Risk Management Policy

1.0 Risk Management Policy Statement

LCL Awards recognises that it has a responsibility to manage risks effectively in order to protect its employees, stakeholders, assets, liabilities and its learners and approved centres against potential losses and disruption, to minimise uncertainty in achieving its goals and objectives.

LCL Awards accepts that some risks can never be fully eliminated, and it has in place a strategy that provides a structured, systematic and focussed approach to managing risk.

Risk management is an integral part of LCL Awards strategic, management and operational processes and procedures.

Risk is the threat that an event or action or inaction will adversely affect LCL Awards ability to achieve its objectives and to successfully execute its strategies and enhance the value of services it provides.

Risk management is the process by which risks are identified, evaluated and controlled and is an essential feature of good governance. Managing risk helps LCL Awards to achieve its objectives and operate a compliant and competent business.

LCL Awards recognises that it is vital that risk management is integral to all aspects of its business including, but not limited to, our operation, cyber security, data protection and finance.

2.0 Aims the Policy

The aim of this policy is to provide a supportive risk management framework that ensures:

- Integration of risk management into activities across the business as well as policy making, planning and decision making processes.
- Chances of adverse incidents, risks and complaints are minimised by effective risk identification, prioritisation, and management.
- A risk management framework is maintained, which provides assurance to the Board of Directors (BoD) that strategic and operational risks are being managed.
- Risk management is an integral part of LCL Awards culture and encourages learning from incidents
- Risk associated with the operational performance, health, safety & wellbeing of staff, fraud, programme management and information security are minimised,
- Employees, reputation, finances and business continuity are protected through the process of risk identification, assessment, control and mitigation.

This policy represents a dynamic approach to the management of all risks.

3.0 Types of Risk

Risks can be classified into various types but it is important to recognise that for all categories, the direct financial losses may have less impact than the indirect costs such as disruption of normal working.

The following examples below are not exhaustive;

Strategic Risk; is the long-term adverse impacts from poor decision making or from poor implementation which risks damage to the reputation of LCL Awards and loss of stakeholder confidence.

Compliance Risk; is the failure to comply with legislation, standards and laid down procedures or the lack of documentation and records to prove compliance. Such risks expose LCL Awards to non compliance, qualification regulator audit, sanction and or financial penalty.

Financial Risk; leading to fraud and corruption, waste, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery.

Operating Risk; leading to a failure to deliver qualification and certification services effectively to learners and approved centres.

4.0 Categorising Risk

In assessing the likelihood of risks arising, a judgement will be made as to whether the possibility of a risk realising is deemed to be low, moderate or high.

An overall assessment of each risk is made according to its impact and likelihood of occurrence based on the current controls in place.

The types and impact of risk is categorised as:

- **Low**: where there may be:
  - Some minor disruption to service capability.
  - Breaches of LCL Awards policies and procedures.
  - Minor non compliance with General Conditions of Recognition (GCR) or accreditation criteria.
  - Some impact on one or more budgets, manageable within the budget(s) concerned;
  - Some changes to working practices or minor changes to staff roles.
  - Minimal impact on the quality, timeliness or utility of any business outputs.

- **Moderate**: where there may be:
  - Medium term loss of service capability.
  - Moderate non compliance with GCR or accreditation criteria.
  - Material financial consequences for the business, which can be managed internally.
  - Material impact on the employment position of staff, which may need to be managed through formal change processes.
  - Some impact on the quality, timeliness or utility of any business outputs, which can be managed internally.
  - External criticism of LCL Awards judgement, which can be addressed internally and which is unlikely to result in reputational damage.

- **High**: where there may be
  - Long term loss of service capability.
  - Major non compliance with GCR or accreditation criteria.
  - Material financial consequences, which can only be managed by the use of reserves.
  - Significant impact on the employment position of staff, which can only be managed by formal change processes, with risk of redeployment and, exceptionally redundancy.
  - Significant impact on the quality, timeliness or utility of any business outputs, which may require amendment, withdrawal and or replacement.
  - External criticism of LCL Awards judgement, which may result in substantial reputational damage.

5.0 Risk appetite

LCL Awards in developing and monitoring the implementation of its business plans, assess the actions it intends to take, together with any known external circumstances that may have an impact on its business, for the risks they may pose. This is done with an understanding of the extent to which we are prepared to accept the risks associated with the actions we plan to take. This is our 'risk appetite'; the extent to which we will tolerate known risks, in return for the benefits expected from a particular action or set of actions.

With careful planning and management we aim to operate our business with a low level of risk wherever possible. However, there are circumstances where LCL Awards incur moderate risk, for example if we are making significant changes to current programmes, taking on new activities or external pressures impact our work

We may also need to take account of risks that arise from the actions of other organisations that give rise to moderate risk for us. The BoD will be made aware of the circumstances in which moderate risks are identified and will have the opportunity to comment and amend their underlying causes, where possible.

We may also need to consider accepting high risks in certain circumstances. This may be in situations where the actions involved represent the single, or least unpalatable option to manage the issues involved, which may have been externally imposed, and therefore over which we will have little or no direct control.

