



ORMISTON
SIX VILLAGES
ACADEMY



RISK MANAGEMENT POLICY

Approved by IEB April 2017
Date of next review: April 2018

THE BENEFITS OF RISK MANAGEMENT

Risk and how it is managed can have a major impact on how the academy achieves its goals. This policy aims to raise awareness about the need to address strategic and operational risks and to provide guidance to manage risks in an effective and formal way.

Risk is the threat of an action or event adversely affecting the academy's ability to achieve its objectives and successfully execute its strategies. Risk management is the process of identifying, evaluating and controlling risks and is a key element in the framework of academy governance.

Internal control is a key part of risk management. It helps to safeguard use of public funds and the academy's assets and also aids the efficiency of operations, ensures the reliability of reporting and assists compliance with legislation. The risk management process should be ongoing and embedded into the academy culture. Risk cannot be eliminated altogether, but can be managed effectively if understood.

CONSTITUENTS OF GOOD RISK MANAGEMENT

Risk management is an integral part of good governance and is the process by which:

- There is a shared awareness and understanding within academy of the risks it faces
- There is regular and ongoing monitoring and reporting of risks
- An assessment is made of the cost of managing the potential risks
- The academy conducts an annual review of the effectiveness of internal controls and makes recommendations as necessary
- The principal reports to the governors on the results of the review and discusses any actions taken

CATEGORISING RISK

There are two basic categories of risk – strategic and operational. Strategic risks are risks that need to be considered when looking at the medium and long term goals of the academy. Operational risks are those encountered in the everyday life of the academy.

Strategic risks include:

- Political – those associated with failure to deliver either local or central government policies
- Economic – those affecting the ability of academy to meet its financial obligations.
- Social – those relating to changes in demographic, residential or social trends
- Technological – those associated with the academy's capacity to deal with technological change or failure

- Legal – those relating to current or potential changes in national or European law
- Environmental – those relating to the environmental consequences of furthering the academy’s strategic objectives
- Competitive – those affecting the academy’s ability to achieve best value
- Customer – those associated with meeting current and changing needs of pupils and parents

Managing these strategic risks is a core responsibility of SLT in liaison with governors. Strategic risk assessments must be undertaken as part of the academy development plan.

Operational risks include:

- Professional – those associated with the nature of education
- Financial – those associated with financial planning and control, including adequate insurance
- Legal – those relating to possible breaches of legislation
- Physical - those relating to fire, theft, health and safety and security
- Contractual – those associated to the failure of contractors to deliver services at the agreed cost and specification
- Technological – those relating to a reliance of operational equipment such as IT systems or machinery

These risks must be viewed collectively, not in isolation, as one risk might have an effect in several areas e.g a physical risk regarding the academy security could have professional consequences for staff fulfilling their day-to-day duties.

RISK MANAGEMENT IMPLEMENTATION STRATEGY

1. Identifying and prioritising significant risk i.e. areas of change, critical success factors, business objectives
2. Identifying significant risks that could undermine:
 - Quality of service provision
 - Reputation of the academy
 - Reliability of internal and external reporting
 - Safeguarding of academy assets from inappropriate use, loss or fraud
 - Liabilities being identified and managed properly
3. Identifying key tasks in order to:
 - Develop risk management strategies and monitor risk management policy
 - Consult regularly with staff
 - Develop a risk culture throughout academy

- Provide SLT with early warning mechanisms
 - Monitor and report on the internal control systems
4. Setting out the roles of SLT, staff and governors
 5. Allocating :
 - Resources as necessary
 - Responsibility for reviewing and monitoring the risk policy
 - Responsibility for managing risks
 6. Timetable

THE ROLE OF GOVERNORS AND SENIOR STAFF IN RISK MANAGEMENT

Governors should be concerned with those risks that could potentially affect the academy's ability to achieve its objectives. They should receive regular risk reports indicating any new significant risks and actions taken on previously discussed risks. This will enable governors to understand and challenge the effectiveness of internal control systems.

REPORTING ON RISK MANAGEMENT AND INTERNAL CONTROL

After reviewing the annual assessment, governors should publish a statement summarising the main processes that have been put into place for risk management and internal control.

THE ROLE OF SENIOR STAFF IN IMPLEMENTING BETTER RISK MANAGEMENT

SLT staff have a key role in putting risk management into effect and need to consider the following steps:

- Identify key internal and external changes and academy objectives
- Identify critical success factors
- Identify risks

- Determine which risks are significant
- Agree control strategies and risk management policy
- Agree accountability
- Consult with all staff and raise risk awareness
- Provide training and aid change in behaviour
- Provide reports
- Regularly review risks and controls

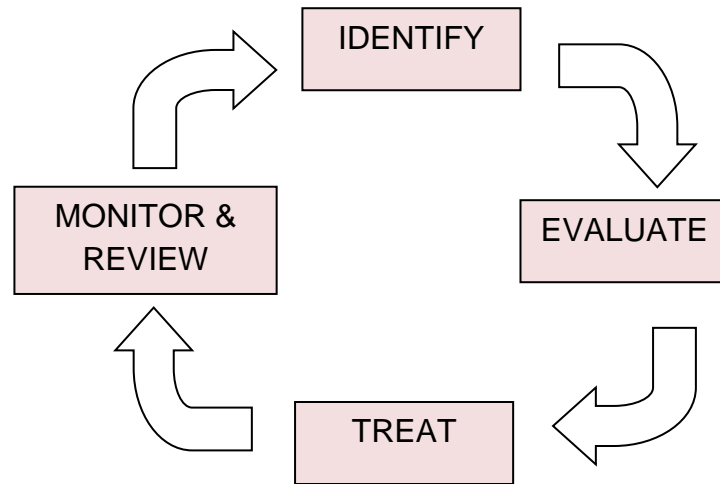
PRIORITISING RISKS

Risks need to be prioritised to establish what needs to be tackled and when. There are two types of effect – IMPACT which goes from minor disruption to catastrophic event and LIKELIHOOD which goes from very unlikely to very likely. When the two come together, there are six categories of risk:

1. extremely unlikely; rare occurrence
2. unlikely
3. moderately unlikely
4. very likely, regular occurrence
5. highly likely
6. extremely likely; frequent occurrence

If the risk assessment is category 6, it should be regarded as high priority, a risk of 2 or 3 are considered medium priorities and risk 1 has a low priority. Assessing risks in this way helps to tackle those risks which are most urgent.

RISK MANAGEMENT PROCESS



RISK ASSESSMENT

This table highlights the likelihood and impact of the main risks that could affect academy.

For consultation and approval by SLT/IEB:

Signed:

Position

Date