

CRESCONOVA ACADEMY LTD (THE "CHARITY")

RISK MANAGEMENT POLICY

Version control

Date	Action	Next review
	New policy	
	Policy reviewed and approved by Board	

1 IDENTIFICATION OF RISKS

- 1.1 The Trustees are responsible for the management and administration of the Charity and its assets. The scope of their responsibilities includes risk management.
- 1.2 The Trustees will identify potential risks that the Charity may encounter in the delivery of its charitable aims, including the advancement of education for the public benefit and providing scholarships for children from financially disadvantaged backgrounds.
- 1.3 Risks will be grouped under the categories of (i) governance; (ii) operational; (iii) financial; (iv) environmental or external; and (v) compliance (law or regulation), and will be recorded and analysed in a risk register (the "**Risk Register**"). The Risk Register will contain at least the following six columns:

Cause	Risk Event	Probability of Occurrence	Nature of Impact	Mitigation	Status Red/ Amber/ Green

- 1.4 Some examples of risks that may arise for the Charity and the categories into which they fall are set out in the Appendix. A link to the Charity Commission's guidance on Charities and Risk Management (CC26) is attached below for reference and contains further examples:

<https://www.gov.uk/government/publications/charities-and-risk-management-cc26/charities-and-risk-management-cc26>

2 ANALYSING RISK

2.1 Any risks identified for inclusion in the Risk Register shall be categorised by the potential severity of their impact and likelihood of occurrence.

2.2 Both the probability of the occurrence of the risk event and the level of impact will be categorised on a scale of 1-5 (1 being low risk of occurrence/low impact, 5 being high risk of occurrence/high impact and will be measured on a red, amber, green matrix. Mitigation action will be taken accordingly. On both scales, risks categorised as 1-2 will be flagged green, those categorised as 3-4 will be flagged amber and those categorised 5 will be flagged red.

2.3 Risks flagged as:

- **RED** must be acted upon immediately, escalated in terms of priority and any actions taken reported back at the next Trustee meeting or sooner if necessary;
- **AMBER** must be discussed as they could become problematic and action may be required;
- **GREEN** are considered to be under control but should be carefully monitored in case they escalate.

3 APPROACH TO RISK MANAGEMENT

3.1 The Trustees are responsible for overseeing risk management for the Charity as a whole and have a responsibility to mitigate risks and, in particular, significant risks.

3.2 The Trustees shall ensure that the Charity's approach to risk management is regularly reviewed to ensure that it is at all times aligned with the Charity's activities.

3.3 The Trustees will set out their approach to risk management in a statement to be included in the Charity's annual report. This will set out how the Charity handles risk, an understanding of the major risks the charity is exposed to and will include:

- an acknowledgement of the Trustees' responsibility;
- an overview of the risk identification process;
- an indication that major risks identified have been reviewed or assessed; and
- confirmation that control systems have been established to manage those risks.

The Trustees understand that this statement is required by law where the Charity's income exceeds £500,000 or where its income exceeds £250,000 and assets exceed £3.26 million.

4 MANAGING RISK

The Trustees will implement appropriate internal controls and procedures designed to mitigate the probability of occurrence of risk events and their potential impact. These controls will be reviewed regularly.

5 **MONITORING RISK**

- 5.1 The Trustees shall review the Risk Register at each board meeting. Significant new risks or changes in the status of risks will be discussed and evaluated. The Risk Register will be updated accordingly.
- 5.2 Where action has been instigated in relation to previous risk assessments, the Trustees shall monitor whether appropriate action has been taken and has been effective.
- 5.3 The Risk Management Policy will be reviewed annually.

APPENDIX

CATEGORISATION AND EXAMPLES OF RISK

Risk Category	Examples
Governance	<ul style="list-style-type: none"> • inappropriate organisational structure • trustee body lacks relevant skills or commitment • unmanaged conflicts of interest
Operational	<ul style="list-style-type: none"> • contract risk (e.g. onerous terms and conditions) • employment issues (e.g. staffing issues) • volunteers (e.g. risk of creating an employment relationship) • health, safety and the environment
Financial	<ul style="list-style-type: none"> • inaccurate and/or insufficient financial information • inadequate reserves and cash flow • over-dependence on limited income sources • insufficient public liability and employer's liability insurance cover
Environmental or external	<ul style="list-style-type: none"> • poor public perception and reputation • adverse demographic changes • adverse change to government policy • reduction in council or other funding
Compliance (law or regulation)	<ul style="list-style-type: none"> • acting in breach of articles • non-compliance with regulatory filing requirements (e.g. Charity Commission) • non-compliance with regulatory requirements of particular activities (e.g. fundraising)