



# **Risk Management & Risk Register Policy**

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**November 2016**

Approved by Governing Body: Nov 2016

Next Review due: Nov 2017

## Introduction

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The Governing Body is responsible for risk management and for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding public funds and other funds and assets for which it is responsible. The Governing Body is advised in this role by the Finance & Personnel Sub-Committee and both are advised and informed by the Senior Leadership Team.

## Purpose and aims

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The Governing Body fulfils its role by establishing the following system of internal control:

- Approving and reviewing a series of policies that underpin the internal control process
- Agreeing objectives, plans and resources by means of the budget and the annual School Development Plans
- Approving this policy statement and the attached Risk Register and reviewing them carefully each year to identify risks, near misses and opportunities
- Considering carefully the advice from the Responsible Officer, Auditor and Audit Committee on internal financial controls, together with advice from any external consultants or inspectors.

## Risk Register

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The Risk Register is revised annually by the Finance & Personnel Sub-Committee who will recommend it to the Governing Body. In its annual consideration of the Risk Register, the Governing Body should consider these issues:

- Whether risk management continues to be linked to the achievement of the School's objectives
- The appropriate risk appetite or level of exposure for the School as a whole
- Whether risk review procedures cover fundamental strategic and reputational, operational, compliance, financial and other risks to achieving the School's objectives
- Whether risk assessment and risk-based internal control are embedded in on-going operations and form part of its culture
- Changes in the nature and extent of fundamental risks and the School's ability to respond to changes in its internal and external environment since the last assessment; the scope and quality of management's on-going process of monitoring the system of internal control, including such elements as the effectiveness of assurance functions
- The extent and frequency of reports on internal control to the Governing Body and whether this is sufficient for the Governing Body to build up a cumulative assessment of the state of control and effectiveness of risk management
- The incidence of any fundamental control failings (risk events) or weaknesses identified at any point within the year (near misses) and the impact that they have had or could have on financial results
- The effectiveness of the School's public reporting processes
- The effectiveness of the overall approach and policy to risk management and whether changes or improvements to processes and procedures are necessary.

**Note: explanation of the Responses to Risk outlined in the Risk Register.**

- **TRANSFER** – this may be done by conventional insurance or by paying a third party to take the risk in another way.
- **TOLERATE** – exposure to risk may be tolerable without any further action. Alternatively, it may not be possible to do anything about the risk without a disproportionate cost.
- **TREAT** – this may not obviate the risk. It is more likely that the aim will be to contain it to an acceptable level.
- **TERMINATE** – this response is used when the only way to contain a risk to acceptable levels is to discontinue the activity that gives rise to the risk (*not possible if there is a legal duty to engage in the activity*).

**Abbreviations used:** GB – Governing Body; SLT – Senior Leadership Team; HT – Headteacher; SBM – School Business Manager; FPSC – Finance & Personnel Sub-Committee; EC – Environmental Committee; RO – Responsible Officer; COG – Chair of Governors; LA – Local Authority

# STRATEGIC AND REPUTATIONAL RISK

Category	Sub-Category	Specific	Likelihood of occurring (1 = low, 5 = high)	Impact if occurs (1 = low, 5 = high)	Response	Control Procedure	Person responsible for action
1. Strategic Risk	Stakeholder risk	Beneficiaries / other stakeholders don't consider that school provides a valuable/high quality service.	2	4	Treat		GB HT
	Insurance risk	Risk of financial loss / inability to replace items if school does not have adequate insurance cover.	3	4	Treat	Ensure insurance risks fully covered.	FPSC
	Macroeconomic risk	Risk of the impact an uncontrollable event will have on the school, eg recession, war, oil crisis.	1	4	Treat	Manage reserves.	SBM HT FPSC
	Natural disaster risk	Risk of the impact on uncontrollable event will have on the school, eg fire, flood.	1	4	Treat / Transfer	Business Continuity Plan. Some risk transferred to insurers and contractors.	HT FPSC
	Technology risk	Information security risk.  Virus risk/corruption of data risk.  IT systems out of date/no longer supported.	4  4  3	4  4  3	Treat  Treat  Treat	ICT Policy.  ICT Policy.  Plan for regular renewal. Refer to Joskos' BCP	SBM Joskos

