

# Risk Management Policy



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<b>Purpose:</b>	The purpose of this policy is to establish DPHA’s policy on risk management, and to set out the Association’s position on the identification and management of strategic and operational risks.
<b>Implementation date:</b>	
<b>Review Date:</b>	March 2024
<b>Next review date:</b>	March 2027
<b>Guidance:</b>	SHR Recommended Practice Business Planning, December 2015 & Supplementary Guidance 2020 & 2022 SHR Regulatory Framework, 2024 SHRs ‘Outcomes of Annual Risk Assessment’, March each year
<b>Regulatory Standards:</b>	Standard 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users. Standard 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.  Standard 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation’s purpose.  Standard 5: The RSL conducts its affairs with honesty and integrity.
<b>Other Relevant Policies</b>	Business Continuity & Disaster Recovery Policy Fraud & Corruption Policy Anti-Money Laundering Policy Anti-Bribery Policy Whistleblowing Policy Standing Orders Financial Regulations Business Plan Internal Audit policy Notifiable Events Policy Privacy Policy Equality & Human Rights Policy Complaints Policy
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## 1.0 INTRODUCTION

1.1 This document sets out Dalmuir Park Housing Association's Policy for Risk Management.

1.2 The management of risk is an essential part of good governance. Ultimate accountability for the control and management of risk rests with the Dalmuir Park Housing Association's (DPHA) Board.

1.3 This Policy recognises that all organisations face a range of risks which can affect the achievement of their strategic objectives. DPHA is committed to the proactive management of risk, and views this as a key responsibility of all employees, not just the Board or the Leadership Team. Discharging these responsibilities through implementation of this Policy will significantly assist DPHA to continue to meet and deliver its strategic objectives without jeopardising its:

- Reputation.
- Financial viability.
- Assets and resources, and the
- Provision of affordable, high-quality housing and services.

1.4 This Policy provides a framework and guidance within which the Leadership Team, the Audit & Risk Committee and the Board can measure, assess, mitigate, manage, and monitor risk, ensuring that a proactive risk management culture is embedded throughout the organisation. Moreover, it facilitates the development and implementation of actions and interventions aimed at improving current assurance and internal control systems. These interventions will be assessed to ensure that they are proportionate, targeted and focussed on reducing or mitigating the threat of risk.

Implementation of this Policy will help to ensure that DPHA:

- Creates a focus towards the achievement of its strategic objectives.
- Adds value to the business and assists with the strategic prioritisation of risk as well as its identification, management, and mitigation.
- Keeps informed, adapts flexibly to emerging issues and effectively manages change.
- Protects and enhances its assets, people, resources, and wider reputation.
- Supports a learning, innovative and creative culture.
- Ensures accountability and clarifies individual responsibilities for risk management.
- Has robust and effective risk reporting, assurance, and internal control systems.
- Stakeholder reporting contains sufficient and accurate disclosure(s).
- Links risk to the organisation's business planning and annual budget setting processes.
- Improves transparency and justifies decisions.

- Helps to inform the insurance renewal process.

1.6 The application of this Policy ensures that DPHA is compliant with the outcomes of the Scottish Housing Regulator’s (SHR) Framework on Regulatory Standards of Governance and Financial Management as well as other areas of Regulation and legal compliance.

## **2.0 UNDERLYING APPROACH TO RISK MANAGEMENT**

2.1 It is DPHA’s Board’s responsibility to determine its appetite to risk and to ensure that robust risk management systems are in place and operating within acceptable levels.

2.2 DPHA recognises that it has responsibilities to protect and safeguard the use and application of tenants and public funds and will therefore take all reasonable measures to prevent, minimise and where possible mitigate the impact and likelihood of risks from developing.

2.3 The DPHA’s approach to risk is to assess risk in respect of the combination of likelihood of something happening and the impact that arises if it does happen.

