

## BOARD ASSURANCE: A TOOLKIT FOR INDEPENDENT SCHOOLS

Do we really know what we think we know?

THE POWER OF BEING UNDERSTOOD  
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# 1. INTRODUCTION

In recent years we have become more aware than ever that we are surrounded by uncertainty, and it is in these uncertain times that risk management has become a vital business tool of any organisation.

Within an independent school the responsibility for managing risk rests with the board of governors (the board). Should a risk materialise such as breakdown in safeguarding or financial mismanagement there is no doubt that questions will be raised regarding the governance and risk management processes. The responsibility of the governors is to ensure the school's risks are managed effectively. One way this can be achieved is by implementing a formal Board Assurance Framework (BAF).

As an advisory firm, RSM have seen Board Assurance Frameworks being successfully implemented across the corporate and the public sector. We have assisted many clients to develop their assurance frameworks to suit their particular needs, but most of all to ensure that they are better positioned to understand and mitigate risk and achieve their objectives, and of course be assured that this is the case.

In RSM's feature 'boredom in the boardroom' we encouraged all those holding a governing role or responsibilities, no matter what the sector, to get to grips with their organisation's strategic risks. We identified strategic risks as being 'those risks that, if realised, could fundamentally affect the way in which the organisation exists or provides its services in the next one to five years'. In essence, these risks will have a detrimental effect on the school's achievement of its strategic objectives.

One major, but often overlooked, dimension of strategic risk is a failure of the 'business as usual' control environment, being the realisation of one or more risks that under normal circumstances should have been within the school's control. Where the risk mitigation control is applied ineffectively the

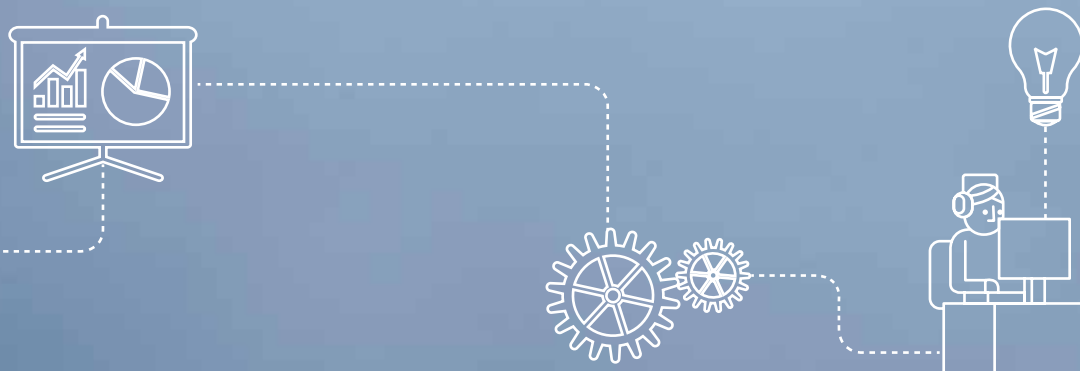
school becomes exposed to risk automatically. As a client observed recently:

**"If there is a significant failure of some kind that was within our control, or we could have prevented but didn't, then any of the following could occur – harm, injury or death of an individual, a significant financial loss, or waste of resources. Then there will be the investigation, blame, reputation damage and embarrassment, rectification time and costs...some of this could result in irrecoverable damage at a corporate and personal level. All this, as a minimum, distracts us...and at worse de-rails us from our main mission."**

For an independent school, think of safeguarding in this context.

Through ensuring that the control environment remains sound we can manage and prevent the occurrence of a number of the risks that an independent school faces. This is proven further via our experiences with clients suggesting that approximately 80 per cent of the risks being faced relate to business as usual rather than 'exceptional' risks.

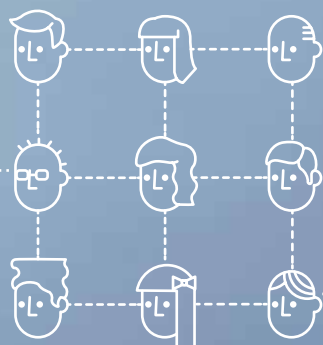
The board is collectively responsible for strategy, stewardship and performance, and therefore also the oversight of the management of risk. However, this is, in our experience, an area of common weakness. The board can become fixated with the exceptional risks and not put in place suitable arrangements that enable the reporting and monitoring of the core controls that protect the school from the majority of 'business as usual' risks. This is where assurance becomes a key element of the board's risk management approach.



Assurance goes to the heart of the work of any board. The provision of education involves risk, and being assured is a major factor in successfully controlling risk. Having the right assurances gives confidence that risks are being controlled effectively, or, conversely, highlights that certain controls are ineffective or that there are risks where no assurances are being provided.

A BAF brings together in one place all of the relevant information on the risk to the board's strategic objectives. It is an essential tool for boards, but like all tools it needs to be used with skill and diligence.

Given our position as one of the market leaders of audit, advisory and assurance services to the independent school sector, we have developed this guide to further aide understanding, share our experience and expertise in the successful implementation and roll out of effective assurance arrangements within many clients, and to provide support through the provision of this toolkit.







## 2. CORE ASPECTS OF BOARD ASSURANCE ARRANGEMENTS

### 2.1 WHAT IS A BOARD ASSURANCE FRAMEWORK (BAF)?

The HM Treasury Guidance on Assurance Frameworks (2012) defines an assurance framework as:

“An assurance framework is a structured means of identifying and mapping the main sources of assurance in an organisation, and co-ordinating them to best effect”.

It could be argued that a BAF should represent the total arrangements in place for managing an independent school's assurances and not just an output produced for the board or for governors.

However, for the purposes of this toolkit we shall use the term 'BAF' to refer to the key document that is presented to the board and use the term 'board assurance arrangements' to refer to the wider mechanism for managing an independent school's assurances.

The development of board assurance arrangements should be a logical extension of an independent school's existing risk management arrangements. It is important therefore that you are satisfied with how your board, finance and general purposes committee (F&GP) and external reviewers understand and implement risk management, and that you maintain an informed engagement with the risks and opportunities that you face. If these arrangements are effective they will help you to understand the process and control environment, and help you answer the core questions:

- **what do we want assurance over? and**
- **how much assurance do we need?**

Developing and maintaining board assurance arrangements is not, and should not be, a separate activity, but rather an embedded tool of management. As a natural extension of risk management, it would be reasonable to incorporate your board assurance policy and procedures into your risk management documentation, therefore ensuring that risk, control and assurance identification and monitoring processes are considered as a single, not disparate, set of activities.



## 2.2 WHAT IS MEANT BY 'ASSURANCE'?

The word assurance is used a lot in everyday language and can mean different things to different people. It is important that everyone involved in developing, implementing and maintaining the BAF and arrangements are clear on what is meant by assurance for their own school, and where assurances come from.

### ASSURANCE

Provides	'Comfort' / 'confidence' / 'evidence'
To	Governors/trustees/school management
That	What needs to be happening or done is actually happening or being done in practice

In order to frame the debate about assurance the question the board, F&GP committee and external reviewers should be asking themselves is: **'Do we really know what we think we know?'**

This reflective question should be seriously considered by the governors given their responsibilities of planning, stewardship, performance and risk management.

