



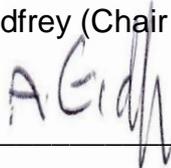
## Risk Management Policy and Procedure

### Policy Version Control

Version history see Annex A errata for details

Version No.	Policy Author	Date Updated	Review Date
2	K Jarvis	08.09.2017	September 2018

**Approval:** A Godfrey (Chair of Board)

  
\_\_\_\_\_ (signed) **Date authorised:** 12.10.2017

This document is the property of North View Academy Trust and its contents are confidential.

*It must not be reproduced, loaned or passed to a 3rd party without the permission of the authoriser. It is controlled within the North View Academy Trust Admin Server where the electronic master is held and can be accessed on a read only basis, subject to security permissions. Users of the document are responsible for ensuring that they are working with the current version.*

*Paper or electronic copies may be taken for remote working etc. However, all paper copies or electronic copies not held within the Admin Server are uncontrolled.*

*Once issued, as a minimum this document shall be reviewed on an annual basis by the originating team/function. To enable continuous improvement, all readers are encouraged to notify the author of errors, omissions and any other form of feedback.*

## **Purpose**

The purpose of this policy and procedure is to outline The Academy Trust's risk management strategy.

The Trust sets out strategic and business objectives and risk management is the discipline by which risks that threaten the achievement of those objectives are identified and managed as part of the planning process.

"Risk" is used in this policy and procedure to describe the uncertainty surrounding events and their outcomes that might have a significant effect, either enhancing or inhibiting: operational performance; achievement of aims and objectives; or meeting the expectations of stakeholders.

"Major risks" are those risks that have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives, or could damage the reputation of The Academy Trust.

## **Scope**

This policy and procedure applies to the risk management strategy for The Academy Trust as a whole.

## **Key Principles**

The Academy Trust believes that an effective risk management strategy is a matter of good organisational practice, lying at the heart of good management and good governance.

## **Rationale**

The Academy Trust has a responsibility under charity law to state in its annual accounts that the major risks, to which the charity is exposed, as identified by the Governors, have been reviewed and systems have been established to mitigate those risks.

Properly controlled risk taking is necessary to the success of the organisation to build capacity for the future and deliver against the strategic goals set out in the Academy Trust's strategic plan.

## **Policy**

The Academy Trust's policy is to adopt best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. The specific procedures for the implementation of this policy and the personnel responsible are detailed below.

The Board of Directors is responsible for making a statement on risk management in the annual accounts of The Academy Trust. In order to be able to make the required statement with reasonable confidence the Directors should ensure that:

- The identification, assessment and mitigation of risk is linked to the achievement of The Academy Trust's vision and strategic goals as set out in the Development Plan;
- The process covers all areas of risk, e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risks
- The process produces a risk exposure profile that reflects the Governors views as to levels of acceptable risk;
- The principal results of risk identification are reviewed, evaluated and managed; and ensure that the risk management is ongoing and embedded in management and operation procedure.
- 

The Governing Body is responsible for overseeing the development and implementation of the risk management strategy.

The Academy's Senior Leadership Team (SLT) has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across the

Academy. The SLT will provide an annual report on risk management to the Governing Body.

The Principal and the SLT are responsible for ensuring that they take personal responsibility for championing risk assessment and management across The Academy Trust and for reinforcing risk-aware attitudes and responses. Their role is to provide objective assurance to the Board of Directors that:

- Risks are correctly evaluated
- Key risks are being managed appropriately including the effectiveness of the controls and other responses to them
- The risk management framework and internal control framework is operating effectively
- Management is properly reporting the status of key risks and controls.

## **Procedure**

### **Risk Identification**

The process of risk identification will involve both Governors and the SLT. Consideration will be given to the following factors:

- The vision, beliefs, values and strategic goals;
- The nature and scale of the Academy's activities, both current and planned;
- External factors that may affect the Academy such as legislation and regulation
- The Trust's reputation with its key stakeholders;
- The operating structure, e.g. functions and issues that The Academy Trust may face due to transition to Academy status.

### **See Appendix 1– Typical Categories of Risk**

### **Risk Assessment**

- Discuss and agree that all involved are satisfied with the list of risks;
- Determine the appropriate response to each risk;
- Assess existing controls and determine appropriate action;
- Allocate responsibility for action; and
- Agree future reporting and review procedures.
- Taking each of the risks in turn, discuss and rate them in terms of likelihood e.g. 1 = Very Low 5=Very High and impact, e.g. 1= Insignificant to 5 = Catastrophic.