2.4 Risk is defined as the uncertainty of outcome, whether positive opportunity or negative threat of actions and events. By its nature, risk is not necessarily bad. DPHA appreciates that risk has to be assessed in respect of the combination of likelihood of something happening and the impact that arises if it does happen.

2.5 The term ‘risk appetite’ is used to refer to the amount of risk which DPHA is prepared to accept, tolerate, or be exposed to at any point in time.

2.6 For the purposes of this Policy, ‘Risk Management’ is the process by which:

- Risks are identified in relation to the achievement of strategic objectives.
- Risks are assessed by reference to their relative likelihood and impact.
- The identified risks are responded to, considering the organisation’s assessment and tolerance.
- Risks are reviewed and reported to ensure the risk register is up to date, to gain assurance that responses are effective, and identify when further action is necessary.

2.7 The aims of risk management are:

- To take a proactive approach, anticipating and influencing events, where possible, before they happen.
- To facilitate better informed decision making.
- To improve contingency planning.

2.8 DPHA's approach to risk management is based around assessment, evaluation, management, and measurement, as follows:



2.9 It is essential that the risk management process is intertwined with our other operating activities and permeates throughout DPHA's management and operations.

2.10 A full list of policy definitions relating to risk management are outlined within Appendix 1 of this Policy.

### **3.0 SCORING METHODOLOGY FOR THE ASSESSMENT AND PRIORITISATION OF RISK**

3.1 DPHA recognises that it faces risks from a wide variety of sources which includes, but is not limited to:

- Implementing the Association's own Business Plan.
- Government Policy impacting on DPHA's business.
- Regulatory and legal requirements.
- Economic environment affecting viability.
- Demographic change affecting demand for services.
- Market forces affecting DPHA's business.

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- Operational resources (rents, lettings, and effects of Welfare Benefits).
- Ensuring financial and treasury management meets all business requirements.
- The need to keep pace with changes in information technology.
- Natural, environmental and ecological matters, including pandemics.
- Fraud and error.
- Negative publicity.
- Failure to comply with regulatory requirements and legislation.

3.2 The scoring methodology for the assessment and prioritisation of risk is applied consistently to all risks so that DPHA's resources are directed to those risks which have the highest score and, therefore, present the greatest threat to DPHA's operations and business.

3.3 Members of the Leadership Team will be regarded as risk owners and allocated specific responsibility for the identification, assessment, control, and management of risk, with the Chief Executive having overall responsibility at an operational level. The Leadership Team as risk owners will have responsibility to ensure that within their service areas they:

- Identify, categorise, record, and assess areas of risk.
- Identify and record what management controls and sources of assurance exist.
- Quantify the level and if possible, allocate a financial value to the level or residual risk exposure.
- Record the period in which the risk was first identified and assessed.
- Identify, design, and implement the most appropriate action(s)/intervention(s) to reduce/mitigate the risk.
- Conduct a periodic re-assessment of each risk to evidence and record the impact that risk mitigation is having upon the residual risk score.
- Continually monitor, review, and manage each area of risk.
- Make recommendations to the Audit & Risk Committee in relation to risk and risk management.

### 3.4 **Categorising Risk**

DPHA will ensure that all of its risks are categorised. The risk categories are intended to provide a means of grouping related risks within the risk register document, as risks are commonly and not entirely independent from each other. This also has the aim of facilitating a structured approach to the overall risk management activities and enhancing risk reporting processes.

3.5 The main risk categories are:

- External – arising from the external environment, not wholly within the DPHA's control, but where action can be taken to mitigate the risk.

- Operational – relating to the successful implementation of existing business operations, services and processes; both current delivery and building and maintaining capacity and capability.
- Change – risks created by decisions to pursue new endeavours beyond current capacity.

Examples of risk categories include:

- External – Political, Economic, Social, Cultural, Technological, Legal, Environmental, Regulatory, Pandemics.
- Operational – Delivery, Capacity, Capability.
- Change – New projects, Policies, Change programmes.