## 2.3 WHAT IS ASSURANCE MAPPING?

Assurance mapping is a key part of developing and maintaining governors' assurance arrangements and producing a BAF. It provides an independent school with an improved ability to understand and confirm that they have assurance over key controls or where control gaps exist and whether actions are in place to address these gaps. The assurance mapping process and the way of illustrating the results using a BAF can give confidence to the Head, the bursar and the board that they **'Do really know what they think they know'**.

The assurance mapping process identifies and records the key sources of assurance that inform governors of the effectiveness of how key risks are managed or mitigated, and of the key controls and processes that are relied on to manage risks and as a result support in the achievement of your school's strategic objectives.

Sources of assurance could include, but are not limited to:

- reviews or checks within a department (eg a department head reviews information completed by staff under their particular area of responsibility);
- an independent school wide review (eg a review of sickness and absence);
- internal audit reports; or
- review by an external body (eg ISI).

The above examples are far from exhaustive and when you start looking you will find that you receive assurances from a whole host of sources, both internal and external. In section three we will introduce the three lines of assurance model that provides definition to the different layers of assurance that independent schools can typically have in place.

When challenging assurance information at a board-level the questions you should continually ask yourself are:

- Where does the assurance come from?
- Is this considered relevant, reliable and timely?
- Is the assurance proportionate to the level of risk?

## 2.4 WHY SHOULD WE DO ASSURANCE MAPPING?

Everyone at some stage has believed, or assumed, that because something negative has not happened that the 'controls' in place must be working.

How many times have you read in the press stories around the quality of education, safety, safeguarding or fraud arising at an independent school that seemingly had controls in place to manage risks? In many of these cases controls were in place to manage the risks, but assurance was not obtained that they were being applied effectively.

If something did go wrong, or an opportunity is missed, could you find yourself saying or being asked 'why did that happen?' or 'how did that happen?' or 'I thought X had done it' or 'who checked that Y was done?' Invariably leading to unexpected investigation and rectification costs, as well as embarrassment for individuals or even reputation damage for the school and governors.

The governors, senior management team, F&GP committee and external reviewers need to understand and recognise the difference between strategic and business as usual risks but also now be able to consider what an appropriate source of assurance is.

Fig: 2.4.1 below outlines the challenges that a BAF can address for each key stakeholder. This is not an exhaustive list by any means, but provides an initial indicator as to the importance of governor assurance arrangements.

**Fig: 2.4.1 Stakeholder challenges addressed by a BAF**

MANAGEMENT	FINANCE COMMITTEE	BOARD OF GOVERNORS
What assurances do they have that processes and controls are effective and will result in achievement of the school's objectives?	Provide advice to governors on the status of governance, risk and internal controls – where do they get their assurances from?	Collectively responsible for setting strategy, ensuring good stewardship and decision making. Required to ensure they are properly informed about risk.

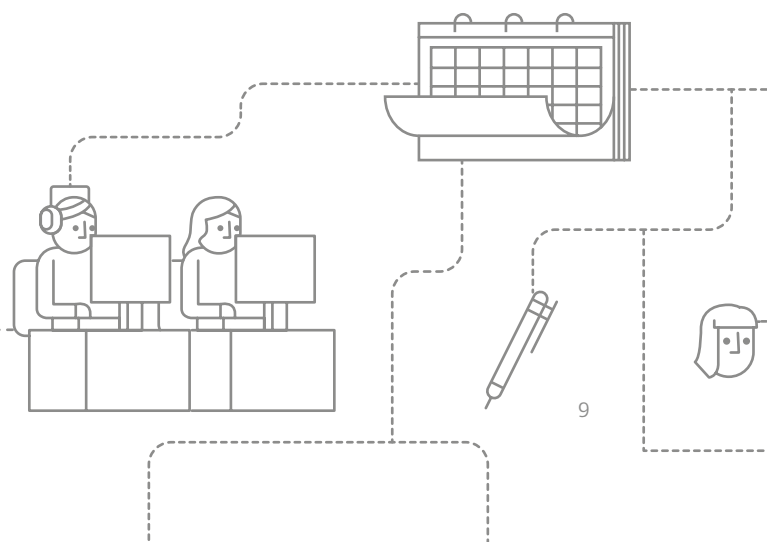




The effective application of board assurance arrangements to produce and maintain a BAF will help the Head, the bursar and the board to consider collectively the process of securing assurance using a formal process that promotes good organisational governance and accountability.

Specific benefits include:

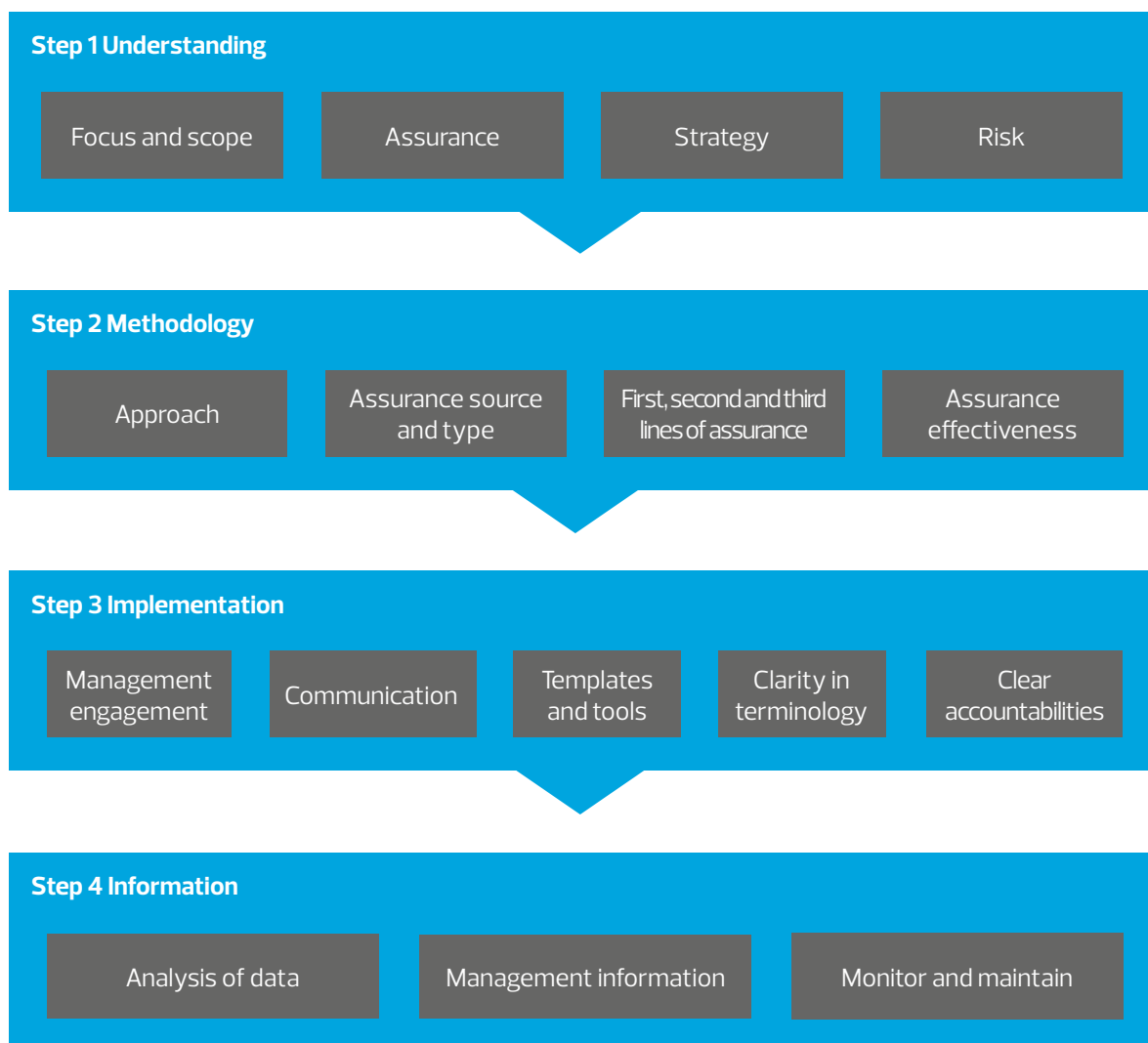
- gaining a clear and complete understanding of the risks faced by the school in the pursuit of its strategic objectives, how these are being mitigated, the types of assurance currently obtained, and consideration as to whether they are effective and efficient;
- identifying areas where mitigation or assurance activities are not present, or are insufficient for your needs (controls or assurance gaps);
- identifying areas where mitigation or assurance is duplicated, or is disproportionate to the risk of the activity being undertaken (ie there is scope for efficiency gains, reduction of duplication of effort and/or a freeing up of resource);
- identifying areas where existing controls are failing and as a consequence the risks that are more likely to occur;
- the ability to better focus existing assurance resources; and
- providing an evidence base for the risk management section of the school's annual report as required by the charities SORP.