Category	Sub-Category	Specific	Likelihood of occurring (1 = low, 5 = high)	Impact if occurs (1 = low, 5 = high)	Response	Control Procedure	Person responsible for action	Date of next review
<b>2. Public Profile risk</b>	<b>Expenditure risk</b>	Management and administration costs are perceived by the public to be high.	2	3	Treat	Regular Appraisals review.	FPSC	
		Senior members of the school are seen by the public to be paid high salaries.	3	3	Treat	Policy review.	FPSC	
		Reserves level risk – school seen to be holding reserves and not spending enough on current resources.	1	2	Treat	Not a current regular review. Conduct monthly budget monitoring.	GB HT SBM	
	<b>Quality of service / product risk</b>	School provides a poor-quality service to its pupils.	1	2	Treat	Regular review. Ofsted?	GB HT	
	<b>Fraud risk</b>	Fraud discovered at the school attracts poor publicity.	1	5	Treat	Regular review. Finance Policy and financial regulations adhered to.	HT EC	
	<b>Failure to comply with legislation risk</b>	Failure to comply with Health & Safety legislation results in an employee / volunteer / pupil of the school being injured at work, attracting bad publicity.	2	5	Treat	Policy reviews. Inspections. Training.	HT EC	
		Failure to comply with employment law, eg unfair dismissal of employee.	2	5	Treat	Use of HR professionals and support from Judicium.	COG HT	
<b>Litigation risk</b>	School is involved in litigation.	2	5	Treat	Take legal advice from the LA, Unions and Judicium.	GB HT		

Category	Sub-Category	Specific	Likelihood of occurring (1 = low, 5 = high)	Impact if occurs (1 = low, 5 = high)	Response	Control Procedure	Person responsible for action	Date of next review
<b>3. Governing Body organisational link</b>	<b>Delegation risk</b>	Committees not established with delegated authority, eg finance / adequate, etc.	1	3	Treat	In place, Scheme of Delegation understood.	GB	
		Committee terms of reference not consistent / adequate, etc.	2	3	Treat	In place	GB	
		Governors delegate too little / too much to the principal and / or Finance Director.	2	3	Treat	Scheme of Delegation followed.	GB FPSC	
	<b>HT / SBM absence risk</b>	Governors do not ensure rigorous monitoring is undertaken in the absence of the HT or SBM.	2	5	Treat	Separation of duties. Use of qualified external contractors.	COG FPSC	

# FINANCIAL RISKS

Category	Sub-Category	Specific	Likelihood of occurring (1 = low, 5 = high)	Impact if occurs (1 = low, 5 = high)	Response	Control Procedure	Person responsible for action	Date of next review
1. Overall financial control risk	Budget risk	Risk that budget cannot be prepared in accordance with DfE timetable.	1	2	Treat	Apply Finance Policy rigorously.	HT SBM	
		Risk that budget will be in deficit.	1	4	Treat	Careful planning and monitoring of reserves.	FPSC	
		Risk that actual performance is not measured against budget on a regular basis.	1	5	Treat	Apply Finance Policy rigorously.	SBM FPSC	
		Risk that budget headings are manipulated to ensure targets are met.	1	4	Treat	Budget is prepared in consultation with SLT. Regular reviews.	SBM FPSC	
	Reconciliation risk	Risk that bank reconciliations / other key reconciliations are not completed and reviewed.	1	3	Treat / Transfer	Apply Finance Policy. RO to advise.	HT FPSC SBM	
		Risk that suspense accounts are not cleared or reconciled.	1	2	Treat / Transfer	Apply Finance Policy. RO to advise.		
2. Financial systems risk	Systems suitability risk	Risk that financial system is not suitable for the school's needs.	2	3	Treat	Keep under review.	SBM	
	Maintenance risk	Risk that financial system will not be maintained by provider in long-term.	2	4	Tolerate	Not possible to prevent but keep under review.	SBM	
	Disaster risk	Risk that financial information cannot be recovered in the event of a disaster, eg fire, theft, vandalism.	1	4	Treat	The school uses JKloud on the main server which is cloud based and provided by us. The SIMS server uses the built-in windows server backup and goes to the drive in the office	SBM	

