exposed and satisfied themselves that systems or procedures are established in order to manage those risks".¹
- 6.2 The purpose of the risk management statement is to give readers of the trustees' annual report an insight into how the charity handles risk and an understanding of the major risks the charity is exposed to. It is also an opportunity for the trustees to comment on any further developments of risk management procedures being undertaken or planned.
- 6.3 Major risks are those risks that have a major impact and a probable or highly probable likelihood of occurring. If they occurred they would have a major impact on some or all of the following areas: governance, operations, finances, environmental or external factors such as public opinion or compliance with law or regulation.

¹ Charities (Account and Reports) Regulations 2008