

# Risk Management Policy



**ENFIELD**  
LEARNING TRUST  
BE INCLUDED

| Version and Date |          | Action/Notes                  | Date Written    | Date to be Reviewed |
|------------------|----------|-------------------------------|-----------------|---------------------|
| 1.0              | 01.12.17 | Approved by Board of Trustees | Nov 16          | 3 Years – Nov 2019  |
| 2.0              | 03.12.19 | Approved by Board of Trustees | Sept 19 Updated | 3 Years – Sept 2022 |

### **Purpose of the Policy**

The Enfield Learning Trust is committed to providing a safe environment for all members of the Trust.

Risk is an inherent aspect of all academic, administrative and commercial business activities so sound risk management principles must become part of routine management activity.

The key objective of this policy is to ensure the Trust has a consistent basis for measuring, controlling, monitoring and reporting risk across the organisation at all levels. This policy explains the Trust's underlying approach to risk management, documents the roles and responsibilities of the Board, its committees and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

### **Consultation Process**

This policy was developed in consultation with the Trust Board.

### **Risk Management Process**

The Trust is committed to providing a safe environment for all members of the school community. In order to do this, we consider:

- The nature and extent of risks that the Trust faces
- The extent and categories of risks that are acceptable
- The likelihood of the risks concerned materialising
- Strategies for reducing the incidence and impact of risks that do materialise

### **Assessing the Risks**

A risk register is compiled considering likely risks relating, but not exclusively, to:

- Strategic and Reputational Risk
- Economical/Financial/Market Risk
- Legal and Regulatory Risk
- Organisation/Management/Human Factors
- Political Risk
- Environmental Risk
- Technical/Operational/Infrastructure Risk

Once a risk has been established, the Trust will assess whether:

- The risk of both likelihood and impact of the event is high.
- The risk of likelihood or impact of the event is high.
- The risk of neither the likelihood nor the impact is high.

A point scoring system (as detailed in the matrix below) is used to assess the likelihood vs. the impact of the identified risk with greater emphasis directed towards those areas identified as higher risk marked in red.

|                            |                       |                      |              |                 |              |                     |
|----------------------------|-----------------------|----------------------|--------------|-----------------|--------------|---------------------|
| <b>Likelihood<br/>(A):</b> | <b>Almost Certain</b> | 5                    | 10           | 15              | 20           | 25                  |
|                            | <b>Likely</b>         | 4                    | 8            | 12              | 16           | 20                  |
|                            | <b>Possible</b>       | 3                    | 6            | 9               | 12           | 15                  |
|                            | <b>Unlikely</b>       | 2                    | 4            | 6               | 8            | 10                  |
|                            | <b>Rare</b>           | 1                    | 2            | 3               | 4            | 5                   |
| <b>Impact (B):</b>         |                       | <b>Insignificant</b> | <b>Minor</b> | <b>Moderate</b> | <b>Major</b> | <b>Catastrophic</b> |

### Addressing Risks

When responding to risks, the Trust will ensure that the risk is well-managed so that the potential threat does not materialise.

The Trust will adopt one of the four risk responses outlined below:

- **Terminate** – Counter measures are put in place to either stop a problem or threat occurring, or prevent it having an impact on the organisation.
- **Transfer** – The risk is transferred to a third party, for example, through an insurance policy.
- **Treat** – The response actions either reduce the likelihood of a risk developing, or limit the impact on the school to acceptable levels.
- **Tolerate** – The Trust accepts the possibility that the event may occur. This may be because the cost of the counter measures is too great and will outweigh the possible downside, or because the Trust believes there is only a remote possibility of the event occurring.

The risk register will be reviewed at each termly committee meetings of the Trustees and the policy will be reviewed biannually. As new risks are identified throughout the year these will be added to the risk register and assessed using the scoring methodology. All new risks will be reported by each Trustee committee meeting and be ratified by the full Board of Trustees.

### Roles and Responsibilities

The Trustees have responsibility for the total risk exposure of the Trust and will be responsible for:

- Approving major decisions affecting the Trust's risk profile or exposure
- Deciding on the Trust's appetite for risk
- Determining what types of risk are acceptable/not acceptable and monitoring significant risks and control improvements to mitigate risks
- Annually reviewing the Trust's approach to risk management and approving changes or improvements to key elements of the process and procedures

### The Role of the Audit and Risk Committee

The role of the Audit and Risk Committee is to support the Trustees in ensuring that a framework is established and maintained for the identification and management of risk and to monitor internal and external audit matters across all schools in the Trust.

