

Southend Education Trust

Risk Assessment September 2010

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The Board of Trustees have implemented a risk management strategy which comprises of:

- An annual review of the risks which the Charity may face
- The establishment of systems and procedures to minimise these risks identified in strategy
- The implementation of procedures designed to minimise any potential impact on the Company should these risk materialise

The strategy has considered risks under the following four headings:-

1. Strategic & Reputational Risks
2. Compliance Risks
3. Financial Risks
4. Operational Risks

From this process the following risks have been identified as being both of a high likelihood of happening and to be of significant impact if they occurred and so have given special consideration;

High Strategic and Reputational Risks

- Demand for SET objects or services will not be supported by public donations or other income streams in the long term.
- Beneficiaries/other stakeholders don't consider that SET service provides a valuable/high quality service

High Compliance Risks

None identified

High Financial Risks

- Tax Law and Consultants

High Operational Risks

- Trustees do not act solely in the interest of the Board but for their business, school or organisation
- Passive Partnership members
- Key person loss/succession risk
- Technical capability risk
- Grants payable are not used by recipients for the purposes for which they were intended

The full risk assessment is published as Appendix 1.

High Risk Summary Table

High Strategic and Reputational Risks

Risk Areas Risk Identified	Net Risk (See Appendix 1)	Monitoring/Responsibility	Further Action	Date of Review
Demand for SET objects or services will not be supported by public donations or other income streams in the long term	8 out of 10	Board of Trustees	Quarterly review of take up of services Monitor end date of projects/contracts to ensure future portfolio secure Promote SET services widely and whenever possible Be proactive about tendering for services outside Southend Be proactive in marketing services within Southend	9-10
Beneficiaries/other stakeholders don't consider that SET service provides a valuable/high quality service	9 out of 10	Board of Trustees	Ensure clear assignments/schedules provided to those carrying out work Monitor work undertaken rigorously Ask for feedback from beneficiaries/clients and act on information quickly Ensure beneficiaries/clients have realistic but high expectations Communicate what SET is trying to achieve more effectively	9-10
Trustees do not act solely in the interest of the Board but for their business, school etc	8 out of 10	Board of Trustees	Ensure new Trustees are made fully aware that they are not on the Board to represent an organisation, school or any other constituency but to develop and look after the Trust Emphasise the need for a focus on the Trust as an entity annually as part of Board of Trustees Review Ask Trustees to keep the register of business interests up to date at each meeting Chair to remind Trustees if they inadvertently stray into acting impartially	
Passive Partnership members	8 out of 10	Board of Trustees	Ensure dates of meetings set well in advance Use electronic means to communicate and engage with members more Make meetings relevant, short and interesting Ensure venues for meeting are convenient and appropriate Trustees to promote active membership	
Key person loss/succession risk	8 out of 10	Remuneration & HR	Ensure all key staff have responsibility for making sure others are aware of what needs to be done and have the authority to do them Consider current staffing and organisation Ensure policies and procedures are well documented Ensure key meetings are minuted and decisions can be tracked Ensure leadership is distributed Ensure staff are appropriately remunerated and rewarded for success Be aware of future career plans of key staff to plan for succession	
Technical capability risk	8 out of 10	Remuneration & HR	Monitor technical skills needed Buy in technical skills as needed	
Consultants may not be accepted as self employed	8 out of 10	Audit & Risk	Change procedures so all consultants engaged through limited company	
Grants payable are not used by recipients for the purpose for which they were intended	8 out of 10	Audit & Risk	Audit & Risk Committee to review all grants paid and receive report on how spending is monitored and evaluated Review systems Identify potential high risk grants	