A risk matrix (see Appendix 2) will be used to plot each risk.

The assessment of each risk will take into consideration the control measures currently in place to manage the risk. The controls identified will be assessed to determine whether they are an appropriate mitigation of the risks identified. The value for money of the chosen responses needs to be considered, i.e. it is as important to avoid over-control of minor risks as under- control of serious risks.

With this exercise complete, the Board of directors will decide what their risk appetite is, (what level of risk they are willing to tolerate). This will determine what response the Board wishes to make to each risk.

### **Action Planning/Risk Register**

Any risks requiring treatment should be recorded in a risk register (see Appendix 3). The actions required to produce an acceptable control system will be identified and documented. Clear responsibilities should be allocated to these actions along with a deadline for the action to be completed and a scheduled date for review.

A final version of the register will be circulated to all senior members of the Trust so that they are aware of the risk management policy and the controls in place to limit exposure to risk.

### **Monitoring and Review**

The risk register will be reviewed regularly by SLT plus the Audit and Risk Committee to ensure that risks are identified and that appropriate controls and responses are in place and to ensure that;

- New risks/escalating risks are identified
- Planned actions are carried out in line agreed timescales
- Updating of the risk register as risks change over time
- Early signs of developing risks are identified

### **References**

EFA Financial Handbook

Charity Commission Guidance on Charities and Risk Management

## **Appendix 1 - Typical Risks in an Academy Trust**

### **Corporate/Strategic**

- Lack of strategic planning, no link to financial planning
- Reputation

### **Governance**

- Responsibilities not defined
- Too much/little delegated to Head Teacher and Finance Director
- Unable to attract Governors
- Non attendance at meetings by Governors

### **Academic**

- Unable to achieve targets
- Staff recruitment and retention

### **Pupil Support**

- Welfare of pupils
- Safety of pupils

### **Contractual/partnership**

- Over-dependency on a relationship, liabilities arising

### **Financial**

- Changes in funding
- Changes in pupil numbers
- Internal control breakdown/Fraud
- Inaccurate financial reporting

### **IT**

- Security risks
- Business continuity
- Obsolescence of current systems

### **Physical**

- Legislation- DDA, fire safety etc.
- Loss, damage or theft of assets

### **Commercial**

- VAT/taxation exposure

### **Political**

- Failure to maximise opportunities

### **Legal**

- Child Protection
- Admissions
- Employment Legislation,
- Data Protection, FOI etc.
- Contracts etc.

## **Risk Register Categories**

### **RISK 1: Strategic and Reputational Risks**

- Failure of the academy to recruit sufficient learners to make it viable
- Failure to ensure that the objectives of the academy are met
- Failure to monitor and react accordingly to the requirement of our stakeholders
- Failure to monitor and react accordingly to the risks associated with competitor establishments
- Failure to assess and review the alliances and partnerships with other organisations
- Failure to ensure that Information Technology in the academy is maintained to the highest standard
- Failure to ensure that the academy had adequate insurance cover
- Failure to monitor the effect of risks over which the academy has no or little control such as economic and natural disaster
- Failure of the academy to recruit Governors who have the correct profile
- Failure of the academy to produce open and regular management accounts
- Failure of the academy to have financial management systems that prevent fraud
- Failure of the academy to comply with legislative requirements
- Failure of the Academy and the Governing Body to ensure that the academy have a robust organisational approach in place to deliver governance of the academy
- Failure of the Academy and the Governing Body to have procedures in place to cover the absence of the Head of the Academy or other members of SMT

### **RISK 2: Operational Risks**

- Failure to ensure that the quality of Management Information produced by the academy is of a high quality
- Failure to ensure that the Management Information produced by the academy is timely
- Failure to ensure that the quantity of Management Information produced by the academy is good enough to aid decision making
- Failure to ensure that the Governors who are recruited to the Governing Body possess the skills and experience required to run the academy
- Failure to ensure that the Managers of the academy possess the skills and experience required to manage the academy
- Failure to ensure that staff recruited to the academy have the required skills and expertise to meet the strategic objectives of the academy
- Failure to ensure that the income due to the academy is collected in a timely and efficient manner and fully reconciled as per financial regulations
- Failure to ensure that Goods and Services are purchased in line with financial regulations and that suppliers are paid in a timely and efficient manner
- Failure to ensure that a comprehensive up to date list of suppliers to the academy is maintained
- Failure to implement a risk management strategy