## Monitoring & Review

All Trust Board Committees will identify and evaluate the significant risks faced by the Trust by:

- Compiling a risk register
- Providing adequate information in a timely manner to the Trustees on the status of risks and controls
- Participating biannually in a risk review and reporting the outcomes to the Trustees
- Implementing policies on risk management and internal controls
- Reviewing all risks identified as “red” risks
- Satisfying itself that the less fundamental risks are being actively managed, with the appropriate controls in place and working effectively
- Reviewing all reports from internal audits and monitoring the implementation of any recommendations
- Receiving an annual review of effectiveness of the system of internal control and risk management from internal audit
- Receiving an annual report from the external auditor on the effectiveness of the internal controls reviewed as part of the audit
- Annually review the Trust’s approach to risk management and approve changes or improvements to key elements of its processes and procedures.

The Trust will review this policy every three years and assess its implementation and effectiveness.

|                                 |                                       |
|---------------------------------|---------------------------------------|
| Signature of Chair of Trustees: | Signature of Chief Executive Officer: |
|---------------------------------|---------------------------------------|

## Appendix A

### Internal Controls Checklist

| <b>Financial Controls</b>  | <b>Yes</b> | <b>No</b> | <b>N/A</b> |
|--|------------|-----------|------------|
| Is there segregation of duties in the Finance Department?  |            |           |            |
| Do the trustees undertake an annual review of the internal controls?   |            |           |            |
| Are annual budgets approved by the Trustees?   |            |           |            |
| Is the budget monitored regularly and variances explained?   |            |           |            |
| Have the Trust appointed an internal auditor and/or audit committee?   |            |           |            |
| Are the Trustees provided with regular information about the financial performance of the organisation?                              |            |           |            |
| Is financial performance discussed at all Trustees meetings?   |            |           |            |
| Are terms of reference in place for all committees and sub-committees?   |            |           |            |
| Does the finance committee report directly to the Trustees?  |            |           |            |
| Is a sufficient financial systems used to record all transactions?   |            |           |            |
| Is a reserves policy in place?   |            |           |            |
| Do the accounts meet with legal requirements?  |            |           |            |
| Are the end of year accounts formally approved by at AGM?  |            |           |            |
| Have external auditors been appointed?   |            |           |            |
| Are the annual return and annual accounts filed on time with Companies House?  |            |           |            |
| Are staff and trustees familiar the Trust's Fraud policy?  |            |           |            |
| Are the following policies in place:<br>Anti-bribery and Corruption, Gifts and Hospitality Policy and Register of trustee interests? |            |           |            |
| Is there a policy regarding the storage of electronic information?   |            |           |            |
| Is the computer network protected from external interference?  |            |           |            |
| Is there a whistle blowing policy in place?  |            |           |            |
| Are all incoming cash and cheques recorded immediately?  |            |           |            |
| Is unopened mail kept secure?  |            |           |            |
| Is the organisation registered with HMRC as a charity?   |            |           |            |
| Is gift aid collected  |            |           |            |
| Is the level of non- charitable trading significant enough to need a trading subsidiary?   |            |           |            |
| Is there a pricing policy in place for trading activities i.e. lettings?   |            |           |            |
| Are there invoicing procedures in place for goods and services supplied?   |            |           |            |
| Is there a debt collection procedure in place?   |            |           |            |
| Are there procedures in place to record and track the collection of all income?  |            |           |            |
| Are all receipts banked at least weekly?   |            |           |            |
| Does insurance cover cash in transit and on site?  |            |           |            |
| Is the income recorded by more than one person?  |            |           |            |