### 3.6 Assessing Risks

The accurate and timely identification, assessment and reassessment of risk(s) is a critical activity, as is the communication of these risks within and where relevant out with DPHA.

3.7 Risk assessment is the process in which risk(s) are scored and ranked. The purpose of which is to determine and identify the most appropriate course of action to take to manage the risk. It is also to ensure that each risk exposure is managed effectively and that key strategic risks are reported to DPHA’s Board.

3.8 By scoring and ranking risks, DPHA is better able and informed to prioritise its response. It also assists to highlight and bring to the urgent attention of the Leadership Team, the Audit & Risk Committee and the Board, those risks which have the highest Residual Risk scores.

3.9 There are three important principles for assessing risks:

- Ensure that there is a clear structure to the process so that both likelihood and impact are considered for each risk.
- Record the assessment of risk in a way which allows for monitoring and the identification of risk priorities.
- Be clear about the difference between inherent (pre-control measures) and residual (post-control measures) risk.

3.10 To evaluate risks, all risks should be scored in terms of their likelihood and potential impact using the following scale:

Likelihood		Impact	
Score		Score	
1	Very Unlikely	1	Insignificant

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2	Unlikely	2	Minor
3	Possible	3	Moderate
4	Likely	4	Major
5	Almost Certain	5	Extreme

3.11 The overall risk score will be the likelihood multiplied by the impact score

### 3.12 Risk Appetite

The aim of our approach to Risk Management is not to remove but to recognise that some level of risk will always exist. It is recognised that taking risks in a controlled manner is fundamental to innovation and the building of a can-do culture which is fundamental to the continued success of DPHA.

3.13 Risk appetite is the amount of risk that DPHA is prepared to accept, tolerate, or be exposed to at any point in time. Risk appetite can be expressed as a boundary, above which the organisation will not tolerate the level of risk and further actions must be taken.

3.14 The following likelihood and impact criteria will be used to review, assess, calculate, and allocate risk scores:

			Assessment of Risk				
Impact	Extreme	5	5	10	15	20	25
	Major	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Insignificant	1	1	2	3	4	5
			1	2	3	4	5
			Very Unlikely	Unlikely	Possible	Likely	Almost Certain
			Likelihood				

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Risk Score = Likelihood X Impact	
High (15-25)	Unacceptable level of risk exposure which requires immediate corrective action to be taken.
Significant (8-12)	Unacceptable level of risk exposure which requires constant active monitoring and measures to be put in place to reduce exposure.
Moderate (4-6)	Acceptable level of risk exposure subject to regular active monitoring measures.
Low (2-3)	Acceptable level of risk subject to regular passive monitoring measures.
Insignificant (1)	Acceptable level of risk subject to periodic passive monitoring measures.

- 3.15 The risk appetite is monitored by the inherent and the residual risk assessment figures. Generally, DPHA will manage closely all residual risks scoring SIGNIFICANT and MODERATE - but will not wish to tolerate risks scoring as MAJOR. DPHA's risk appetite is not necessarily static. The Board may vary the amount of risk which it is prepared to take depending on the circumstances surrounding the specific risk area.
- 3.16 Every 6-months the Board shall focus on monitoring of risks which are seen to have the greatest impact on the business, notably those with residual risks of Significant and above. The Board has also given delegated authority to the Audit & Risk Committee to review and monitor the Risk Register in its entirety on a quarterly basis and make recommendations as required to the Board.
- 3.17 Further detail of the risk impact descriptors are highlighted at Appendix 2 and details of the key activities within the Risk Management Framework are attached at Appendix 3 of this Policy.

## 4.0 RISK MONITORING AND REVIEW

- 4.1 It is the overall responsibility of the Chief Executive to ensure that timely and accurate risk and assurance reporting processes are operated; the Board are kept fully informed of the key strategic risks faced by DPHA, and of the risk actions being taken or implemented to address them.

4.2 Responsibility for each risk must be assigned to a risk owner who will be a member of the Leadership Team and who will be responsible for ensuring the risk is managed and monitored over time.