### 3. PRACTICAL DEVELOPMENT OF ASSURANCE ARRANGEMENTS FOR GOVERNORS

There are four key steps to developing governor assurance arrangements, as outlined below.

**Fig 3.0.1: Governor assurance arrangement steps**



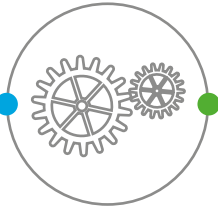
As with any school-wide arrangements critical success factors include ensuring they are fit for purpose, delivering on expectations and for school staff, management and the board to be engaged. Effective communication and consultation mechanisms are key throughout each of the aforementioned steps.

## 3.1 STEP 1: UNDERSTANDING



### Focus and scope

The purpose of assurance arrangements is to help an independent school determine how it will gain assurance over the effectiveness of controls that the school relies upon to achieve its objectives. It is therefore important that the scope of the assurances is set in the context of the independent school's strategic objectives.



### Strategy

Setting the school's strategic objectives, and then seeking assurances around the operation of controls and processes aimed at delivering those objectives, is an iterative process as the assurances received can be used also to inform and revise the objectives set. In the first instance, and we suggest initially at a reasonably high-level, you will need to think about what you need assurance over both in terms of strategic objectives, and the key control processes that ensure delivery of operational activities within your school.



### Assurance

This toolkit aids the understanding of what assurance and assurance mapping is, and how you can tailor it to meet your school's needs. It is important that the understanding of assurance is developed across the school as this will contribute to the buy-in from those involved, consistency in the application of processes and the production of good quality management information.



### Risk

Take a look at how your school understands and implements risk management. Challenge the risks and opportunities that the school faces, do the board, local governing body, F&GP committee, management team and external reviewers understand the process and control environment that you seek assurance over?



### Strategic risk

High level risks associated with the achievement of the school objectives such as 'inability to recruit or retain key staff' or 'fail to improve the quality of teaching and learning'. Identified correctly you should find the causes of the strategic risks drive your operational risk identification.

### Business as usual risk (operational)

These are the day to day risks such as 'fail to manage health and safety effectively', 'fail to produce accurate financial information' and 'unable to access school buildings'. Like the strategic risks, you must identify the causes and effects of these risks. The controls in the school risk register must be able to link directly to a cause or an effect. If they do not then that control is neither relevant or accurate.

### Risk ratings

Ensure the school has accurate and detailed risk ratings framework as risks are not just financial, but can impact reputation, quality of educational outcomes, media interest, level of regulator intervention, staff morale and safety. Providing detailed descriptions of impact will allow for consistent and accurate ratings. The impact is then rated on the highest scoring impact category.



Fig 3.1.1: Example risk impact descriptions (note: these should reflect your own trust scale/impact threshold)

RATING	RATING SCALE	SAFETY	REPUTATION	MEDIA ATTITUDE	REGULATORY	DIRECT LOSS	PUPIL PERFORMANCE
NEGLIGIBLE	1	No risk of injury. H&S complaint.	External stakeholders not impacted or aware.	No adverse media or press reporting.	High compliance standards recognised.	Up to 0.1% of income.	Negligible effect on performance.
MINOR	2	Small risk of minor injury. H&S policy not regularly reviewed.	Some external stakeholders aware of the problem, but impact on is minimal.	Negative article of which school is mentioned/social media comments.	Verbal comments received.	Between 0.1% and 1% of income.	Marginally impaired – slight adjustment to approach required.
MODERATE	3	Risk of injury, possibly serious. H&S standards insufficient/poor training.	A number of stakeholders are aware and impacted by problems.	Critical article in press or TV. Public criticism from industry body.	Findings in written examination report. Potential intervention.	Between 1% and 3% of income.	Education standards falling – changes in delivery required to maintain performance.
SIGNIFICANT	4	Risk of serious injury. H&S notification could result in investigation.	Significant disruption and or cost to stakeholders/third parties.	Story in multiple social media platforms and/or national TV.	Multiple or repeat failings, results in intervention.	Between 3% and 10% of income.	Significant reduction in performance.
MAJOR	5	Potential to cause fatality. H&S breach causing serious fine, investigation, legal fees and possible stop notice.	Stakeholders/third parties suffer major disruption, loss or incur major cost.	Governmental or comparable political repercussions. Loss of confidence by public. Mass social media coverage.	Action brought against school for significant failings, Charity Commission intervention.	Greater than 10% of income.	Complete failure in performance levels.