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| Is there a written Scheme of Delegation detailing authorised financial limits?   |  |  |  |
| Are all invoices checked against original price and goods received prior to payment?   |  |  |  |
| Is it stipulated who can sign cheques?   |  |  |  |
| Are bank mandates amended when authorised signatories leave the Trust?   |  |  |  |
| Does the bank mandate required two signatories?  |  |  |  |
| Is there a practice of not signing blank cheques?  |  |  |  |
| Are cheque books kept in a secure place with only limited access by authorised persons?  |  |  |  |
| Are cheques only signed with documentary evident to support the nature of the payment?   |  |  |  |
| Is all cheque expenditure recorded on the financial systems?   |  |  |  |
| Are there restrictions in place for the use of business cards?   |  |  |  |
| Is all card expenditure supported by purchasing documentation each time it is used?  |  |  |  |
| Are card statements checked monthly against all purchasing documentation prior to payment?                                       |  |  |  |
| Are only named individuals allowed to set up direct debits?  |  |  |  |
| Is a dual authorisation system used for BACS payments?   |  |  |  |
| Are automatic payments cancelled once goods from that supplier are no longer required?   |  |  |  |
| Are cash payments minimised?   |  |  |  |
| Are all payments in cash made from petty cash?   |  |  |  |
| Are all petty cash payments recorded on the finance systems?   |  |  |  |
| Is the petty cash float independently checked on a regular basis?  |  |  |  |
| Are NIC and tax deducted from salaries in line with HMRC regulations?  |  |  |  |
| Is minimum pay legislation complied with?  |  |  |  |
| Are all other deductions from salaries authorised?   |  |  |  |
| Are end of year returns (P60 and P11D) filed with HMRC on time?  |  |  |  |
| Are appropriate pensions offered to all members of staff?  |  |  |  |
| Are procedures for auto-enrolment into pension schemes in place?   |  |  |  |
| Do all employees have contracts of employment?   |  |  |  |
| Are all personnel records kept securely and separately from payroll records?   |  |  |  |
| Are salary levels properly authorised and recorded?  |  |  |  |
| Is there a system of authorisation for recording and notifying starters and leavers, changes of hours and other payroll changes? |  |  |  |
| Are salary payments made by BACS?  |  |  |  |
| Is there a written policy with regard to the payment and reimbursement of expenses?  |  |  |  |
| Has this policy been communicated to all staff?  |  |  |  |
| Are reimbursements made by BACS or cheque?   |  |  |  |

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|--|--|--|--|
| Does the expense claim include a self-declaration that claim is accurate and incurred on the business of the Trust?    |  |  |  |
| Are mileage rates paid in line with HMRC guidelines?   |  |  |  |
| Are all bank statements reconciled on a monthly basis?   |  |  |  |
| Are checks made to ensure that there are no discrepancies between payments made and the original invoice and/or order? |  |  |  |
| Are checks made by someone other than the person who entered the record?   |  |  |  |
| Is a fixed asset register held and updated regularly?  |  |  |  |
| Are assets checked regularly to ensure they are in good repair?  |  |  |  |
| Are all assets covered by insurance?   |  |  |  |
| Is an annual check of all fixed assets undertaken annually?  |  |  |  |
| Is there an investment policy in place?  |  |  |  |
| Is professional advice sought in the selection of appropriate investment options?                                      |  |  |  |
| Is the performance of investments regularly reviewed?  |  |  |  |
| Are there controls in place to ensure investment income is received?   |  |  |  |
| Are secure records kept of all bank and building society accounts kept?  |  |  |  |
| Are regular bank statements received and statements reconciled monthly?  |  |  |  |
| Are instructions to open and closed bank accounts properly authorised and approved by the Board?                       |  |  |  |
| Are accounts monitored to ensure there is no third party use?  |  |  |  |
| Do the Trustees regularly reviewed the cost, benefits and risks of the Trust?  |  |  |  |
| Are accounts monitored to ensure there is no third party use?  |  |  |  |
| Do the Trustees regularly reviewed the cost, benefits and risks of the current banking provision and deposits?         |  |  |  |
| For electronic banking, does the system allow for authorisation by two individuals?                                    |  |  |  |
| Are PCs kept secure and up-to-date with virus software and firewalls?  |  |  |  |
| Are the finance systems backed up overnight?   |  |  |  |
| Is there secure off-site back up of electronic data?   |  |  |  |
| Are staff reminded of the need to ensure all passwords and PINs are kept secure?                                       |  |  |  |
| Are passwords and PINS regularly changed?  |  |  |  |
| Is an audit trail kept of all electronic banking transactions?   |  |  |  |
| Have those using on-line banking transactions been trained in their use?   |  |  |  |
| Are procedures in place to ensure restricted funds are used for their intended purpose?                                |  |  |  |