

## **RISK MANAGEMENT POLICY & RISK REGISTER**

Version 1.0

**The Risk Register is a ‘working document’ and will be regularly updated and monitored by the school and the Audit and Resources Committees. Only changes to the Risk Management Policy will require agreement by the Full Governing Body.**

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Next Committee Review Due: Summer 2019

Reviewer: Nick Christou/Sue Waters  
Governor Link: Audit Committee

# Risk Management Policy & Risk Register

East Barnet School, Chestnut Grove, East Barnet, EN4 8PU

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## **Risk Management Policy**

1. The management of risks to the School is undertaken in accordance with the Funding Agreement and the Academies Financial Handbook.
2. 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 Resources Committee and both are advised and informed by the Senior Leadership Team.
3. The Governing Body fulfils its role by establishing the system of internal control:
  - 3.1. Approving and reviewing a series of policies that underpin the internal control process;
  - 3.2. Agreeing objectives, plans and resources by means of the budget and the annual School Improvement Plan;
  - 3.3. Approving this policy statement and the attached Risk Register (prepared by the Resources Committee) and reviewing them carefully each year to identify risks, near misses and opportunities;
  - 3.4. Considering carefully the advice from the Responsible Officer and Auditor on internal financial controls, together with advice from any external consultants or inspectors.
4. The Senior Leadership Team fulfils its Risk Management role by:
  - 4.1. implementing governors' policies on risk management and internal control;
  - 4.2. advising the Resources Committee of the fundamental risks faced by the school and helping to evaluate them;
  - 4.3. providing timely and sufficient information to governors and the Resources Committee on the status of risks and controls;
  - 4.4. assisting the Resources Committee to draw up and revise the Risk Register;
  - 4.5. working to embed risk management and risk-based internal control in all aspects of school management.
5. The Risk Register has been completed in the form recommended in the Academies Financial Handbook and it uses the terms listed there. It shall be revised annually by the Resources Committee who will recommend it to the Governing Body.
6. In its annual consideration of the Risk Register the Governing Body should consider these issues:
  - 6.1. Whether risk management continues to be linked to the achievement of the School's objectives;
  - 6.2. The appropriate risk appetite or level of exposure for the School as a whole;
  - 6.3. Whether risk review procedures cover fundamental strategic and reputational, operational, compliance, financial and other risks to achieving the School's objectives;
  - 6.4. Whether risk assessment and risk-based internal control are embedded in on-going operations and form part of its culture;
  - 6.5. 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;
  - 6.6. 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;
  - 6.7. 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;
- 6.8. The effectiveness of the School's public reporting processes;
- 6.9. The effectiveness of the overall approach and policy to risk management and whether changes or improvements to processes and procedures are necessary.

## RISK REGISTER

### The Risks to the Academy are divided into four sections:

- A. Strategic and Reputational Risks
- B. Operational Risks
- C. Compliance Risks
- D. Financial Risks

### Abbreviations Used In The Risk Register:

ABM	Academy Business Manager
AFM	Academy Finance Manager
AGM	Academy Trust Members' Annual General Meeting
GB	Governing Body
RO	Responsible Officer

### Notes about possible responses to Risks:

<b>TRANSFER</b>	This may be done by conventional insurance or by paying a third party to take the risk in another way.
<b>TOLERATE</b>	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.
<b>TREAT</b>	This may not obviate the risk – it is more likely that the aim will be to contain it to an acceptable level.
<b>TERMINATE</b>	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 ( <i>not possible if there is a legal duty to engage in the activity</i> ).