#### 4.3 **Risk Register**

The Risk Register (template attached at Appendix 4) details the risk assessment in order to:

- Facilitate the identification of risk priorities and link these to the Association's strategic objectives.
- Capture the reasons for decisions made about what is and what is not tolerable exposure.
- Record the way in which it is decided to address risk.
- Allow all those concerned with risk management to see the overall risk profile and how their areas of particular responsibility fit into it.
- Facilitate the review and monitoring of risks.

#### 4.4 **Reviewing and Reporting Risks**

The management of risks has to be reviewed and reported on for two reasons:

- To monitor whether or not the risk profile is changing.
- To gain assurance that risk management is effective, and to identify when further action is necessary.

4.5 The review process will:

- Ensure that all aspects of the risk management process are reviewed at least once a year as part of the business planning process.
- Ensure that risks themselves are subject to review at quarterly.
- Identify new risks and changes in already identified risks so that the change can be appropriately addressed.

4.6 The Risk Register is a live document. The Register will be formally reviewed on a quarterly basis by the Audit & Risk Committee prior to submission to the Board every 6-months, or earlier if required.

4.7 Each risk is assessed twice. Firstly the "Inherent" risk which is the exposure arising from a specific risk before mitigating action has been taken to manage it. Secondly the "Residual" risk is the exposure arising from a specific risk after action has been taken to manage it and assuming that the action is effective.

## 4.8 Evaluation of Risk

The following diagram sets out typical elements of DPHA's risk management process:



4.9 The Board is responsible for reviewing the effectiveness of the Association's internal controls, and evaluates risk based on information provided by the Chief Executive and the Leadership Team.

4.10 When evaluating risk, the following criteria needs to be considered:

- Financial and value for money issues.
- Human resource issues – capacity, skills and experience.
- Service delivery and quality of service issues.
- Public concern, trust, or confidence issues.
- Degree and nature of risks to the public.
- Reversibility or otherwise of realisation of risks.
- The impact of the risk on DPHA (including its reputation), Regulators, stakeholders, etc.
- Defensibility if the risk occurred.

4.11 The impact descriptors, outlined in Appendix 2 are however only an indication of the probable effect on DPHA if the risk occurs; they are not hard and fast rules. It is essential that staff and Board members use their knowledge and judgement when deciding on the score for impact. In particular, when assessing the financial impact staff and Board members should take account of the potential cumulative effect of what might be considered smaller sums on the overall resource constraints on the organisation.

4.12 A summary of the likelihood descriptors are as follows:

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Almost Certain:	Likelihood greater than 15
Very Likely. The event is expected to occur in most circumstances. There could be a history of regular occurrences, i.e. on an annual basis; and if new event, likelihood of occurrence regarded as almost inevitable.	
Likely:	Likelihood between 8-12
There is a strong possibility the event or risk will occur. There may be a history of frequent occurrences. Everyone with knowledge of issues in this area knows this could happen. No or little effective measures to reduce likelihood can be and/or have been taken; and will probably occur in most circumstances.	
Possible:	Likelihood between 4-6
The event might occur at some time. There could be history of casual occurrence. Most of the team know that the risk might occur and measures that reduce likelihood have been taken but are not full effective.	
Unlikely:	Likelihood between 2-3
Not expected, but there's a slight possibility it could occur at some time. Some of the team consider this a risk that might occur. Conditions exist for this loss to occur, and probably requires more than two coincident events.	
Very Unlikely:	Likelihood under 1
Highly unlikely but may occur in exceptional circumstances. It could happen, but probably never will. No experience of similar failure. Probably requires three or more coincident events and if it has happened, sufficient controls are now in place.	