	<b>Access risk</b>	Risk of unauthorised access to financial systems.	2	4	Treat	Apply ICT Policy rigorously.	SBM	
<b>Category</b>	<b>Sub-Category</b>	<b>Specific</b>	<b>Likelihood of occurring (1 = low, 5 = high)</b>	<b>Impact if occurs (1 = low, 5 = high)</b>	<b>Response</b>	<b>Control Procedure</b>	<b>Person responsible for action</b>	<b>Date of next review</b>
<b>3. Income risk</b>	<b>Completeness risk</b>	Invoices not raised for all transactions.	2	3	Treat	Finance Policy and financial regulations understood and adhered to.  Staff properly trained and supervised.  Review of management accounts.	SBM	
		Donations in kind or intangibles are not recorded or recognised in the financial systems.	2	2	Treat			
	<b>Restricted income risk</b>	Income is not identified as restricted on receipt.	1	3	Treat			
		Restricted income is used for purposes other than restriction.	2	3	Treat			
		Restricted funds are transferred to unrestricted funds without consent of donor.	1	2	Treat / Transfer			
<b>Cut off risk</b>	Risk that income is accounted for in the wrong accounting period.	2	2	Treat				
	<b>Fraud risk</b>	Risk that funds are misappropriated.	3	4	Treat			
<b>4. Expenditure link</b>	<b>Authorisation risk</b>	Risk that expenditure is not authorised.	2	3	Treat	Finance Policy understood and adhered to. Staff properly trained and supervised.	SBM	
	<b>Allocation risk</b>	Risk that expenditure is allocated between headings using inappropriate basis.	1	2	Treat	Apply Finance Policy and correct procedures carefully, as advised by LA and auditor.	SBM	



	<b>Price risk</b>	Risk that discounts are not secured or price reductions obtained on purchases or services.	2	2	Treat	Apply Best Value Statement and principles to all decisions.	SBM	
<b>Category</b>	<b>Sub-Category</b>	<b>Specific</b>	<b>Likelihood of occurring (1 = low, 5 = high)</b>	<b>Impact if occurs (1 = low, 5 = high)</b>	<b>Response</b>	<b>Control Procedure</b>	<b>Person responsible for action</b>	<b>Date of next review</b>
<b>Expenditure link (cont)</b>	<b>Cut off risk</b>	Risk that expenditure is accounted for in the wrong accounting period.	2	2	Treat	Apply Finance Policy and correct procedures carefully.	SBM	
	<b>Fraud risk</b>	False invoice / payment risk	2	2	Treat	Apply proper checks.	SBM	
<b>5. Treasury risk</b>	<b>Cash flow risk</b>	Risk that cash flow requirements are not forecast.	2	4	Treat	Apply Finance Policy and correct procedures carefully. Regular budget Monitoring.	SBM	
		Risk that cash is all tied up in investments and insufficient is readily available to meet short-term cash flow needs.	1	1	Tolerate	Not a risk at present. Review regularly.	FPSC SBM	
<b>6. Fixed asset risk</b>	<b>Capital construction risk</b>	Risk that assets built by constructors do not meet specifications, or actual cost exceeds budget.	2	4	Treat	Apply Best Value Statement and principles to all decisions.	SBM	
	<b>Asset recognition risk</b>	Risk that assets are not capitalised.	2	3	Treat	Apply Finance Policy and correct procedures carefully. Monitored.	SBM	
Risk that depreciation rate is not appropriate.		1	3	Treat	Advice from auditors.	FPSC		