Southend Education Trust Strategic & Reputational Risk

Risk Areas Risk Identified			Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
1. Strategic Risk	Objects Risk	SET is not operating within its objects as set out in Implementation Plan.	3	2	5	Trustees	None	9-10
		SET's objects become out-of-date/are no longer appropriate for the organisation	3	3	6	Trustees	None	9-10
	Long term demand risk	Demand for SET objects or services will not be supported by public donations or other income streams in the long term.	4	4	8	Trustees	Quarterly review of take up of services Monitor end date of projects/contracts to ensure future portfolio secure Promote SET services widely and whenever possible Be proactive about tendering for services outside Southend Be proactive in marketing services within Southend	9-10
	Stakeholder risk	Beneficiaries/other stakeholders don't consider that SET service provides a valuable/high quality service.	4	5	9	Trustees	Ensure clear assignments/schedules provided to those carrying out work Monitor work undertaken rigorously Ask for feedback from beneficiaries/clients and act on information quickly Ensure beneficiaries/clients have realistic but high expectations Communicate what SET is trying to achieve more effectively	9-10
	Alliance/ partnership risk	Appropriateness of alliances.	3	2	5	Trustees	None	9-10
		Integrity of partner risk.	3	2	5	Trustees	None	9-10
	Insurance risk	Risk of financial loss/inability to replace items if SET does not have adequate insurance cover.	2	4	6	Audit & Risk	None	9-10
	Macro economic risk	Risk of the impact an uncontrollable event will have on SET e.g. recession, war, oil crisis.	3	4	7	Trustees	None	9-10

Risk Areas Risk Identified			Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
	Technology risk	Information security risk.	3	3	6	CEO & Management Group	None	9-10
		Virus risk / corruption of data risk.	2	4	6	CEO & Management Group	None	9-10
		IT systems out of date / no longer supported.	3	4	7	CEO & Management Group	None	9-10
2. Public Profile Risk	CEO profile risk	CEO has a high public profile and may cause SET to attract publicity.	2	3	5	Trustees	None	9-10
	Trustee profile risk	Trustees are not considered to be arms length from the Partnership activities.	3	3	6	Chair	None	9-10
	Expenditure risk	Management and administration costs are perceived by the public to be high.	3	3	6	Remuneration & HR	None	9-10
		Senior management of the Partnership are seen by the public to be paid high salaries.	3	3	6	Remuneration & HR	None	9-10
		Reserves level risk. SET seen to be holding of reserves and not spending enough on its objects.	4	4	8	Audit & Risk	Review annually	9-10
	Quality of service/product risk	SET provides a poor quality service to its beneficiaries / customers.	3	4	7	Trustees	None	9-10
	Fraud risk	Fraud discovered and the Partnership attracts bad publicity.	2	4	6	Audit & Risk	None	9-10
Failure to comply with legislation risk	Failure to comply with health and safety legislation results in an employee / volunteer / beneficiary of the Partnership being injured at work, attracting bad publicity.	2	4	6	Remuneration & HR	None	9-10	
3. Board organisation risk	Delegation risk	Committee not established with delegated authority for e.g. finance, personnel etc.	2	3	5	Trustees	None	9-10
		Committee terms of reference not consistent / adequate etc.	2	2	4	Trustees	None	9-10
		Committee terms of reference not sufficiently flexible.	2	2	4	Trustees	None	9-10
		Trustee delegate too little / too much to the Project Director.	3	4	7	Trustees	Review annually	9-10

Risk Areas Risk Identified		Likelihood of occurring in next 5 years (5=high, 1= low)	Severity of impact if occurs (5=high, 1=low)	Retained or “net” risk	Monitoring Process/Res ponsibility	Further action required	Date of Review
CEO absence risk	Trustees do not ensure rigorous monitoring is undertaken in the absence of the CEO.	2	4	6	Trustees	Review annually	9-10

Southend Education Trust Compliance Risks

Category	Sub category	Specific	Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
1. Environmental legislation	UK Legislation	Risk that legislative requirements not known.	3	3	6	Audit & Risk	None	
		Risk that legislative requirements are not complied with.	3	3	6	Audit & Risk	None	
	EU Legislation	Risk that legislative requirements not known.	3	3	6	Audit & Risk	None	
		Risk that legislative requirements are not complied with.	3	3	6	Audit & Risk	None	
2. Financial reporting risk	Statutory accounts risk	Risk that legislative requirements not known.	2	3	6	Audit & Risk	None	
		Risk that legislative requirements not complied with.	2	3	5	Audit & Risk	None	
	Accounting standards risk	Risk that legislative requirements not known.	2	3	5	Audit & Risk	None	
		Risk that legislative requirements not complied with.	2	3	5	Audit & Risk	None	
3. Data Protection Act risk		Risk that legislative requirements not known.	2	3	5	Audit & Risk	None	
		Risk that legislative requirements are not complied with.	2	3	5	Audit & Risk	None	
4. Welfare compliance risk	Disability risk	Risk that legislative requirements are not complied with.	2	3	5	Remuneration & HR	None	
	Safeguarding risk	Risk that legislative requirements are not complied with.	2	3	5	Remuneration & HR	None	
5. Local Authority and Central Government risk	Grant criteria risk	Grant terms and conditions are not complied with	2	4	6	Audit & Risk	None	
	Licensing risk	Risk that legislative requirements not known or complied with.	2	3	5	Audit & Risk	None	