## 5.0 ADDRESSING RISKS

- 5.1 The purpose of addressing risks is to turn uncertainty to DPHA's benefit by constraining threats and taking advantage of opportunities. The level of response required for addressing risks will be dependent and related to the level of residual risk exposure that remains following the risk assessment stage. This response needs to be proportionate to the level and material value of the risk and prioritised so that the organisation can more effectively manage and co-ordinate its risk management activities.
- 5.2 DPHA will ensure that each risk is classified as follows, considering DPHA's risk appetite:

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TOLERATE	The exposure may be tolerable without any further action being taken. Even if it is not tolerable, the ability to do anything about some risks may be limited, or the cost of taking such action may be disproportional to the potential benefit gained.
TREAT:	By far the greatest number of risks will be addressed in this way. The purpose of treatment is that whilst continuing with the activity will give rise to risk, action (control) is taken to constrain the risk to an acceptable level.
TRANSFER:	For some risks, the best response may be to transfer them. This might be done by conventional insurance, or it might be done by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks to assets.
TERMINATE:	Some risks will only be treatable, or contained within acceptable levels, by terminating the activities.
TAKE THE OPPORTUNITY:	This option is not an alternative to those above; rather it is an option which should be considered whenever tolerating, transferring, or treating a risk.

- 5.3 In all cases other than that of Tolerate, risk action(s) will be determined as deemed necessary to reduce the level of residual risk to that of the accepted risk. These actions will be incorporated into Delivery Plans and the Risk Register and prioritised accordingly.
- 5.4 Once determined these actions will be mapped to the risk, so that the ongoing impact of any intervention and improvement can be measured and subsequently assessed and reassessed. These actions will consider the prevention, reduction or transferring of risk.

## 6.0 INTERNAL AUDIT

DPHA's Audit & Risk Committee on behalf of the Board, determines and appoints an independent Internal Auditor for a maximum period of 3 years. The primary focus of the Internal Auditor will be to review, strengthen and improve DPHA's systems of internal controls and governance, and this includes a review of the appropriateness of DPHA's risk management and assurance monitoring and reporting processes.

- 6.2 A rolling programme for internal audit shall be set out and agreed by the Audit & Risk Committee, based on the current risk assessments. The agreed 3-year Internal Audit Plan and annual internal audit programme will be recommended by the Committee to the Board for approval.

6.3 Internal Audit plays a key role in evaluating the effectiveness of, and recommending improvements to, the risk management process. This is based on the systematic review and evaluation of the policies, procedures, and operations in place to:

- Identify, assess, and manage the risks to achieving the organisation's strategic objectives.
- Advise on, formulate, and evaluate policy.
- Ensure the economical, effective, and efficient use of resources.
- Ensure compliance with established policies, procedures, laws, and regulations. This includes DPHA's Financial Regulations and procedures.
- Safeguard the organisation's assets and interests from losses of all kinds, including fraud, irregularity, corruption or maladministration.
- Ensure the integrity and reliability of information, reports, and data, including internal and external reporting and accountability processes.

6.4 In addition, Internal Audit aims to add value through:

- Annual internal audit plan.
- Provide written reports for the Audit & Risk Committee to consider and recommend to the Board for approval.
- Supporting and facilitating the identification of risks and the development of processes and procedures to assess and effectively respond to risks.
- The identification and recommendation of potential process improvements.
- The provision of advice to manage risks in developing systems, processes, projects, and procedures.
- The provision of best practice advice to all areas of the business and encouraging best practice and encouraging continuous improvement.

The Internal Auditor will report to the Audit & Risk Committee and discuss and clarify any disclosure, issues, or concerns.

Once Internal Audit reports are approved by the Board, following recommendation by the Audit & Risk Committee, the approved recommendations are added to the Recommendations Monitor, with progress updates provided to the Audit & Risk Committee quarterly until such times as actions are complete.