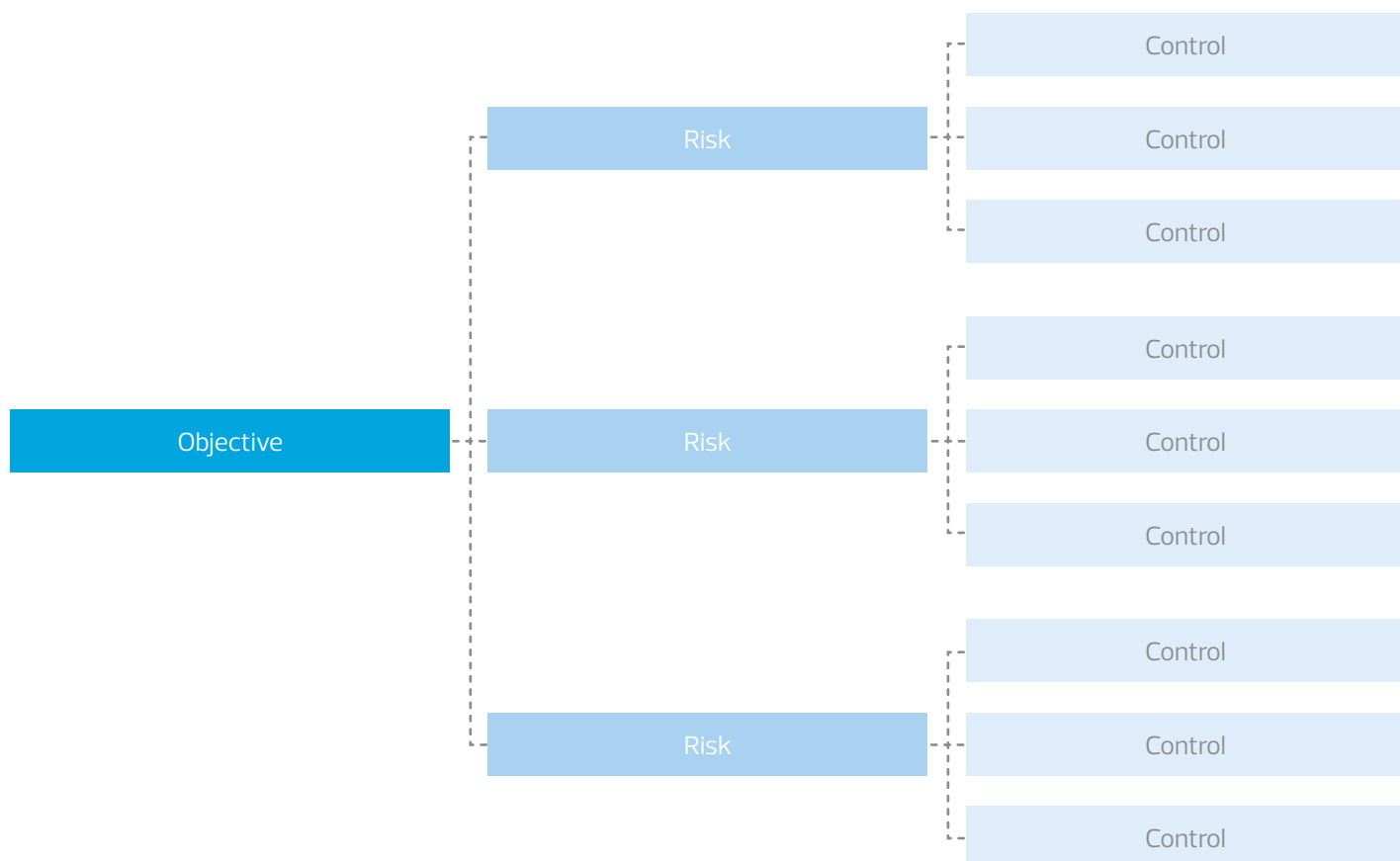


## 3.2 STEP 2: METHODOLOGY

### Risk based approach

The risk based approach looks at providing assurance over the key controls in place that mitigate the risks that threaten (or provide opportunity for) achievement of the school's objectives, and should build on the foundation laid by the school's existing risk management process. This risk based approach is illustrated as a tree of data, with branches expanding to become the school's identified controls see Fig 3.2.1.

Fig 3.2.1: Objective, risks and control tree



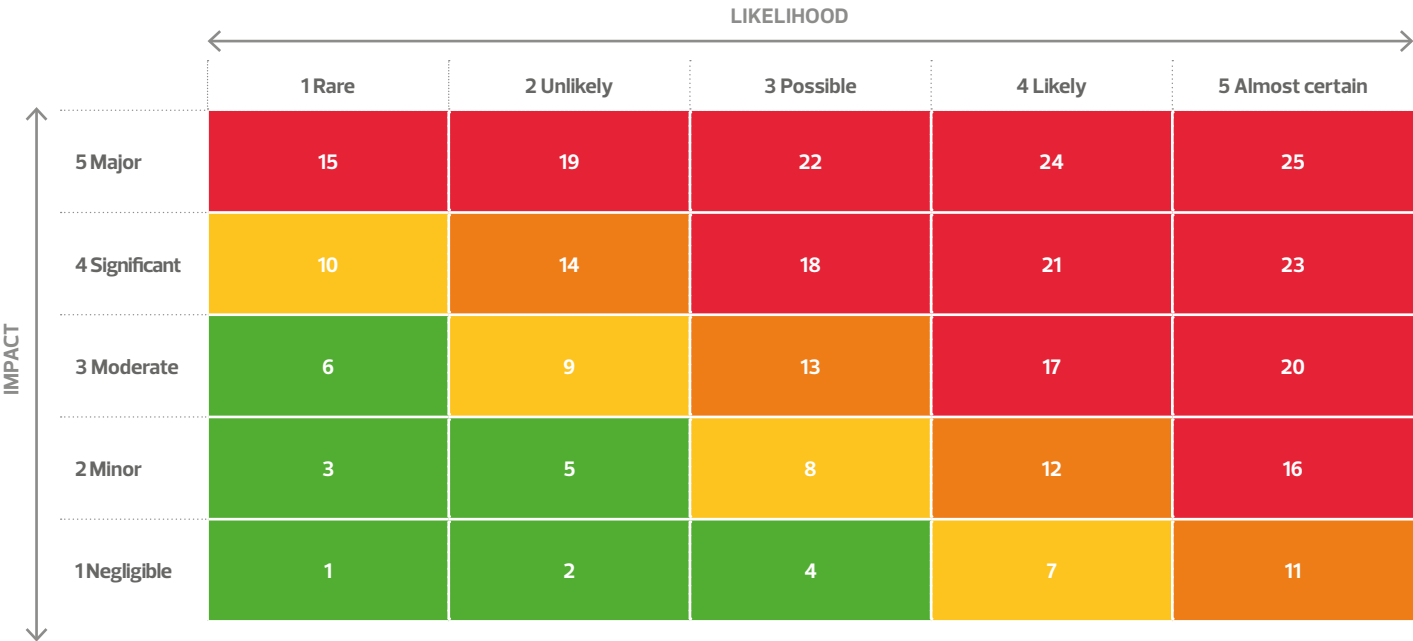
The structure of your risk data should include the following key elements in order to provide a strong foundation for the assurances to be mapped and to assist in prioritising of resources:

- clear and concise risk descriptions;
- risks linked to strategic objectives;
- detailed cause and effect analysis;
- detailed list of key controls;
- 'inherent' (gross) assessment (before controls) and 'residual' (net) assessment (after controls) of the risk; and
- details of planned action to further manage or mitigate the risk along with implementation dates.

If you are in a situation where you are satisfied that the risk data you hold is sufficient then you can start to record the sources of assurances for each of the controls. Before you start mapping assurances for all existing controls it is sensible to prioritise what to focus on, especially as resources are finite and the board assurance framework should be seen as adding, not detracting value.

The majority of the risk management frameworks we come across prioritise risks using simple 5 by 5 impact and likelihood scoring and grading structures such as high, medium, low or a RAG rating (red, amber, green). Fig 3.2.2 demonstrates an example of good practice and how the scoring can be used to determine the risk review period.