Southend Education Trust Financial Risk

Category	Sub category	Specific	Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
1. Overall financial control risk	Budget risk	Risk that budget is manipulated to ensure target is met.	2	3	5	Audit & Risk	None	
		Risk that actual performance is not measured against budget on a regular basis.	3	4	7	Audit & Risk	None	
2. Financial systems risk	Systems suitability risk	Risk that financial system is not suitable for SET's needs.	2	4	6	Audit & Risk	None	
	Maintenance risk	Risk that financial systems will not be maintained in long term.	2	4	6	Audit & Risk	None	
	Disaster risk	Risk that in disaster (fire, theft, vandalism) information on financial systems cannot be recovered.	2	4	6	Audit & Risk	None	
	Access risk	Risk of unauthorised access to financial systems.	2	4	6	Audit & Risk	None	
3. Income risk	Completeness risk	Invoices not raised for all transactions.	2	4	6	Audit & Risk	None	
		Donations in kind or intangibles are not recorded or recognised in the financial statements.	2	4	6	Audit & Risk	None	
	Restricted income risk	Income is not identified as restricted on receipt.	2	4	6	Audit & Risk	None	
		Restricted income is used for purposes other than restriction.	2	4	6	Audit & Risk	None	
		Restricted funds are transferred to unrestricted without consent of donor.	2	4	6	Audit & Risk	None	
	Matched funding risk	Matched funding targets not met.	2	4	6	Audit & Risk	None	
		Sponsorship promised by partners is not delivered.	2	3	5	Audit & Risk	None	
	Cut off risk	Risk that income is accounted for in the wrong accounting period.	2	3	5	Audit & Risk	None	
Fraud risk	Risk that donations are misappropriated.	2	4	6	Audit & Risk	None		
4. Expenditure risk	Authorisation risk	Risk that expenditure is not authorised.	2	4	6	Audit & Risk	None	
	Price risk	Risk that discounts are not secured, or price reductions obtained on purchases or services.	4	3	7	Audit & Risk	None	

Category	Sub category	Specific	Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
	Cut off risk	Risk that expenditure is accounted for in the wrong accounting period.	2	4	6	Audit & Risk	None	
	Fraud risk	False invoice / payment risk.	2	4	6	Audit & Risk	None	
5. Treasury risk	Cash flow risk	Risk that cash flow requirements are not forecast.	2	4	6	Audit & Risk	None	
6. Asset risk	Accounting risk	Risk that depreciation rate is not appropriate.	2	3	5	Audit & Risk	None	
	Fraud risk	Risk that assets are being misappropriated.	2	3	5	Audit & Risk	None	
		Risk that stock is misappropriated.	2	3	5	Audit & Risk	None	
7. Tax Law Risk	Consultants	Consultants may not be accepted as self employed	4	4	8	Audit & Risk	Change procedures so all consultants engaged through limited company	

Southend Education Trust Operational Risk

Category	Sub category	Specific	Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
1. Management information risk	Quality risk	Risk that information produced (financial and non-financial) for Trustees and CEO is inaccurate.	2	4	6	Trustees	None	
	Timeliness risk	Risk that management information is not available quickly after the period to which it relates.	4	3	7	Trustees	None	
	Review risk	Risk that management information is not subject to review.	2	3	5	Trustees	None	
		Risk that action is not taken after the review of management information.	2	3	5	Trustees	None	
	Quantity risk	Risk that too little management information is produced to facilitate informed decision making.	4	3	7	Trustees	None	
2. Human resources risk	Trustees risk	Insufficient experience.	2	3	5	Trustees	None	
		Trustees do not have necessary expertise.	3	4	7	Trustees	None	
		Lack of availability / poor attendance at meetings.	3	4	7	Trustees	None	
		Entrepreneurial risk – risk that Trustees are too entrepreneurial.	3	4	7	Trustees	None	
		Risk that Trustees become too involved with the management of the SET and are not independent from management.	2	3	5	Trustees	None	