## **7.0 IMPLEMENTATION**

### **7.1 The Board**

DPHA's governing body; the Board, has ultimate responsibility and accountability for the management of risk. The Board determines DPHA's 'appetite for risk' in conjunction with the Leadership Team and the Audit & Risk Committee. The Board's role can be further explained as follows:

- Agreeing the risk management framework.
- Setting the risk appetite for the Association..
- Directing the risk strategy in terms of risk appetite.
- Receiving reports, providing challenge and action where appropriate.
- Reviewing assurance and providing mechanisms to ensure that actions to mitigate risks are operating effectively.
- Annual review of the DPHA's approach to risk management, approving any proposed changes to the core aspects of the Association's risk management framework and associated procedures.

7.2 As per Standing Orders, the Board delegates operational responsibility for risk management as follows:

### **7.3 Audit & Risk Committee**

The Audit & Risk Committee will advise the Board on risk management policies and processes, including DPHA's systems of internal control and takes non-executive responsibility for the direction of both internal and external audits. The Committee's responsibilities for internal audit are stated within the Terms of Reference for the Audit & Risk Committee.

7.4 The Audit & Risk Committee reviews the Risk Register and the Recommendations Monitor on a quarterly basis, providing necessary challenge to the Leadership Team and others on progress and information provided.

### **7.5 Internal Audit**

See Section 6 above.

### **7.6 Leadership Team**

The Leadership Team is led by the Chief Executive and has responsibility for:

- Implementing policies on risk management and internal control.

- Identifying and evaluating the key inherent risks faced by DPHA. These risks will be set out in a “Risk Register”.
- Providing adequate, timely information to the Board and the Audit & Risk Committee on the status of risk and controls and providing assurance that risks are being effectively mitigated.
- Undertaking an annual review of the effectiveness of the system of internal control and providing a report to the Board.
- The transfer of risk to insurers, where appropriate.

7.7 The Board shall satisfy itself that the risk management process is effective, taking advice from the Leadership Team and Internal Auditor. Advice shall also be obtained from the External Auditor as part of the review of governance in the annual audit.

### 7.8 **All Employees**

All employees within DPHA have a collective responsibility for the proactive management of risk and to alert the Leadership Team of any risks they believe are uncontrolled or having a negative impact on DPHA’s business. This responsibility is embedded and communicated to all new employees as part of DPHA’s induction programme.

## 8.0 **POLICY REVIEW**

8.1 The Risk Management Policy will be reviewed every three years (from the date of approval) by the Board, or earlier if required.

## 9.0 **DATA PROTECTION**

9.1 We will treat personal data in line with our obligations under the current data protection regulations and our Privacy Policy. Information regarding how data will be used and the basis for processing data is provided in our \* Fair Processing Notices.

## **10. EQUALITY AND HUMAN RIGHTS**

- 10.1 We are committed to promoting an environment of respect, understanding, encouraging fairness, diversity and eliminating discrimination by providing equality of opportunity for all. This is reflected in our Equality and Human Rights Policy.

## **11. COMPLAINTS**

- 11.1 Although we are committed to providing high levels of service, we accept that there may be occasions where you may not be satisfied with the service you have received from us. We value all complaints and use this information to help us improve our services. Our Complaints Policy describes our complaints procedure and how to make a complaint.

**Glossary of Risk Terms**

When putting in place a structure for the analysis and management of risk, it is important that the organisation uses a common risk language. The following table sets out some definitions relating to DPHA’s risk management activities.