## A. Strategic and Reputational Risks

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
A1. Strategic risk	Academy objects risk	Academy is not operating within its objects	1	3	Treat		Co Sec/Chair	
		Academy's objects become out of date / are no longer appropriate	1	1	Tolerate	Members keep under review	Chair	
		Academy receives unfavourable Ofsted report	1	4	Treat	Regular review of School Evaluations and Head's targets. Use independent consultants to assess. Outstanding from 2013	Head	
	Academy status risk	Risk that academy could lose its academy status	1	4	Tolerate	Critical examination of new activities by GB	Chair/Head	
	Long term demand risk	Insufficient demand for the academy's services leaves it unsustainable	1	5	Treat		Head	
	Competition risk	Presence of other organisations with similar objects and little scope for differentiation.	5	5	Treat	Regular discussion item in SLT and GB to identify ways of improving further.	Chair/Head	
		Other organisations competing for the same sources of income	5	4	Treat		Chair/Head	
	Stakeholder risk	Beneficiaries/other stakeholders don't consider that academy provides a valuable/high quality service	2	1	Treat		Chair/Head	
	Alliance / partnership risk	Appropriateness of alliance	1	1	Tolerate	Not a practical risk at present	Chair/Head	
		Integrity of partner risk	1	1	Tolerate	Not a practical risk at present	Chair/Head	
	Investment powers risk	Risk of the Trustees not acting in accordance with their investment powers	1	2	Treat	Procedures in Finance Policy followed	Chair	

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
	<b>Insurance risk</b>	Risk of financial loss/inability to replace items if academy does not have adequate insurance cover	1	4	Treat	Annual review of insurance value against assets	AFM	
	<b>Macro-economic risk</b>	Risk of the impact an uncontrollable event will have on the academy e.g. recession, war, oil crisis	1	4	Treat	Manage reserves to reduce risks.	AFM	
	<b>Natural disaster risk</b>	Risk of the impact an uncontrollable event will have on the academy, e.g. fire, flood	2	4	Treat / Transfer	Some risk transferred to insurers. Regular review of Business Continuity Policy. .	AFM	
	<b>Technology risk</b>	Information security risk	4	4	Treat	Procedures in ICT Policy Robust backup procedures	Dir Data	
		Virus risk/corruption of data risk	4	4	Treat	Anti-virus software on all machines Robust backup procedures	IT Network Manager	
		IT systems out of date / no longer supported	3	3	Treat	Planning for regular renewal	IT Network Manager	
<b>A2. Public profile risk</b>	<b>Academy objects risk</b>	Academy not seen by the public to be meeting its objects	1	3	Treat	Publicise what the school actually does.	Head	
		Objects of the academy are controversial or may attract a high level of public interest	1	2	Tolerate	Not a practical risk at present	Chair	
	<b>Trustee profile risk</b>	Trustees have a high public profile and may cause the academy to attract publicity	1	2	Tolerate	Not a practical risk at present	Chair	
		Trustees are seen by the public to be paid a high amount for expenses	1	2	Treat	Policy on Governors' Expenses	Chair	
		Trustees are not considered to be arm's length from the academy	1	2	Treat	Not a practical risk at present	Co Sec/ Chair/ Head	
	<b>Expenditure risk</b>	Management and administration costs are perceived by the public to be high	2	3	Treat	Regularly reviewed by Resources Cttee	Chair of Resources	

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
		Senior management of the academy are seen by the public to be paid high salaries	1	2	Treat	Salaries reviewed against pay scales – see Pay Policy	Chair of Resources	
		Reserves level risk – Academy seen to be holding reserves and not spending enough on its academy objects	1	1	Tolerate	Not a risk at present	Chair of Resources	
	<b>Quality of service / product risk</b>	Academy provides a poor quality service to its beneficiaries/customers	1	3	Treat	Review regularly to ensure high standards maintained.	Head	
	<b>Fraud risk</b>	Fraud discovered at the Academy attracts bad publicity	1	4	Treat	Financial procedures & audit in place	AFM & Ops	
	<b>Failure to comply with legislation risk</b>	Failure to comply with Health and Safety legislation results in an employee, volunteer, or beneficiary of the academy being injured at work, attracting bad publicity	2	4	Treat	Apply Health and Safety Policy and Risk Assessments. Oversight by Resources Cttee	Chair of Resources	
		Failure to comply with employment law – e.g. unfair dismissal of an employee – attracts adverse publicity	1	3	Treat	Make full use of HR advice to avoid such situations.	Head	
	<b>Litigation risk</b>	Academy is involved in litigation	2	5	Treat	Maintain high standards in all aspects of the School's work.	Head	
<b>A3. Governing Body organisation risk</b>	<b>Delegation risk</b>	Committees not established with delegated authority, e.g. finance, personnel, etc.	1	3	Treat	Periodic review to ensure they are still current and working effectively	Chair/ Co Sec/Head	
		Committee terms of reference not sufficiently flexible	1	3	Treat	Periodic review to ensure they are still current and working effectively	Chair/ Co Sec/Head	
		Trustees delegate too little / too much to the Principal and/or Finance Director	2	4	Treat	Keep under regular review.	Chair/ Co Sec/Head	