Category	Sub category	Specific	Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
		Trustees do not act solely in the interest of the Board but for their business, school or organisation.	4	4	8	Trustees	Ensure new Trustees are made fully aware that they are not on the Board to represent an organisation, school or any other constituency but to develop and look after the Trust Emphasise the need for a focus on the Trust as an entity annually as part of Board of Trustees Review Ask Trustees to keep the register of business interests up to date at each meeting Chair to remind Trustees if they inadvertently stray into acting impartially	
		Partnership send deputies to meetings.	4	3	7	Trustees	Review annually	
		No member with responsibility for financial oversight is appointed.	2	3	5	Trustees	Review annually	

Category	Sub category	Specific	Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
		Passive Partnership members.	4	4	8	Trustees	Ensure dates of meetings set well in advance Use electronic means to communicate and engage with members more Make meetings relevant, short and interesting Ensure venues for meeting are convenient and appropriate Trustees to promote active membership	
	Management risk	Senior management capability / experience.	2	4	6	Remuneration & HR	None	
		Integrity risk.	2	3	5	Remuneration & HR	None	

Category	Sub category	Specific	Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
		Key person loss / succession risk.	4	4	8	Remuneration & HR	Ensure all key staff have responsibility for making sure others are aware of what needs to be done and have the authority to do them Ensure policies and procedures are well documented Ensure key meetings are minuted and decisions can be tracked Ensure leadership is distributed Ensure staff are appropriately remunerated and rewarded for success Be aware of future career plans of key staff to plan for succession	
		Entrepreneurial risk – risk that management is too entrepreneurial.	3	4	7	Remuneration & HR	None	
	Staff risk	Low morale risk.	2	3	5	Remuneration & HR	None	
		Retention risk.	2	3	5	Remuneration & HR	None	
		Retention risk (risk of recruiting the wrong person).	2	3	5	Remuneration & HR	None	

Category	Sub category	Specific	Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
		Recruitment risk (risk of recruiting someone unsuitable to work with children).	2	4	6	Remuneration & HR	None	
		Appraisal / assessment risk.	2	3	5	Remuneration & HR	None	
		Risk staff matters not referred to HR professionals – could lead to tribunal cases.	2	2	4	Remuneration & HR	None	
		Training risk.	2	2	4	Remuneration & HR	None	
		Technical capability risk.	4	4	8	Remuneration & HR	Monitor technical skills needed Buy in technical skills as needed	
	Health and Safety risk	Staff fatality.	2	4	6	Remuneration & HR	Review annually	
		Staff injury.	2	3	5	Remuneration & HR	Review annually	
		SET staff member causes injury to a third party.	2	4	6	Remuneration & HR	Review annually	
		Other third party risk.	2	3	5	Remuneration & HR	Review annually	
	Grants receivable	Grants receivable not used for the purposes for which they were given.	2	3	5	Audit & Risk	Review annually	
		Grants receivable reporting requirements are not adhered to.	2	3	5	Audit & Risk	Review annually	
	4. Grant expenditure risk	Grants payable risk	Grants payable are not used by recipients for the purposes for which they were intended.	4	4	8	Audit & Risk	Audit & Risk Committee to review all grants paid and receive report on how spending is monitored and evaluated Review systems Identify potential high risk grants
Grant recipients are not appropriate / adequately screened.			2	4	6	Audit & Risk	Review annually	

Category	Sub category	Specific	Likelihood of occurring in next 5 years (5=high, 1=low)	Severity of impact if occurs (5=high, 1=low)	Retained or "net" risk	Monitoring Process/Responsibility	Further action required	Date of Review
		Grants paid not spent by the year end.	2	4	6	Audit & Risk	None	
		Fraudulent claims.	2	4	6	Audit & Risk	None	
5. Supplier risk	Supplier selection risk	Supplier financial viability.	2	3	5	Audit & Risk	None	
		Supplier inappropriate.	2	3	5	Audit & Risk	None	
		Supplier connected with either Partnership members or staff.	2	3	5	Audit & Risk	None	
		Delivery risk.	2	2	4	Audit & Risk	None	
		Quality risk.	2	3	5	Audit & Risk	None	
	Key supplier dependency risk	Risk that supplies are not available.	2	3	5	Audit & Risk	None	
		Risk of dependency on few suppliers.	2	3	5	Audit & Risk	None	
	Value for money risk	Purchase price risk.	2	3	5	Audit & Risk	None	
		Efficiency risk.	2	3	5	Audit & Risk	None	