Assurance	An evaluated opinion, based on evidence gained from review, on the organisation’s governance, risk management and internal control framework.
Embedding risk management	The identification and management of risk becomes part of ‘business as usual’ within DPHA.
Exposure	The consequences, as a combination of impact and likelihood, which may be experienced by the organisation if a specific risk is realised.
External Risk	External risks arise when there are external forces that could either put DPHA out of business or significantly change the assumptions that drive its overall objectives and strategies.
Financial Risk	Risk related specifically to the financial aspects of the business and the underlying business processes.
Impact	The probable effect on the organisation if the risk occurs.
Information Risk	Risks arising from DPHA making decisions, based on information which is in some way flawed.
Inherent Risk	The risk that arises from engaging in an activity. It is the risk that exists before any mitigation or risk treatment action is taken.
Likelihood	The probability or chance of the risk occurring.
Operational Risks	Those risks associated with all the on-going day-to-day management of the business. This will include the risks around the business processes employed to meet the business objectives.
People Risks	Risks arising from the fact that people can make both inadvertent and deliberate errors in carrying out their day-to-day tasks.
Residual Risk	The remaining levels of risk after treatment or control measures have been taken. If it falls within the organisation’s risk tolerance, then residual risk is acceptable; if it falls outside, then other actions may be needed.
Risk	The threat that an event or action will adversely affect DPHA’s ability to maximise stakeholder value and to achieve its business objectives. Risk arises as much from the possibility that opportunities will not be realised as it does from the possibility that threats will materialise or that errors will be made.
Risk Appetite	The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time.
Risk Assessment	The evaluation of risk with regards to the impact if the risk is realised, and the likelihood of the risk being realised.

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Risk Management	A logical and systematic method of identifying, analysing, assessing, treating, monitoring and communicating risks in a way that will enable DPHA to minimise losses and maximise opportunities.	
Risk Register	The documented and prioritised overall assessment of the range of specific risks faced by DPHA.	
Risk Treatment	The selection and implementation of appropriate options for dealing with risks. These may include:	
	Risk Acceptance Risk Transfer (e.g. insurance) Risk elimination	Risk increase Risk reduction Risk avoidance
Risk Framework	Includes risk identification, measurement, mitigation, reporting, monitoring and review, supported by appropriate policies and processes.	

## Appendix 2

### Impact Descriptors Explained

Description	Financial Impact	Health & Safety	Asset Loss	Business Interruption	Reputation and Image	Corporate Objectives/ Performance	Intervention
Insignificant	0.5% of either a Capital or Revenue budget.	No or only minor personal injury. First Aid needed, but no days lost.	Little or no impact on assets.	Interruption negligible; less than ½ day. Critical systems unavailable for less than an hour.	Minor article in local media or website (story unsubstantiated).	Workaround required, within DPHA resources.	Relevant staff member intervenes.
Minor	2.5% of either a Capital or Revenue budget.	Minor injury, medical treatment and some days lost.	Minor loss or damage to assets.	Interruption inconvenient; ½ - 1 day lost. Critical systems unavailable for several hours.	Headline article in local media or housing press (Substantiated story).	Additional resources requiring Leadership Team authorisation or delay in achieving part of an objective.	Member of the Leadership Team intervenes.
Moderate	5% of either a Capital or Revenue budget.	Serious medical treatment, hospitalisation and numerous days lost.	Major damage to assets.	Interruption 1 day to 1 week. Client dissatisfaction; Critical systems unavailable for up to 1 day.	Headline article in media (story substantiated and publicly embarrassing).	Major compromise in objectives. Variation in achievement of key objectives.	Chief Executive intervenes.
Major	10% of either a Capital or Revenue budget.	Extensive injuries or long-term illness.	Significant loss of assets.	1 week to 1 month. Critical systems unavailable for 1 day or a series of prolonged outages.	Short term campaign against Association (story substantiated, publicly embarrassing with third party actions.	Elements of objectives abandoned and fail to meet needs of a tenants and housing requirements.	Chief Executive intervenes.

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Extreme	20% of either a Capital or Revenue budget.	Fatalities or severe permanent disabilities.	Complete loss of assets.	Interruption more than 1 month. Critical systems unavailable for more than a day (at a crucial time).	Prolonged media campaign against DPHA. Story substantiated, publicly embarrassed with third party action and widespread news profile.	Unable to deliver organisational objectives. Widespread failure to meet housing and tenant needs.	The Board intervenes.
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**Key Activities within the Risk Management Framework**

A Risk Management Framework incorporates a number of elements that together facilitate an effective and efficient operation, enabling the Association to respond appropriately to a variety of operational, financial and commercial risks.