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
	Principal/FD absence risk	Trustees do not ensure rigorous monitoring is undertaken in the absence of the Principal and/or Finance Director	2	4	Treat		Chair	



## B. Operational Risks

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
<b>B1. Management information risk</b>	<b>Quality risk</b>	Risk that information produced for trustees and SLT is not accurate or not in a format suitable for monitoring the performance of the academy	2	4	Treat	Internal quality assurance. Information is monitored using independent sources of advice, especially Responsible Officer, Auditor, independent advisers, RAISEonline.	Head	
	<b>Timeliness risk</b>	Risk that management information is not available quickly after the period to which it relates	1	3	Treat	Kept under review by SLT, Governors' Committees and GB.	Chair/Head	
	<b>Review risk</b>	Risk that management information is not subject to review	1	3	Treat	Periodic review by SLT, GB & Committees	Chair/Head	
		Risk that action is not taken after the review of management information	1	3	Treat	Action Points always identified in Minutes and reviewed at next meeting.	Clerk/Chair of committee	
	<b>Quantity risk</b>	Risk that too little management information is produced to facilitate informed decision making	1	3	Treat	Kept under review by Governors' Committees and GB.	Chair/Head	
<b>B2. Human resources risk</b>	<b>Trustee risk</b>	Insufficient experience of the academy/ education sector	1	4	Treat	Governor training. Co-option of persons with expertise.	Chair/Head	
		Trustees without required expertise	3	1	Treat	Governor training		
		Lack of availability/poor attendance at meetings	1	3	Treat	Membership reviewed by GB	Clerk/Chair	
		Entrepreneurial risk – risk that trustees are too entrepreneurial. Risk that activities of the academy could be outside its objects.	1	4	Tolerate	Not a risk at present	Co Sec/Chair	

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review	
<b>B2. Human resources risk</b>		Trustees become too involved with management of the academy.	1	3	Tolerate		Chair/ Co Sec/Head		
		Trustees are not independent of management	2	3	Treat		Chair/ Co Sec/Head		
		Trustees do not act solely in the interests of the academy but for their business/other interests etc.	1	5	Treat	Declarations of interest required of Trustees.	Chair/ Co Sec/Head		
		No member with responsibility for financial oversight is appointed	1	4	Treat	Appoint Chair and members of Resources Cttee.	Chair		
		Passive trustees	2	3	Treat	Governor training.	Chair/Clerk		
	<b>Management risk</b>	Senior management capability / experience of academy sector risk	1	4	Treat	Provide training.	Head		
		Integrity risk	1	4	Tolerate	Professional code of conduct in place.	Head/Chair		
		Key person loss / succession risk	2	3	Treat	Put succession plan in place	Chair/Head		
		Entrepreneurial risk – risk that management is too entrepreneurial. Risk that activities of the academy could be outside its objects.	1	1	Tolerate	Not a practical risk at present	Chair/Clerk/ Co Sec		
	<b>Staff Risk</b>	Low morale risk	2	3	Treat	Monitored by Head	Dir RJ		
		Retention risk	2	2	Treat	Review pay policy and allowances	Head/Chair		
		Unable to attract the right level of skills in some subject areas	4	4	Treat	Review pay policy and allowances	Head/Chair		
		Recruitment risk (recruiting someone unsuitable to work with children)	1	5	Treat	Follow best practice in recruitment. Ensure DBS procedures are strictly applied.	Head		
	<b>B2. Human</b>		Appraisal / assessment risk	1	3	Treat		Head/AFM	