### **RISK 3: Compliance Risks**

- Failure to ensure that the academy comply with employee legislation
- Failure to ensure that the academy comply with environmental legislation
- Failure to ensure that the Financial Reporting requirements of the academy are met
- Failure to ensure that up to date information regarding the legislation relating to charities is maintained and kept updated by senior management in the academy
- Failure to ensure that the academy comply with legislation regarding Tax

- Failure to ensure that the academy ensures that Data Protection systems, procedures and processes are adequate
- Failure to ensure that the academy is compliant in relation to Welfare issues
- Failure to ensure that the academy is compliant in respect of the requirements of the academy sector
- Failure to ensure that the academy is compliant in respect of the requirements of the Government and the Local Authority

#### **RISK 4: Financial Risks**

- Failure to ensure that the academy maintains overall financial control in relation to its budget
- Failure to ensure that the academy maintains overall financial control in relation to reconciliations
- Failure to ensure that the financial systems of the academy are suitable
- Failure to ensure that the financial systems of the academy are maintained
- Failure to ensure that an adequate disaster recovery plan is in place in relation to the academy's financial systems
- Failure to ensure that the financial systems of the academy are secure
- Failure to ensure that general income due to the academy is collected in a timely manner and recorded accurately
- Failure to ensure that restricted income due to the academy is collected in a timely manner and recorded accurately
- Failure to ensure that sponsorship funding is collected in a timely manner and recorded accurately
- Failure to ensure that donations and income are not subject to fraud
- Failure to ensure that the Expenditure in the academy is not controlled
- Failure to ensure that the academy have a robust set of Treasury procedures in place
- Failure to ensure that the academy has a robust set of Fixed Asset procedures in place
- Failure to ensure that the academy has a robust set of procedures in place with regard to stock control
- Failure to ensure that the academy has a robust debtor procedure in place
- Failure to ensure that the academy have a clear policy in place relating to taxation
- Failure of the academy to make provision for contingent liability risk
- Failure to ensure that the funds of the academy are not monitored closely
- Failure of the academy to monitor the performance of the employee pension scheme(s)

**Appendix 2 - Risk Management Procedure and Matrix  
Guidance on the Definition of Likelihood and Impact**

**Likelihood - Probability of risk occurring**

Probability	Description	Indicator
High - 3	Likely to occur each year, or more than 25% chance of occurrence within the next 12 months	Potential of it occurring several times within a 4 year period Has occurred recently
Medium - 2	Likely to occur within a 4 year time period or less than 25% chance of occurring within the next 12 months	Could occur more than once within a 4 year period Some history of occurrence
Low - 1	Not likely to occur within a 4 year time period or less than 5% chance of occurrence	Has not occurred Is not likely to occur

## Impact of risk occurring

Impact	Description
High - 3	<p>The financial impact will be significant [in excess of £50,000]            Has a significant impact on the academy's strategy or on teaching and learning            Has significant stakeholder concern            Can cause significant reputational damage to the academy</p> <p>Loss of operations for more than a week; severe injuries or loss of life; gross failure to meet national/professional standards; major long term consequences; extensive coverage in press; major financial loss then threatens existence            Loss of operations for up to a week; severe injuries; severe financial loss with impact on operations; damage to reputation, local press coverage</p>
Medium - 2	<p>The financial impact will be moderate [between £25,000 and £49,000]            Has no more than a moderate impact on strategy or on teaching and learning            Moderate stakeholder concern            Can cause moderate reputational damage to the academy</p> <p>Some disruption to operations for 48 hours; short term illness/injuries; some damage to reputation; financial loss than can be managed within budget</p>
Low - 1	<p>The financial impact is likely to be low [below £5,000 and £24,000]            Has a low impact on strategy or on teaching and learning            Low stakeholder concern            Is unlikely to cause any reputational damage to the academy</p> <p>Limited short-term disruption to operations; minor injuries/illness; small financial loss</p> <p>Not a noticeable effect on the academy; no injuries; no damage to reputation</p>

### Annex A

Version No.	Change History	Guidance reference (if any)	Date
1			
2	Edited "Business and Audit" to "Audit and Risk"		08.09.2017