	<b>Fraud risk</b>	Risk that assets are misappropriated.	2	2	Treat	Adherence to Finance Policy. Monitored.	SBM	
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Category	Sub-Category	Specific	Likelihood of occurring (1 = low, 5 = high)	Impact if occurs (1 = low, 5 = high)	Response	Control Procedure	Person responsible for action	Date of next review
7. Debtors Risk	Recoverability risk	Risk that debts are not recovered.	2	2	Treat	Apply Finance Policy.	SBM	
		Risk that provision for doubtful debts is overstated/understated.	1	1	Tolerate	Not a current risk.		
	Completeness risk	Risk that debtor's record is not complete.	1	1	Tolerate	Not a current risk.	SBM	
	Cut off risk	Risk that debtors are accounted for in the wrong accounting period.	2	2	Treat	Apply Finance Policy and correct procedures carefully.	SBM	
	Cash flow risk	Risk that profile of aged debtors deteriorates, which impacts on cash flow position.	1	1	Tolerate	Not a current risk.	SBM	
8. Provisions and contingent liability risk	Recognition risk	Risk that school is not recognising provisions or commitments in accordance with FRS 12.	1	1	Transfer	Auditor and RO to advise.	SBM	
	Contractual commitments risk	Risk that the school has entered into future commitments without having the future funding available to meet them.	1	1	Tolerate	Ensure all commitments are reported and reviewed.	HT FPSC	
9. Related party risk	Identification risk	Risk that related party transactions / transactions with connected persons are not identified.	1	2	Tolerate	Apply Financial Policy Staff Code of Conduct. Business Interest Forms completed by Governors and staff.	FPSC	
	Disclosure risk	Risk that related party transactions are not correctly or fully disclosed in the financial statements.	1	1	Tolerate	Auditor and LA to advise.	SBM	

Category	Sub-Category	Specific	Likelihood of occurring (1 = low, 5 = high)	Impact if occurs (1 = low, 5 = high)	Response	Control Procedure	Person responsible for action	Date of next review
10. Funds risk	Levels of funds	Risk that fund levels are too high / low.	2		Treat	Budget Management.	FPSC	
		Risk that unrestricted funds are in deficit and restricted funds are in surplus.						
11. Pension risk	Funding risk	Risk that scheme is in significant deficit.	5	2	Tolerate	No practical solution.	FPSC	
	Contribution risk	Risk that employees' contribution rate increases.	3	3	Tolerate	No practical solution.	FPSC	
Risk that school is not making the correct contributions.		1	5	Transfer	Increase contribution.			

# COMPLIANCE RISKS

Category	Sub-Category	Specific	Likelihood of occurring (1 = low, 5 = high)	Impact if occurs (1 = low, 5 = high)	Response	Control Procedure	Person responsible for action	Date of next review
1. <b>Employee Legislation risk</b>	<b>Employment laws risk</b>	Risk that legislative requirements are not known or complied with.	1	4	Treat	Regular advice from HR professionals, Unions and Judicium.  Apply Data Protection Policy.  Ensure contracts are fit for purpose.	HT	
		Discrimination risk.	2	4	Treat		HT	
		Data Protection risk.	3	4	Treat		SBM	
		Human Rights risk.	1	3	Treat		HT	
		Equal Opportunities risk.	2	4	Treat		HT	
		Contract risk.	1	3	Transfer		GB, HT FPSC	
	<b>Pension risk</b>	Risk that legislative requirements are not known or complied with.	2	3	Treat / Transfer	Implement changes of reporting. Ensure payroll provider implement changes.	HT SBM	
	<b>Health and safety risk</b>	Risk that legislative requirements are not known or complied with.	2	3	Treat / Transfer	Health & Safety Policy regularly reviewed and updated.	EC SBM	
2. <b>Environmental legislation</b>	<b>UK legislation</b>	Risk that legislative requirements are not known or complied with.	2	3	Treat	Research and consider all relevant legislation.	EC SBM	