Fig 3.2.2: 5 by 5 good practice matrix



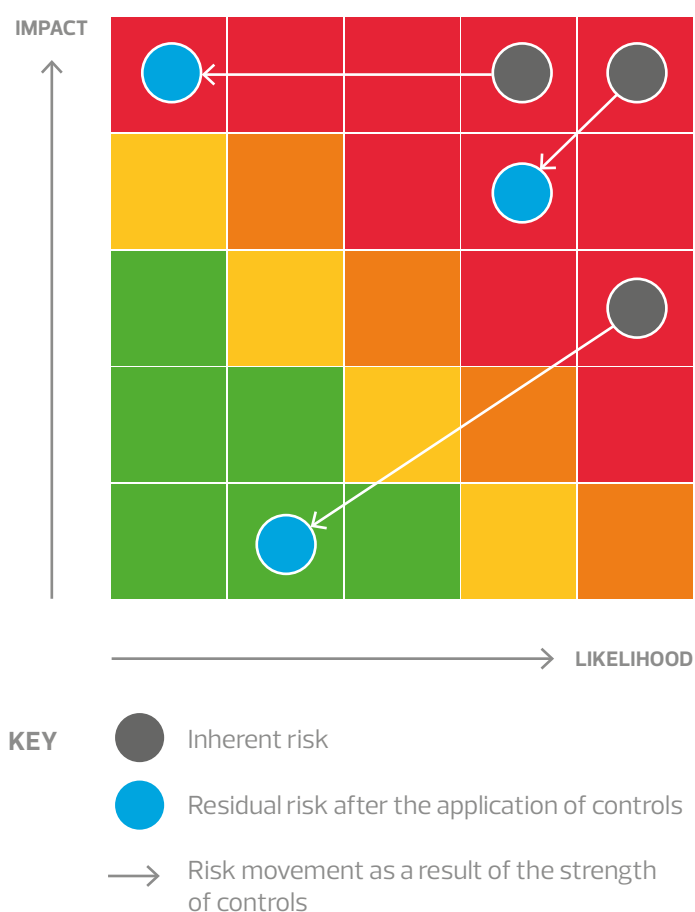


RISK SCORES	OVERALL RISK RATING	REVIEW
20–25	<b>A</b>	Monthly
15–19	<b>B</b>	Quarterly
11–14	<b>C</b>	Every 3–6 months
7–10	<b>D</b>	Every 6–9 months
1–6	<b>E</b>	Every 12 months

Once you have accurate ratings, determining inherent (before controls) and residual (after controls) scores are invaluable as they provide the driver for whether an independent school should seek assurance, or focus attention on taking further action to manage the risk.

The Risk Matrix (Heat Map) Fig 3.2.3 illustrates the profile of a set of risks. Each risk is represented with a pair of circles. The 'dark grey' circle represents the Inherent risk classification and the 'pale blue' circle represents the residual risk classification.

Fig 3.2.3: Heat map



#### What does this heat map tell us about where the board should focus its risk management and assurance activities?

- What the heat map shows above is that the (residual) risk in the red sector requires the school to take action (where possible) to further mitigate the risk.
- Those (residual) risks that fall within the amber and green sectors are those risks that have been mitigated through the application of existing controls.

Therefore the focus should be on:

1. deciding if the residual risk is now within the school's appetite/tolerance for that risk; and then
  2. either identifying further action to minimise the risk (if not within risk appetite); or
  3. obtaining assurance over the effectiveness of the controls in place (if the risk is accepted).
- The heat map also highlights that the greater the difference in classification between the inherent score and the residual score of a risk, the greater the contribution that the existing controls have in mitigating the risk the school is exposed to. Therefore, to further prioritise where to seek assurance, you could look at the risks that have moved furthest from the highest inherent score to the lowest residual score.

Sources and types of assurance

What sources of assurance are there? Included below are examples of assurance sources that a particular activity, process or control is operating as expected.

Fig: 3.2.6: Examples of sources of assurance

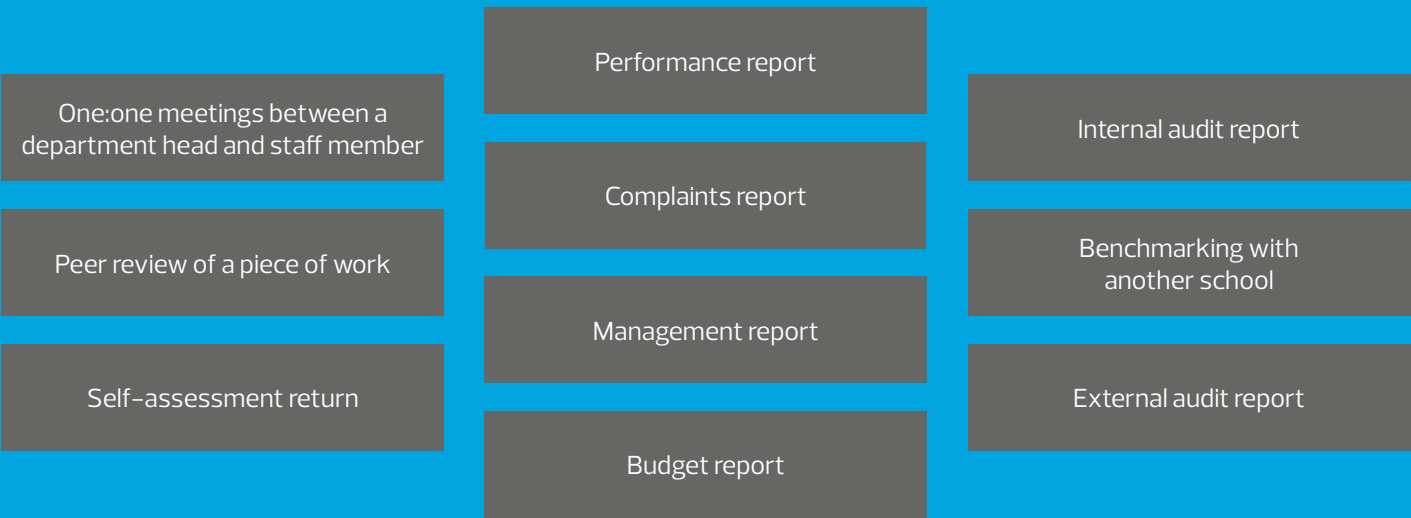


Table 3.2.6 covers some of the different types of assurances that are available and already embedded in to an independent school's day to day management.

Table 3.2.7: Examples of types of assurance

TYPE	HOW IT PROVIDES ASSURANCE
Meeting/discussion	Often these provide opportunities for management to ask questions about how things are going. The assurance could be based on a person's word or notes of meetings.
Checks (sometimes this can be a peer review of work or even a walk around a site)	A quality check that something has been completed based on visual or substantive evidence.
Reports	These could be both regular or ad-hoc reports, such as monthly performance information or monthly finance reports that provide management information that will indicate how a control may be being applied, based on outcomes.

Most of these types of assurance will be evidenced (for example meeting minutes, checklists, written reports) whilst some may be more informal (such as a one:one discussion).

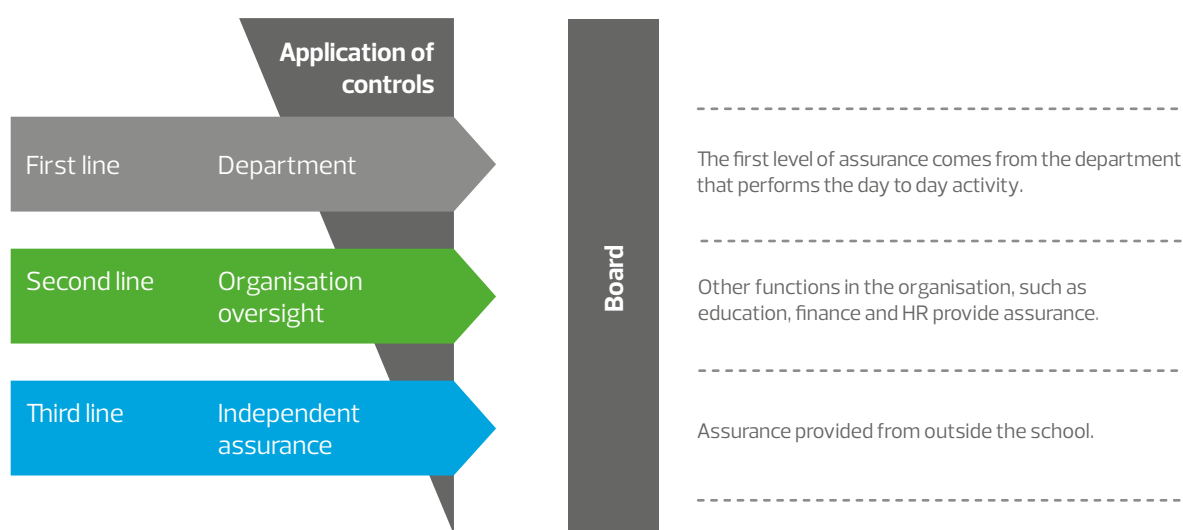
It is possible to further map and classify these types of assurance to better understand how reliable the assurance is in relation to where the assurance comes from within the school this is often referred to as the three lines of defence, or three lines of assurance model in this context.