These elements include:

Policies and Procedures	Attached to key risks are a series of policies that underpin the internal control processes. These policies are set by the Board and are implemented the Leadership Team, and staff teams. Written guidance supports these policies.
Quarterly Reporting	Comprehensive quarterly reporting to the Audit & Risk Committee is designed to monitor key risks and their controls and recommendations arising from internal and other forms of audit. Decisions to rectify problems are made at regular meetings of the Leadership Team or by the Board as appropriate.
Business Planning and Budgeting	The business planning and budgeting process is used to set objectives, agree action plans and allocate resources. Progress towards meeting business plan objectives is monitored regularly by the Leadership Team and the Board. The Association has the relevant funding in place to deliver its planned maintenance programme and meets it regulatory and legal requirements. Many of our financial risks have been carefully planned and significantly mitigated. The Association’s 30-year financial model has been tested and performs very well with scope to deal with unexpected events in future years.
Risk Register	The Risk Register is compiled by the Chief Executive in liaison with the Leadership Team and reported to the Audit & Risk Committee and the Board for review and approval. This helps to facilitate the identification, assessment, and ongoing monitoring of risks significant to the Association. The document is formally appraised annually as part of the business planning review process, but emerging risks are added as required. Improvement actions and risk indicators are monitored regularly.
Leadership Team & Staff	Each Team Leader, or Service Manager, is responsible for identifying, assessing, monitoring, and reviewing risks for their service area and to report to the Chief Executive as required. The Chief Executive is responsible for maintaining the Risk Register and has operational responsibility for risk management throughout the organisation. They will also provide the Board with an annual review of the effectiveness of systems of internal control. All staff have a responsibility for risk management in carrying out their duties and for bringing to their Team Leader’s attention any issues of concern relating to risk management.

Internal Audit Programme	Internal Audit is an important element in the internal control process as it provides assurance to management that controls are operating effectively and/or alerts management to any control weaknesses identified. Internal Audit is responsible for carrying out individual assignments to enable the delivery of proactive advice to Audit & Risk Committee and the Board. The annual internal audit plan will address the key risks within DPHA. The Internal Auditor will provide audit reports to the Audit & Risk Committee and the Board on the review of the internal control systems.
External Audit	External Audit provides feedback to the Audit & Risk Committee and the Board on the operation of those aspects of the internal control systems reviewed as part of the annual audit. They shall also provide a comment on the general governance arrangements within DPHA.
Business Continuity Planning and Disaster Recovery	Interruption of DPHA’s business threatened by any emergency events will be managed via the procedures of its business continuity and disaster recovery plan.
Third Party Reports	From time to time the use of external consultants will be necessary in areas such as health and safety, development, Annual Return on the Charter, and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.
Scottish Housing Regulator (SHR)	<p>In February 2024, the SHR revised its framework for the Regulation of Social Housing in Scotland and Section 3 within this framework details the Standards of Governance &amp; Financial Management for RSLs. Regulatory Standard 4 states ‘The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation’s purpose.’ Our risk management framework ensures that DPHA complies with this regulatory requirement and our other regulation and legal obligations.</p> <p>Each year the SHR produces a report titled ‘The risks we will focus on’. This report is taken account of when DPHA reviews its risk register and general approach to risk management.</p>

**Risk Register Template**

Risk ID	Name	Risk	Pre-Control Measures				Control Measure	Post Control Measures				Risk Change Since Last Report	Leadership Team - Lead Officer	Action Update	Tolerable Risk Score			
			Likelihood	Impact	Total Risk Score	Risk Level		Likelihood	Impact	Total Risk Score	Risk Level				Likelihood	Impact	Total Risk Score	Risk Level
STATEGIC OBEJECTIVE 1: DESIRABLE HOMES - PROVIDE WARM, DRY & SAFE AFFORDABLE HOMES MEETING TENANTS' NEEDS																		

(The 6 Strategic Objectives/goals are noted in the Risk Register with associated risks recorded under each objective)