	<b>EU legislation</b>	Risk that legislative requirements are not known or complied with.	2	3	Treat			
<b>Category</b>	<b>Sub-Category</b>	<b>Specific</b>	<b>Likelihood of occurring (1 = low, 5 = high)</b>	<b>Impact if occurs (1 = low, 5 = high)</b>	<b>Response</b>	<b>Control Procedure</b>	<b>Person responsible for action</b>	<b>Date of next review</b>
<b>3. Financial reporting risk</b>	<b>Statutory accounts risk</b>	Risk that legislative requirements are not known or complied with.	2	4	Treat / Transfer	Apply Finance Policy. Auditor to advise.	HT FPSC SBM	
	<b>Accounting standards risk</b>	Risk that legislative requirements are not known or complied with.	2	4	Treat / Transfer			
	<b>SORP compliance risk</b>	Risk that legislative requirements are not known or complied with.	2	4	Treat / Transfer			
<b>4. Charities legislation risk</b>		Risk that legislative requirements are not known or complied with.	2	2	Treat	Provide training.		
		Risk trustees are not aware of the legislative requirements of being on the Committee.	3	2	Treat	Requirements listed in <i>Handbook of Governance</i> .	COG	
<b>5. Tax legislation risk</b>	<b>VAT / PAYE / NI risk</b>	Risk that legislative requirements are not known or complied with.	2	3	VAT – treat PAYE / NI - transfer	Finance Policy. P38a completed	FPSC HT SBM	

<b>6. Data Protection Act risk</b>		Risk that legislative requirements are not known or complied with.	1	3	Treat	Apply Data Protection Policy rigorously.	SBM	
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<b>Category</b>	<b>Sub-Category</b>	<b>Specific</b>	<b>Likelihood of occurring (1 = low, 5 = high)</b>	<b>Impact if occurs (1 = low, 5 = high)</b>	<b>Response</b>	<b>Control Procedure</b>	<b>Person responsible for action</b>	<b>Date of next review</b>
<b>7. Welfare compliance risk</b>	<b>Disability risk</b>	Risk that legislative requirements are not known or complied with.	2	3	Treat	Adhere to the Special Educational Needs and Disability Policy	HT	
	<b>Mental Health compliance risk</b>	Risk that legislative requirements are not known or complied with.	2	3	Treat		HT	
	<b>Child Protection risk</b>	Risk that legislative requirements are not known or complied with.	2	3	Treat	Strict adherence to Safeguarding Policy.	HT	
<b>8. Sector compliance risk</b>	<b>Curriculum compliance</b>	Risk that legislative requirements are not known or complied with.	1	2	Treat	Adherence to Curriculum Policy.	HT	
<b>9. Local Authority and central government risk</b>	<b>Grant criteria risk</b>	Grant terms and conditions are not complied with.	1	2	Treat	Finance Policy. Staff properly trained. Seek advice from professionals.	HT SBM	
	<b>Licensing risk</b>	Risk that legislative requirements are not known or complied with.	2	2	Treat	Apply ICT and copyright procedures.	GB	