### First, second and third lines of assurance

Understanding where assurance comes from will help provide a clearer picture of where the school receives assurance and whether it has too much, is duplicated, or has none at all, and whether the coverage of assurances is set at the right level to provide confidence to the board. You may also want to consider the independence of any assurance provided in terms of how much reliance or comfort you can take from it.

The assurances that an independent school receives can be broken down into the three lines model as illustrated below.

**Fig 3.2.8: The three lines of assurance**



### Control effectiveness

Once you have identified a source of assurance you need to then establish what it is telling you about the effectiveness of the risk(s)/ control(s) it covers. The level of control effectiveness at the first and second line may be subjective as it may be provided through a self-assessment approach ie by the person(s) receiving the assurance or responsible for the controls or even silent in the case of minutes of meetings/outcomes of meetings unless expressly referred to.

At the third line, it is common for independent assurance providers to issue a form of opinion or view (assurance) as to the design, operation and level of effectiveness of the controls reviewed. For each source of assurance that is identified you can then rate what it tells you about the effectiveness of the controls.

**Table 3.2.9: Suggested control effectiveness ratings**

LEVEL	DETAILS
<b>STRONG</b>	Taking account of the issues identified, the board can take reasonable assurance the controls upon which the school relies to manage this risk are suitably designed, consistently applied and effective.
<b>MEDIUM +</b>	Taking account of the issues identified, the board can take reasonable assurance the controls upon which the school relies to manage this risk are suitably designed, consistently applied and effective. However, we have identified issues that, if not addressed, increase the likelihood of the risk materialising.
<b>MEDIUM -</b>	Taking account of the issues identified, whilst the board can take some assurance the controls upon which the school relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.
<b>LOW</b>	Taking account of the issues identified, the board cannot take assurance that the controls upon which the school relies to manage this risk are suitably designed, consistently applied and effective. Action needs to be taken to ensure this risk is managed.



## 3.3 STEP 3: IMPLEMENTATION

### Management engagement

It is likely that assurance mapping will involve most members of the senior and middle management teams at some point, and therefore their support and engagement with the process is essential.

A key part of engagement is in the understanding and making assurances real.

In our experience, undertaking a pilot exercise with a small number of risks from your risk register and mapping the assurances already in place over the key controls aids understanding on how the process works. Also encouraging people to focus, at least initially, just on the key risks that they are already familiar with and understand.

### Identify the roles and responsibilities around assurance

The application of governor assurance arrangements should be a logical extension to your existing risk management arrangements. Schools already have key defined roles, such as the governors, F&GP committee, senior management team, teaching and administrative staff etc, and the extension of this is giving defined assurance responsibilities to these groups, such as:

- who will be responsible for updating assurance data?
- who will be responsible for producing management information reports based on the assurance data collected?
- who will be responsible for reviewing management information? and
- who will be responsible for ensuring appropriate resources are identified for the development, implementation and maintenance of the assurance framework?

### Templates and tools

Development of BAF reports to the board inevitably means collecting data, so you need to consider how you will collect and record it. The approach discussed at step two should help you identify the data you need.

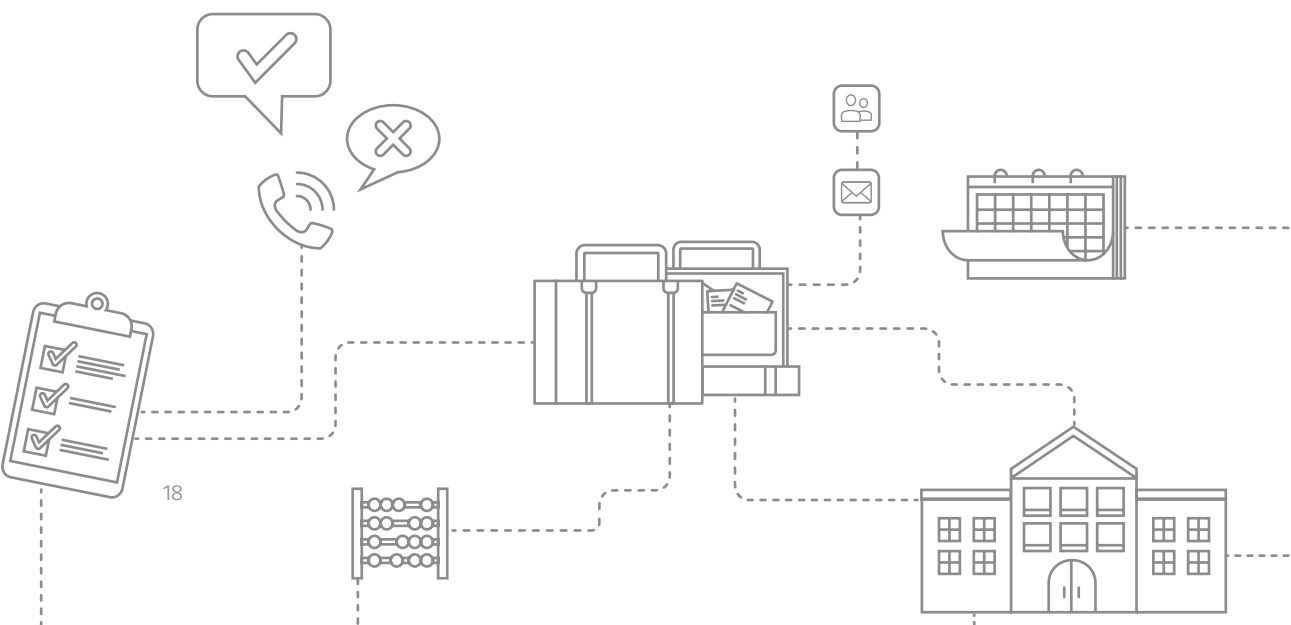
There are a number of approaches you can take to identify assurances and complete your BAF, these include:

- ask individual department heads to record all the assurances they rely on;
- conduct a workshop with the management team;
- complete one:one sessions with risk owners;
- review internal and external audit reports and any other third party reports, such as ISI, to identify the assurances they provide; and
- review internal management, committee and board meetings minutes/agenda.

Once you have collected all the data needed then a BAF report can be populated and reported to management and the board. Remember, the data contained in the BAF may not represent every risk that the school manages but is commonly focused on those strategic risks that the school faces ie those risks that will have the most significant impact on one, some or all of the school objectives.

### Clear accountabilities

It has often been repeated that processes fail where there is no accountability to deliver. Ensuring that accountability lines are clearly defined and communicated to everyone involved, including timescales for implementation and the on-going maintenance of the governor assurance arrangements is key to success.