In addition, it may be necessary to accept high risk if an activity is central to our strategic objectives, and the risks of not proceeding outweigh the risks of the activity. The BoD will consider such risks in detail and will need to have reviewed and taken a position on alternative courses of action before the risk is accepted.

The risk appetite is not therefore static and may need to vary according to the circumstances facing LCL Awards which at times, may justify accepting a higher level of risk than would usually be the case.

6.0 The purpose of the Risk Management Strategy (RMS)

The RMS strengthens the ability of LCL Awards to achieve its objectives and enhance the value of services it provides to its learners, approved centres and stakeholders.

The RMS helps to ensure that LCL Awards has an understanding of risk and that it adopts a constant approach to identifying and prioritising those risks. This in turn leads to conscious choices as to the most appropriate method of dealing with each risk, be it, mitigation, reduction, transfer or acceptance of some risk.

Strategic risk management is also an integral part of the internal and external audit process and as such is an important element in demonstrating continuous improvement.

7.0 Implementing the Strategy

Risk Identification; identifying and understanding risks facing LCL Awards is crucial if informed decisions are to be made about its policies or service delivery methods and standards.

The risks associated with these decisions can then be effectively managed. Known and identified operational and or operational compliance risks are identified and recorded in the LCL Awards Quality Management System (QMS) Appendix 6 Conflicts of Interest and Risk Management which are regularly reviewed and up dated.

Risk Analysis; once risks are identified they are systematically and accurately assessed by the appropriate personnel. Analysis makes full use of any available relevant information or data on the potential frequency of events and their consequences. If a risk is seen to be unacceptable, then steps are taken to control or respond to the risk.

Risk Prioritisation; an assessment is undertaken of the impact and likelihood of risks occurring with impact and likelihood scored. Action Plans are prepared to address any risks with a residual risk or where risk impact is judged to be major. Residual risks are subject to monitoring and action taken to reduce residual risk in all cases.

Risk Control; risk control is the process of taking action to minimise the likelihood of the risk event occurring and or reducing the severity of the consequences should it occur. Typically, risk control requires the identification and implementation of revised operating procedures, but in exceptional cases more drastic action will be required to reduce the risk to an acceptable level.

8.0 Options for control include:

Mitigation; circumstances from which the risk arises are removed so that the risk no longer exists or is reduced to an acceptable level.
Reduction; control measures are implemented to reduce the impact or likelihood of the risk occurring.
Sharing - Risk is shared with another party.
Insuring - Insure against some or all of a risk to mitigate financial impact where possible.
Acceptance; documenting decisions after assessment of areas where LCL Awards accepts or tolerates risk to a certain extent.

9.0 Risk Monitoring

The risk management process is a continuous and ongoing process following risk control procedures put in place. Their effectiveness in controlling risk is monitored and regularly reviewed. It is also necessary to monitor and assess whether the nature of any risk has changed over time.

The information generated from applying the risk management process helps to ensure that risks can be mitigated, avoided or minimised in the future.

10.0 Roles and Responsibilities

Risk management is embedded into the culture and performance management processes of LCL Awards.

For the BoD; risk management is a key part of their role with an expectation that they will lead and monitor the approach adopted, including;

- Approval of the Risk Management Strategy.
- Analysis of key risks in reports on major projects, ensuring that all future developments and services undertaken are adequately risk managed.
- Assessment of risks whilst setting the budget, including any requirements for resources to ensure business objectives can be met.

Managers and Employees; undertake their duties within risk management procedures and guidelines ensuring that their skills and knowledge are used effectively. Employees maintain an awareness of the impact and costs of risks and how to feed information into the formal process. They work to control risks or threats within their jobs, monitor progress and report on job-related risks.

11.0 Specific Responsibilities

Areas of Risk	Responsibility
Strategic	Board of Directors, Operations Director and HR Director
Operational	Operations Director
Compliance	Operations Director and HR Director
Financial	Board of Directors

12.0 Role of Internal Audit and Self Evaluation

Internal audit and self evaluation provides an important scrutiny role by carrying out audits and reviews to provide assurance to the BoD that all necessary risk management systems are in place and significant business risks are managed effectively.

Internal Audit assists LCL Awards in identifying its operational and compliance risks and seeks to assist LCL Awards in developing and implementing proper arrangements to manage them, including adequate and effective systems of internal control to reduce or mitigate risk.

13.0 Review of Risk Management Policy

This policy is regularly considered as part of LCL Awards on-going review of its policy documents and quality management system. Recommendations are reported to the BoD.

14.0 Summary

The adoption of a sound risk management approach achieves many benefits for LCL Awards, Employees, stakeholders learners and approved centres. It assists in demonstrating to the qualification regulators, accreditation bodies and stakeholders that LCL Awards is committed to continuous business improvement and corporate governance updating risk assessments as required.

This policy should be read in conjunction with the following related policies and statements published on the LCL Awards website;

- Data Breach Policy
- Privacy Policy
- Quality Policy
- Commitment Statement

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