# OPERATIONAL RISKS

Category	Sub-Category	Specific	Likelihood of occurring (1 = low, 5 = high)	Impact if occurs (1 = low, 5 = high)	Response	Control Procedure	Person responsible for action	Date of next review
1. Management information risk	Quality risk	Risk that information produced (financial and non-financial) for trustees and senior management is not accurate or is not in a format suitable for monitoring the performance of the school.	2	4	Treat	Staff properly trained to input data correctly. RO visits and reports. Expertise advice if necessary.	HT SBM FPSC	
	Timelines risk	Risk that management information is not available quickly after the period in which it relates.	1	3	Treat	Prompt and accurate processing. Regular review.	HT SBM FPSC	
	Review risk	Risk that management information is not subject to review.	1	3	Treat	Regular review and on agenda of committees.	HT SBM FPSC	
		Risk that action is not taken after the review of management information.	1	3	Treat	Actions followed up.	HT SBM FPSC	
	Quantity risk	Risk that too little management information is produced to facilitate informed decision-making.	1	3	Treat	Regular review and on agenda of committees. Expert advice sought.	HT SBM FPSC	
2. Human resources risk	Management risk	Senior management capability / experience of school sector risk.	1	4	Treat	Training.	GB	
		Integrity risk.	1	4	Treat	Regular review of behaviour and conduct. Whistleblowing procedure known and followed.	GB	
		Key person loss / succession risk.	4	3	Treat	Review resignations timescales.	GB	



Category	Sub-Category	Specific	Likelihood of occurring (1 = low, 5 = high)	Impact if occurs (1 = low, 5 = high)	Response	Control Procedure	Person responsible for action	Date of next review
Human resources risk (cont)	Management risk (cont)	Entrepreneurial risk – risk that management is too entrepreneurial. Risk that activities of the school could be outside its objectives.	1	2	Treat / Tolerate	Not a current risk but monitor.	GB	
	Staff risk	Low morale risk.	3	3	Treat	Monitor and reported.	FPSC	
		Retention risk.	3	3	Treat	Monitor and reported.	FPSC	
		Recruitment risk (recruiting someone unsuitable to work with children).	1	5	Treat	Strict adherence to pre-employment checks.	SBM	
		Appraisal / assessment risk.	2	3	Treat	Observations and performance management.	HT	
		Staff members not referred to HR professionals, may lead to tribunals.	3	3	Treat	HR advice.	HT	
		Training risk.	1	2	Tolerate	Monitor and identify skill / knowledge gaps.	HT SBM	
		Technical capability risk.	4	3	Treat	Skilled staff in place with appropriate training.	HT	
	Volunteer risk	Excessive reliance of volunteers.	1	3	Treat	Monitor and review.	HT	
		Lack of control over volunteers.	2	4	Treat	Safeguarding procedures followed.	HT	
		Training risk.	2	2	Treat	Identify training requirements. Seek suitable courses.	HT	
		Risk that volunteers are not of appropriate quality / vetted / subject to police checks.	3	5	Treat	Safeguarding checks.	HT SBM	

Category	Sub-Category	Specific	Likelihood of occurring (1 = low, 5 = high)	Impact if occurs (1 = low, 5 = high)	Response	Control Procedure	Person responsible for action	Date of next review
Human resources risk (cont)	H & S risk	Staff fatality / injury to pupil / third party.	1	5	Treat			
		Fatality / injury to pupil / third party.	2	2	Treat	Enforce Health & Safety Training and regular reviews.	HT EC	
		Other third party.	1	2	Treat			
3. Supplier risk	Supplier selection risk	Supplier financial viability.	2	3	Treat	Ensure tender process followed.	GB, HT, FPSC	
		Supplier inappropriate.	2	3	Treat	Ensure tender process followed.	GB, HT, FPSC	
		Supplier connected with either governors or staff.	2	3	Treat	Adherence to Finance Policy. Declarations.	GB HT	
		Delivery risk.	2	3	Treat	Regular review. Penalty clauses invoked if poor delivery.	HT SBM PC	
		Quality risk.	2	3	Treat			
	Key supplier dependency risk	Risk that supplies not available.	2	3	Tolerate	Stringent planning and contingencies.	HT	
		Risk of dependency on few suppliers.	2	3	Treat	Tenders conducted and regular review of supplier performance.	HT SBM EC	
	Value for money risk	Purchase price risk.	2	3	Treat	Quotations / tender obtained. Fixed prices agreed. Penalty clauses.	HT SBM EC	
		Efficiency risk.	2	3	Treat	Monitor and contingency planning.	HT SBM EC	