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
resources risk		Staff matters not referred to HR professionals, may lead to tribunals	2	4	Treat	HR advice sought regularly on all difficult issues.	Head/AFM	
		Lack of training risk	1	2	Tolerate	Ensure all staff have training opportunities	Head/AFM / SLT	
		Technical capability risk	2	4	Treat	Provide training.	Head/AFM / SLT	
	Volunteer risk	Excessive reliance on volunteers	1	2	Tolerate	Not a practical risk at present	Head/AFM	
		Lack of control over volunteers	1	2	Treat	Provide training.	Head/AFM	
		Training risk	1	2	Treat		Head/AFM	
		Risk that volunteers are not of appropriate quality/vetted/subject to police checks	1	5	Treat	Apply Safeguarding Policy	Head/AFM	
	H & S risk	Injury to students, staff or visitors while on site	5	2	Treat	Ensure adequate numbers of trained first aiders	Head/AFM /SLT	
		Incident on a trip outside of school, possibly abroad	3	4	Treat	Ensure trip leaders are aware of the risks and complete appropriate risk assessments	Head/AFM /SLT	
		Fatality to staff, student or visitors	1	5	Treat	Apply procedures in the Critical Incident Plan.	Head/AFM /SLT	
		Contractors on site do not abide by H&S rules	2	3	Treat	Ensure appropriate supervision and intervene if any breaches are observed	Head/AFM /SLT	
		Outbreak of illness or disease	1	3	Treat	Ensure communication with all parties is clear. Involve HPA if necessary	Head/AFM /SLT	
		Outbreak of illness or disease on the farm	1	2	Treat	Consult vet if animals appear unwell	Head/AFM /SLT	
Security risk		The site is targeted by thieves and items stolen	5	3	Treat/ Transfer	Improve site security Insurance policies to cover theft	Head/AFM	
<b>B3. Income risk</b>	<b>Donor risk</b>	Academy heavily reliant on one donor	1	1	Tolerate	Not a practical risk at present	Head/AFM	

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review	
		Donor has a strong influence / power over academy's activities	1	1	Tolerate	Not a practical risk at present	Chair/Head/AFM		
	<b>Marketing risk</b>	Other charities competing for donations or similar sources of income	2	2	Treat	Find new sources of funding / improve competitiveness.	Chair/Head/AFM		
	<b>Grants receivable risk</b>	Grants receivable not used for the purposes for which they were given	2	3	Treat	Use Finance Policy. Auditors to identify problems.	Head/AFM		
		Grants receivable reporting requirements are not adhered to	1	2	Treat	Use Finance Policy. Auditors to identify problems.	Head/AFM		
		GAG received late or sum reduced	3	4	Tolerate	Reserves managed prudently.	AFM		
<b>B4. Supplier risk</b>	<b>Supplier selection risk</b>	Supplier financial viability	2	3	Treat	Rigorous tendering and payments processes applied.	AFM		
		Supplier inappropriate	2	3	Treat	Apply Financial Procedures.	AFM		
		Supplier connected with either trustees or staff	1	3	Treat	Declaration of interest by Trustees and staff	AFM		
		Quality risk	2	3	Treat	Clear specifications	AFM		
	<b>Key supplier</b>	Risk that supplies not available	2	3	Tolerate	No action practicable to avoid the risk.	AFM		
	<b>Dependency risk</b>	Risk of dependency on few suppliers	2	3	Treat	Rigorous tendering process.	AFM		
		<b>Value for money risk</b>	Purchase price risk	2	2	Treat	Regular reviews of suppliers	AFM	
			Efficiency risk	2	3	Treat	Regular monitoring.	AFM	