## 3.4 STEP 4: MANAGEMENT INFORMATION

With any data collection process, some form of validation is required to ensure the data captured is complete and consistent. Once validated, the data needs to be used to generate meaningful management information. It is likely though that it will take a few iterations to get the information into a format that management, the F&GP committee, external reviewers and the board are satisfied with as providing the 'right' information and in the 'right' format, and at the 'right' time.

### Analysis of data

In our experience, there will be an element of data analysis required to produce the information required. Some examples of the analysis required would include:


- assessing the overall control effectiveness based on the red, amber, green (RAG) ratings provided for the first, second and third lines of assurance (referred to earlier), and then establishing what action is required;

- identifying those controls with no third line assurance; and
- identify those controls where there is a low (red) level of effectiveness identified.

### Producing management Information

Once you have completed your data analysis you will need to present it in a way that readers and stakeholders will understand and engage with it. The following example follows a similar format to that used by many organisations across various sectors for reporting on governor assurance. It shows how a strategic risk is mitigated through the internal controls, and then the different sources of assurance that are in place to inform on the effectiveness of those controls.

Fig 3.4.1: Risk register with assurance evidence

RISK REF:	COMMITTEE	SO:	RISK DESCRIPTION/ RISK OWNER:	CAUSE AND EFFECTS:	INHERENT RISK SCORE	EXISTING MITIGATION/ CONTROLS:	ASSURANCE/ EVIDENCE	ASSURANCE LEVEL:	RESIDUAL RISK SCORE	PLANNED ACTIONS	PROGRESS ON ACTION
21	FINANCE	1, 3, 5	<b>Risk description:</b> Failure to provide timely and effective support ..... <b>Risk owner:</b> Bursar ..... <b>Risk lead:</b> Bursar ..... <b>Last updated:</b> 27/01/201X <b>Last reviewed:</b> 27/01/201X <b>Review comments:</b> Over the last term we have done ..... etc	<b>Cause:</b> <ul style="list-style-type: none"> <li>• lack of resources</li> <li>• poor planning</li> <li>• lack of monitoring</li> </ul> <b>Effect:</b> <ul style="list-style-type: none"> <li>• poor user experience</li> <li>• inadequate progression</li> <li>• failure to develop</li> </ul>	<b>I = (4)</b> <b>L = (4)</b> <b>16</b>	We do A   We do B   We do C	Audit of X by a governor confirmed processes working effectively   Director of X confirmed process working effectively   Data reports send to X committee and are reviewed and challenged	<b>Substantial</b> 31/03/1X   <b>Adequate</b> 01/05/1X   <b>Limited</b> 10/10/1X	<b>I = (4)</b> <b>L = (2)</b> <b>8</b> 	We want to do E  <b>Action owner:</b> Bursar ..... <b>Imp date:</b> 31st August 201X	<b>Feb 1X</b> Action underway and data being collected  <b>March 1X</b> Meeting taken place to discuss data  <b>April 1X</b> Action on target



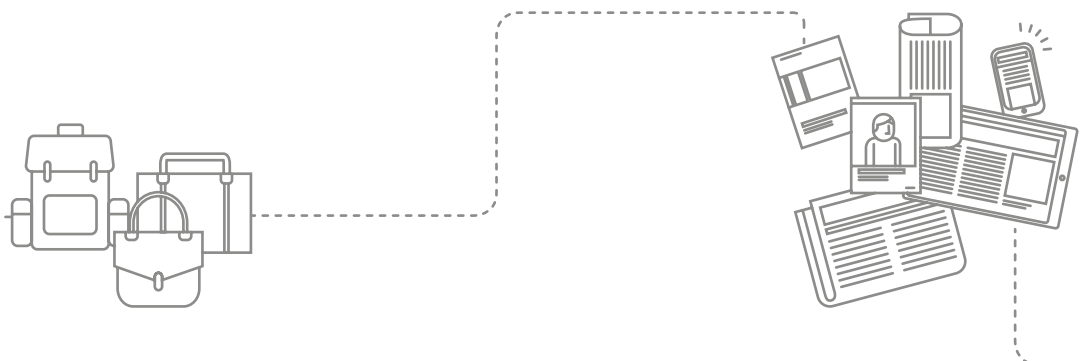
Below Fig 3.4.2 is an illustration of how the control effectiveness assessments from each line of assurance can be aggregated into an overall assessment.

**Fig 3.4.2: Illustration of overall assessment of assurance**

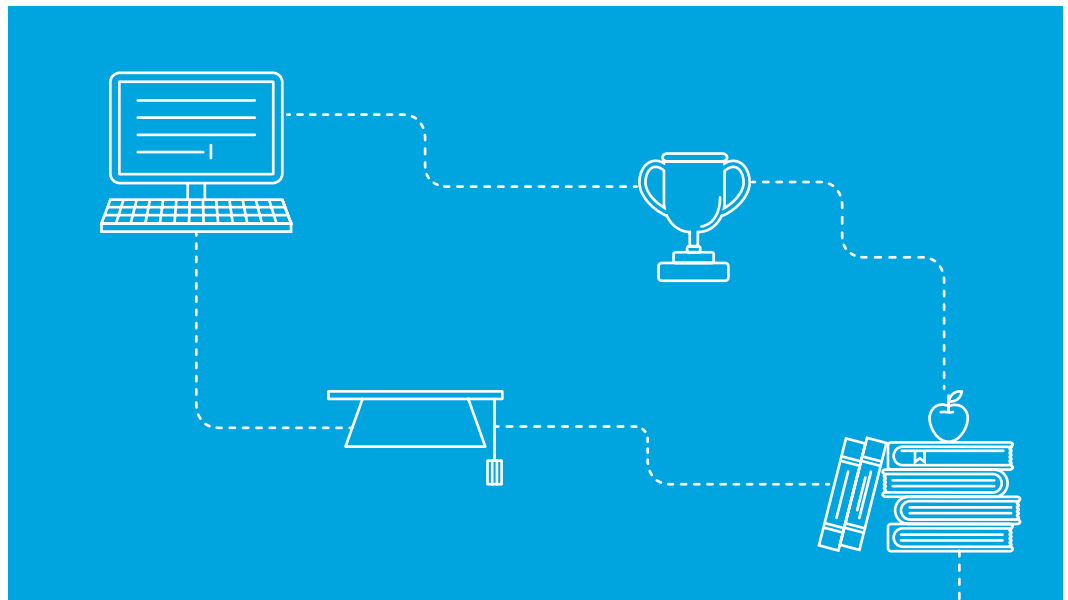
Area: Human resources

Activity: Recruitment

Process	First line	Second line	Third line	Overall assurance
DBS checks	HR confirm	Finance check	External reviewer	Review annually
Qualifications	HR confirm	None	None	Monitor/action
References	HR confirm	None	None	Monitor/action
Financial vetting	HR confirm	Finance check	External reviewer	Action required







