



RISK MANAGEMENT POLICY

INTRODUCTION

Ayrshire Housing has duty of care under its memorandum and by Statute to its tenants, other customers and clients, and with regard to the protection of its assets. It will meet this by ensuring that risk management plays an integral part in the management of the company at both strategic and operational levels.

We will apply the principles of a risk management cycle to identify, analyse, control and monitor the strategic and operational risks that it faces.

Risk management is an active process that requires full co-operation by our employees and an effective oversight by the Board.

An Audit Committee will monitor implementation of the policy by regularly reviewing the issues of risk exposure and control. This Committee will be jointly constituted with Ayrshire Homestake Ltd and any subsidiaries to ensure that risk is managed consistently within the group.

THE CATEGORIES OF RISK TO BE MANAGED

We will take steps to identify and manage strategic and operational risks with reference to the following broad headings: -

Strategic	Operational
Political	Professional
Economic	Financial
Socio-demographic	Legal
Technological	Physical
Legislative	Contractual
Environmental	Technological
Competitive	Environmental
Customer/Citizen	

THE PROCESS OF RISK ASSESSMENT

Risk management will be built into our routine management arrangements. The objective is to have a system of risk management which by being integrated with existing core activities meets the requirements of a small but fast-moving organisation.

The annual Business Plan review process will include:

1

Created: 12 November 2008

Revised: 30 August 2017 (approved at Board Meeting) and 30 November 2022 (approved at Audit Committee)

Current to: 30 November 2025

- At strategic level a review of our operating environment and the risks to delivery of our core objectives.
- The identification of key risk factors and control measures for each activity area. This will inform the process of policy and practice development and review, internal audits and individual staff development.
- Sensitivity analyses of the medium-term budget to determine appropriate contingency levels in terms of the maintenance of our reserves.

OPERATIONAL RISK ASSESSMENTS

When policies and procedures are reviewed, the area of activity will be subject to a risk assessment. In this way procedures and processes will be devised in such a way that control mechanisms are implicit. The key will be to ensure that management and Board/Committee reporting is framed to ensure that exposure to risks is monitored and controlled.

ROLES AND RESPONSIBILITIES

The roles and responsibilities within the company are as follows:

- **The Board**
To take overall responsibility for the development and review of the risk management policy; and to oversee the effective management of risk by the company's employees.
- **The Audit Committee**
To monitor and review the implementation of the risk management policy; and to commission an annual cycle of internal audit (see Audit Policy).
- **The Director**
To ensure that the risk management policy is implemented on a day-to-day basis and that risk is controlled effectively across the organisation.
- **Heads of Department**
To control risk effectively in the relevant service area (e.g., property management, finance, etc.)
- **All employees**
To abide by risk control arrangements and to take a pro-active approach to the identification of new risk issues.

RISK FINANCING

Risk financing is an important element of risk management. The Head of Finance will liaise with operational staff to determine the appropriate balance between losses that should be financed through external insurance cover and those to be covered by the organisation's own funds.

2

Created: 12 November 2008

Revised: 30 August 2017 (approved at Board Meeting) and 30 November 2022 (approved at Audit Committee)

Current to: 30 November 2025

The Director and Board/Committee will consider this prior to final agreement. The approach selected will be influenced by:

- The organisation's capacity to meet the direct cost of exceptional and significant value risks.
- Previous loss experience.
- The cost of insurance cover.

ALLOCATING RESOURCES TO RISK MANAGEMENT

The association is fully committed to supporting the effective management of risk. Resources will be required for three inter-related purposes:

- To raise awareness of risk management.
- To pay for insurance and retained risks.
- To implement risk controls.

The required resource contributions will be identified through the company's internal management planning process.

Evaluation

The risk management policy will be evaluated annually as part of the Business Plan and budget reviews. Given the size of the organisation, the setting of quantitative targets for risk reduction is not considered to be appropriate or feasible. The goal though is to minimise the exposure to risk by careful planning and effective management.