## C. Compliance Risks

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
<b>C1. Main Controlling Agency risk</b>	<b>EFA risk</b>	Non-compliance with EFA requirements	1	5	Treat	Ensure deadlines are noted and submissions made on time	Head/ AFM	
<b>C2. Employee legislation risk</b>	<b>Employment laws risk</b>	Risk that legislative requirements are not known or complied with	1	4	Treat	Termly updates provided by Babcocks as well as website		
		Discrimination risk	1	4	Treat	See Equality of Opportunity Policy		
		Data Protection risk	3	4	Treat	Apply Data Protection Policy.		
		Human Rights risk	1	3	Treat	See Equality of Opportunity Policy.		
		Equal opportunities risk	1	4	Treat			
		Contract risk	1	3	Transfer	Review standards terms		
	<b>Pension risk</b>	Risk that legislative requirements are not known or complied with	1	3	Transfer	Auditors review and actuarial re-valuation	AFM	
<b>Health and safety risk</b>	Risk that legislative requirements are not known or complied with	2	3	Transfer	Apply Health & Safety Policy. Employ external monitoring.			
<b>C3. 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.		
	<b>EU legislation</b>	Risk that legislative requirements are not known or complied with	2	3	Treat			
<b>C4. Financial reporting risk</b>	<b>Statutory accounts risk</b>	Risk that legislative requirements are not known or complied with	1	4	Treat / Transfer	Ensure finance staff are trained. Auditor to ensure compliance	AFM	
	<b>Accounting standards risk</b>	Risk that legislative requirements are not known or complied with	2	4		Ensure finance staff are trained. Auditor to ensure compliance	AFM	
	<b>SORP compliance risk</b>	Risk that legislative requirements are not known or complied with	2	4	Treat / Transfer	Ensure finance staff are trained. Auditor to ensure compliance	AFM	

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
<b>C5. Academies legislation risk</b>		Risk that legislative requirements are not known or complied with	1	2	Treat	Provide training.		
		Risk trustees are not aware of the legislative requirements of being on the Forum	1	2	Treat	Requirements listed in <i>Handbook of Governance</i> .		
<b>C6. 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	Auditors to advise. Payroll outsourced to ‘Strictly Education’	AFM	
<b>C7. Data Protection Act risk</b>		Risk that legislative requirements are not known or complied with	1	3	Treat	Apply Data Protection Policy rigorously.	AFM /Clerk	
<b>C8. Welfare compliance risk</b>	<b>Disability risk</b>	Risk that legislative requirements are not known or complied with	1	3	Treat	Apply Equality of Opportunity Policy.		
	<b>Child Protection risk</b>	Risk that legislative requirements are not known or complied with	1	3	Treat	Apply Safeguarding Policy.	Head of Curriculum	
<b>C9. Sector compliance risk</b>	<b>Curriculum compliance</b>	Risk that legislative requirements are not known or complied with	1	2	Treat	Apply Common Curriculum Policy.	Head of Curriculum	
	<b>Mental health compliance risk</b>	Risk that legislative requirements are not known or complied with	1	2	Treat	Refer to HR consultant.	AFM	
<b>C10. Local Authority and Central Government risk</b>	<b>Grant criteria risk</b>	Grant terms and conditions are not complied with	1	2	Tolerate	Not a practical risk at present.	AFM	
	<b>Licensing risk</b>	Risk that legislative requirements are not known or complied with	2	2	Treat	Apply ICT Policy and copyright procedures. Ensure lettings and events comply with licensing/gambling regulations		