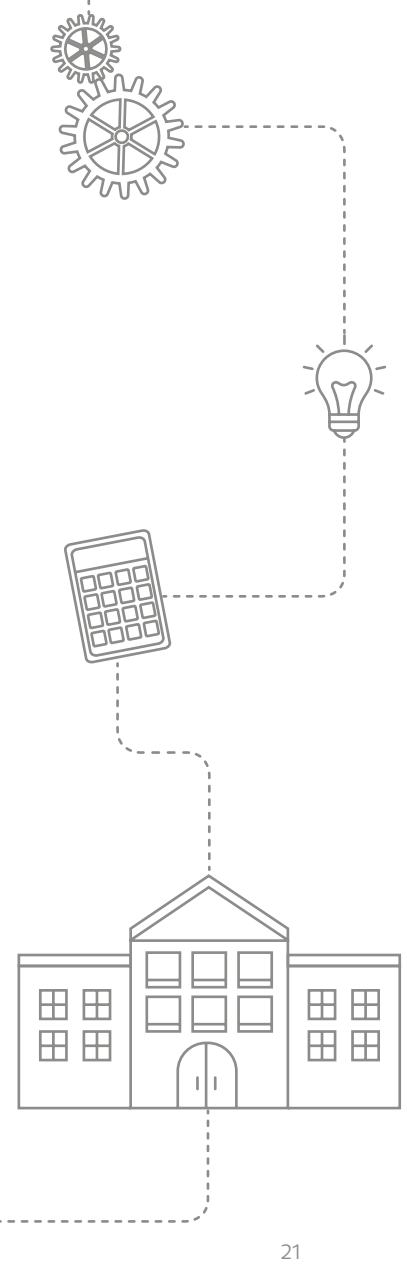
What the assurance assessment tells us about the recruitment process within human resources.

- DBS checks are confirmed as effective by the first, second and third lines of assurance, leading to a positive level of assurance.
- If we consider the processes of qualifications and references, there is no second or third line of assurance (none), so overall in this example they have been marked as amber to highlight that the controls need to be monitored more closely and perhaps action taken to introduce further assurance, either at the second line or from an independent source at the third line.
- If we walk through financial vetting assessment, the first and second line assurances are indicating that the controls are effective (green), but when the control framework has been reviewed by the F&GP committee (third line) then some fundamental control weaknesses have been identified (red). The overall control effectiveness has been marked therefore as red and that action is required to improve the controls in place for financial vetting.

Fig 3.4.2 presents the analysis at quite a detailed level; to display this level of information for all organisational activities and processes would require a substantial document, which may not be appropriate for the F&GP committee or board who may require a more concise report. Therefore this may just be used at a management level with only strategic risks being reported to the governing board using a BAF report illustrated earlier.

### Updating and on-going monitoring of assurance

As with risk management, managing your assurances is an on-going process. Assurance information, like your risk register, should be updated throughout the year. To ensure that the process is useful, the frequency with which updates are required should be considered as part of setting your board assurance arrangements policy, but may also evolve over time with familiarity.



## 4. CONCLUDING COMMENTS

The successful and sustained achievement of your school's mission and objectives is reliant on robust governance, risk management and assurance processes. This means the board needs to be clear about what it wants to achieve, knows what the measures of success will look like, is open and honest in its dealings and alive to the key risks being faced within and outside of its operating environment, both at strategic and operational level. For this to be made a reality, the board needs to put in place a suitable approach to assurance that provides them with the level of confidence they require to know that what they think is being done is actually getting done.

The RSM board assurance toolkit is designed to help your school in its thinking with regards the design and application of its board assurance arrangements and how this might be achieved. Unfortunately there is no exact governor assurance model or content as this will be determined by the needs of the individual board and management. However, this tool should provide a starting point in the development or further refinement of arrangements. Most importantly the governors assurance arrangements and the BAF will only ever be as effective as the board itself, the way in which it engages and uses the assurance outcomes to focus the board's agenda and discussions, inform decision making, and instigate further check, challenge and investigation where concerns exist so that it can be assured that it is doing everything possible to manage its risks and achieve its objectives.

As further uncertainties and insecurities, as well as opportunities, present themselves in the independent school sector, and the responses become increasingly more innovative and possibly risky, it is crucial that governing bodies ensure that their governance and risk management arrangements are sufficiently robust to cope. Taking a good hard look at how the board and audit committee are assured over the whole control environment, and that these arrangements are fit for purpose, is well worth the time and effort.

The board assurance arrangements preparedness assessment included as part of this toolkit (see appendix A) should provide a good measure of progress being made, as well as highlighting areas that need to be developed further within your school.



# APPENDIX A

## Board assurance arrangement preparedness assessment

We would recommend that all independent schools assess themselves with regards to their governors' assurance arrangements preparedness.

### Assessment judgement:

**1 = Not yet established/not fit for purpose.**

**2 = Exists, but further improvement required.**

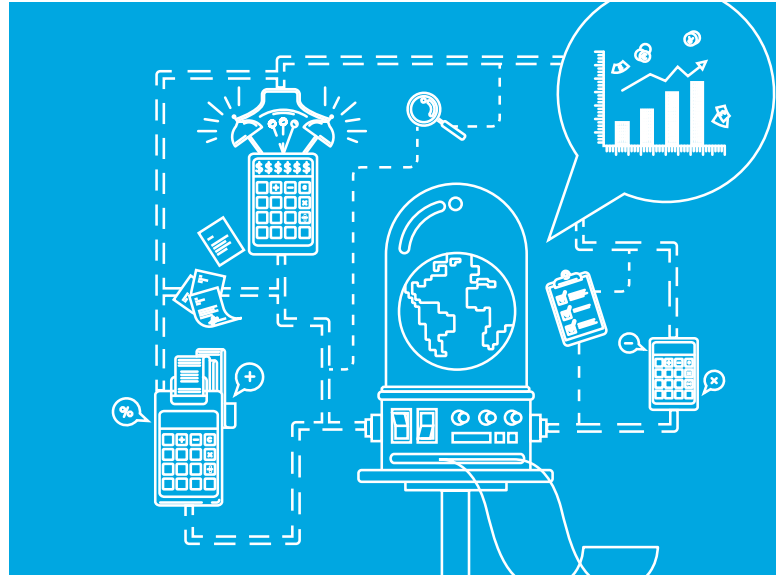
**3 = Fully effective.**

Leave blank if you are unable to provide a response.

### Required:

Using the below assessment criteria please indicate how you would judge the following:

AREA	1	2	3
1. The school's strategic objectives are clearly defined and understood.			
2. The school has a clearly defined approach to the management of risk.			
3. The school's approach to the management of risk ensures the focus is on those risks that will have a material impact on the achievement of the school's strategic objectives.			
4. The school has a clear understanding of how these risks will be managed, including the use of existing controls and /or planned actions to be taken.			
5. The school has a clearly established risk management reporting and monitoring through to the board.			
6. The school has a clear understanding over what is meant by the term board assurance framework and how this can be used to better manage risk at the school.			
7. There is commitment to the development and maintenance of the board assurance framework from the school board.			
8. There is a clearly defined structure within the school that will support the development, establishment and embedding of the board assurance framework.			
9. The school have clearly defined roles and specified responsibilities in connection with the application and operation of the board assurance framework i.e. board, committees, head teacher /bursar, senior management etc.			
10. The school assurance monitoring and review arrangements have been defined for the purposes of ensuring the right information gets to the right place and people to aid risk management and assurance decision-making.			



## HOW ARE YOU ADDRESSING YOUR ORGANISATION'S GOVERNANCE, RISK AND COMPLIANCE ISSUES?

Effective risk management and good governance are the bedrock of all successful organisations. If this goes wrong the ramifications can be deeply damaging. Where organisations get it right they can become more efficient, more effective and better at delivering what their customers want.

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- assess organisational risks;
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- enable employee company policy acceptance; and
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