## D. Financial Risks

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
<b>D1. Overall financial control risk</b>	<b>Budget risk</b>	Risk that budget cannot be prepared in accordance with DfE timetable	1	2	Treat	Apply Finance Policy.	AFM	
		Risk that budget will be in deficit	3	4	Treat	Careful planning of resources.	AFM	
		Risk that actual performance is not measured against budget on a regular basis	1	4	Treat	Regular meetings of Resources Committee	Chair Resources Committee	
		Risk that budget headings are manipulated to ensure targets are met	1	4	Treat	Budget is prepared in consultation with budget holders.	AFM	
	<b>Reconciliation risk</b>	Risk that bank reconciliations / other key reconciliations are not completed and reviewed	1	3	Treat / Transfer	Apply month end procedures. Auditors to cover.	AFM	
		Risk that suspense accounts are not cleared or reconciled	1	2	Treat / Transfer	Apply month end procedures. Auditors and RO to advise.	AFM	
	<b>Consolidation risk</b>	Risk that results of subsidiaries / associates are not consolidated with results of parent academy	1	1	Tolerate	Not a practical risk at present.	AFM	
<b>D2. Financial systems risk</b>	<b>Systems suitability risk</b>	Risk that financial system is not suitable for the academy's needs	1	3	Treat	New system obtained for academy operation. Continue to develop.	AFM	
	<b>Maintenance risk</b>	Risk that financial system will not be maintained by provider in long term	1	4	Tolerate	Not possible to prevent but keep under review.	AFM	
	<b>Disaster risk</b>	Risk that financial information cannot be recovered in the event of a disaster (e.g. fire, theft, vandalism)	1	4	Treat	Backup tapes in fireproof safe (see ICT Policy).	IT Network Mgr	
	<b>Access risk</b>	Risk of unauthorised access to financial systems	2	4	Treat	Apply ICT Policy.	IT Network Mgr	

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<b>D3. Income risk</b>	<b>EFA</b>	EFA change their guidelines and funding without notice	5	5	Tolerate	Ensure we are aware of changes in the pipeline and undertake scenario planning	Head/ AFM	
	<b>Completeness risk</b>	Invoices not raised for all transactions	2	3	Treat	Apply Finance Policy.	AFM	
		Donations in kind or intangibles are not recorded or recognised in the financial statements	2	2	Treat	Apply Financial procedures.	AFM	
	<b>Restricted income risk</b>	Income is not identified as restricted on receipt	1	1	Treat	Apply Finance Policy.	AFM	
		Restricted income is used for purposes other than restriction	2	2	Treat	Apply Finance Policy.	AFM	
		Restricted funds are transferred to unrestricted funds without consent of donor	3	1	Treat / Transfer	Learn from first year of new procedures. Auditors and RO to advise.	AFM	
	<b>Sponsorship funding risk</b>	Sponsorship targets are not met	1	1	Tolerate	Not a practical risk at present.	AFM	
		Sponsorship promised by individual partners is not delivered	1	1	Tolerate	Not a practical risk at present.	AFM	
	<b>Cut off risk</b>	Risk that income is accounted for in the wrong accounting period	2	2	Treat	Apply Finance Policy and procedures.	AFM	
	<b>Fraud risk</b>	Risk that donations are misappropriated	1	4	Treat	Apply Finance Policy.	AFM	
<b>D4. Expenditure risk</b>	<b>Authorisation risk</b>	Risk that expenditure is not authorised	1	2	Treat	Apply Finance Policy.	AFM	
	<b>Allocation risk</b>	Risk that expenditure is allocated between headings using inappropriate	1	2	Treat	Apply Finance Policy and procedures carefully, as advised by RO and Auditor.	AFM	
	<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.	AFM	



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	<b>Cut off risk</b>	Risk that expenditure is accounted for in the wrong accounting period	2	2	Treat	Apply Finance Policy and procedures. Review by Finance Mgr	AFM	
	<b>Fraud risk</b>	False invoice / payment risk	2	2	Treat	Apply proper authorisation checks. Payments signed by 2 signatories	AFM	
<b>D5. Treasury risk</b>	<b>Cash flow risk</b>	Risk that cash flow requirements are not forecast	2	2	Treat	Apply Finance Policy and procedures carefully.	AFM	
		Risk that cash is all tied up in investments and insufficient is readily available to meet short term cash flow needs	2	4	Treat	Only bank deposits used	AFM	
<b>D6. Fixed asset risk</b>	<b>Capital construction risk</b>	Risk that assets built by constructors do not meet specifications, or actual cost exceeds budget	1	1	Tolerate	School changing rooms are LA project approved	AFM	
	<b>Asset recognition risk</b>	Risk that assets are not capitalised	1	1	Tolerate	Not a practical risk at present.	AFM	
		Risk that depreciation rate is not appropriate	2	3	Treat	Apply Financial procedures. Auditors to check	AFM	
	<b>Fraud risk</b>	Risk that assets are misappropriated	2	2	Treat	Apply Financial procedures.	AFM	
<b>D7. Investment risk</b>	<b>Return risk</b>	Risk that the return on investments is not being maximised	1	1	Tolerate	Not a practical risk at present.	AFM	
	<b>Fraud risk</b>	Risk that trustees are not acting in accordance with their investment policy / powers (e.g. investing in high risk investments which are not in best interests of the academy)	1	1	Tolerate	Not a practical risk at present.	AFM	

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
<b>D8. Stock risk</b>		Risk that stock is misappropriated	2	2	Treat	Apply Financial procedures. Restricted access to storage areas	AFM	
<b>D9. Debtors risk</b>	<b>Recoverability risk</b>	Risk that debts are not recovered	2	2	Treat	Auditors and RO to advise.	AFM	
		Risk that provision for doubtful debts is overstated / understated	1	1	Tolerate	Not a significant risk at present.	AFM	
	<b>Completeness risk</b>	Risk that debtors record is not complete	1	1	Tolerate	Not a significant risk at present.	AFM	
	<b>Cut off risk</b>	Risk that debtors are accounted for in the wrong accounting period	2	2	Treat		AFM	
	<b>Cash flow risk</b>	Risk that profile of aged debtors deteriorates which impacts on cash flow	1	1	Tolerate	Monthly review of aged debtors.	AFM	
<b>D10 Taxation risk</b>	<b>Non-academy trading risk</b>	Risk that the academy is liable to tax on non academy trading activities	1	1	Tolerate	Not a significant risk at present.	AFM	
	<b>Change in legislation risk</b>	Risk that academy is not aware of changes in legislation	2	3	Treat	Not a significant risk at present.	AFM	
<b>D11. Provisions and contingent liability risk</b>	<b>Recognition risk</b>	Risk that academy is not recognising provisions or commitments in accordance with FRS 12	1	1	Transfer	Keeping up to date by reading and training. Auditor and RO to advise.	AFM	
	<b>Contractual commitments risk</b>	Risk that the academy has entered into future commitments without having the future funding available to meet them	1	1	Tolerate	Not a significant risk at present.	AFM	
<b>D12. Related party risk</b>	<b>Identification risk</b>	Risk that related party transactions / transactions with connected persons are not identified	1	2	Tolerate	Apply Financial Procedures.	AFM	
		Risk that connected charities are not identified	1	1	Tolerate	Not a practical risk.	AFM	

Category	Sub-category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, treat, tolerate or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
	<b>Disclosure risk</b>	Risk that related party transactions are not correctly or fully disclosed in the financial statements	1	1	Tolerate	Auditor and RO to advise.	AFM	
<b>D13. Funds risk</b>	<b>Level of funds</b>	Risk that fund levels are too high / low	1	3	Treat	Proper budget management.	AFM	
		Risk that unrestricted funds are in deficit and restricted funds are in surplus	2	3	Treat	Proper budget management.	AFM	
	<b>Endowment risk</b>	Risk that capital in permanent endowment funds is not maintained	1	1	Tolerate	None held.	AFM	
<b>D14. Pension risk</b>	<b>Funding risk</b>	Risk that scheme is in significant deficit	5	1	Tolerate	No practical action is available to the School.	AFM	
	<b>Contribution risk</b>	Risk that employers' contribution rate increases	3	3	Tolerate	No practical action is available to the School.	AFM	
		Risk that the academy is not making the correct contributions	2	2	Transfer	Actuarial valuation	AFM	