



# Risk Management Policy

<b>Approved by:</b>	Board of Trustees	<b>Date:</b> December 2017
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<b>Monitoring &amp; Review</b>	Board of Trustees	
<b>Links</b>	Academies Financial Handbook	
<b>Staff responsible</b>	Audit committee Principals, Finance Director	

*Please note that should any further national guidance be issued by external agencies that are relevant to this policy, it will be updated accordingly prior to the review date shown above and referred to the next academy council meeting*

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## 1. Purpose

This Risk Management Policy explains the Trust's underlying approach to risk management and documents the roles and responsibilities of the Board of Trustees and Trust Executive Team.

It also outlines key aspects of the risk management process and identifies the main reporting procedures.

In addition, it describes the process the Board of Trustees will use to evaluate the effectiveness of the Trust's internal control procedures.

## 2. Policy statement

The Trust's risk management objectives are to:

- Integrate risk management into the culture of the Trust
- Manage risks in accordance with best practice
- Consider legal compliance as a minimum standard
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury and damage and reduce the cost of risk
- Raise awareness of the need for risk management.

These objectives will be achieved by:

- Considering risk management in meetings
- Consistently demonstrating the application of risk management principles
- Maintaining documented procedures for the control of risk
- Reporting incidents to meetings, with outcome of investigation procedures to establish cause and prevent recurrence
- Preparing contingency plans in areas where there is potential for an occurrence having a significant negative effect on the Trust and its business capability
- Maintaining effective communications and the active involvement of every member of the Trust monitoring risk management arrangements on an ongoing basis.

## 3. Key principles

- The Board of Trustees has responsibility for overseeing risk management in the Trust as a whole
- The Trust Executive Team supports, advises and implements policies approved by the Board of Trustees
- The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
- Principals are responsible for encouraging good risk management practice within their establishment
- Key risks indicators will be identified and closely monitored on a regular basis.
- Attitude to risk
- The Trust will seek to manage down significant risks to the mission and strategic priorities. It will do so by mitigating those risks within its control and preparing for contingencies beyond its control
- While the Trust will work to reduce risk levels, it recognises the need to balance the costs and benefits of measures to reduce risk
- The Trust will not accept risks that are likely to:
  - Weaken the reliability of internal and external reporting
  - Undermine compliance with laws and regulations
  - Pose a threat to the safety, security and welfare of students, staff or the wider community.

#### **4. Role of the Board of Trustees**

The Board of Trustees has a fundamental role to play in the management of risk. Its role is to:

- Set the tone and influence the culture of risk management within the Trust. This includes:
- Determining whether the Trust is 'risk taking' or 'risk averse', as a whole or on any relevant individual issue
- Determining what types of risk are acceptable and which are not
- Setting the standards and expectations of staff with respect to conduct and probity;
- Determine the appropriate risk appetite or level of exposure for the Trust
- Approve major decisions affecting the Trust's risk profile or exposure
- Monitor through the termly risk management report from the Audit & Risk Committee the management of significant risks to reduce the likelihood of unwelcome surprises
- Satisfy itself through the termly risk management report from the Audit & Risk Committee that the less significant risks are being actively managed, with the appropriate controls in place and working effectively
- Annually review through the Risk Management Annual Report the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures
- Ensure that strategic priorities comply with and support achievement of objectives in the Risk Management Plan.

#### **5. Role of the Trust Executive Team**

Key roles are to:

- Implement policies on risk management and internal control
- Identify and evaluate the significant risks faced by the Trust through the Risk Management Plan by the Board of Trustees
- Provide adequate information in a timely manner to the Board of Trustees and its committees on the status of risks and controls
- Undertake an annual review of effectiveness of the system of internal control of risks and provide a report to the Audit Committee through to the Board of Trustees.

#### **6. Role of the Audit & Risk Committee**

The role of the Audit & Risk Committee in respect of risk management is set out in full in the terms of reference. The Audit & Risk Committee is responsible for producing an annual report for the Board that provides an opinion on the adequacy and effectiveness of the Trust's audit arrangements, its framework of governance, risk management and control, and its processes for securing the solvency of the Trust, safeguarding of assets and effective and efficient use of resources. In respect of risk management, the Audit & Risk Committee's opinion is informed by the termly risk management report and the annual risk management report provided by management.

#### **7. Annual review of effectiveness**

The Board of Trustees is responsible for reviewing the effectiveness of internal control of the Trust. The Audit & Risk Committee will produce an annual report which will include the formal opinion required under the Joint Audit Code of Practice, an element of which is the adequacy and effectiveness of the framework for risk management and internal controls. The annual report will be presented at the Board of Trustees meeting held in December prior to the Statement of Corporate Governance and Internal Control being signed, deriving regularity and propriety assurance from the Statement of Corporate Governance and Internal Control included within the operating and financial review in the annual accounts.

The Joint Audit Code of Practice confirms that “the role of the Audit Committee includes advising the corporation on the adequacy and effectiveness of the Trust’s assurance framework”. To this end, the Audit & Risk Committee regularly considers the Trust’s updated assurance framework which tracks both internal and external assurances and the Risk Management Plan in order to assess the effectiveness of current internal control and to underpin planning for the subsequent year. On the advice of the Audit & Risk Committee, the draft internal audit plan for the following year will be approved at the Board of Trustees.

For each significant risk identified, the Board of Trustees will:

- Review the previous year and examine the Trust’s track record on risk management and internal control
- Consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

In making its decision, the Board of Trustees will consider the following aspects.

- Control environment
- The Trust’s strategic priorities and its financial and non-financial targets
- Organisational structure and caliber of the Trust Executive Team
- Culture, approach and resources with respect to the management of risk
- Delegation of authority
- Public reporting

Ongoing identification and evaluation of significant risks

- Timely identification and assessment of significant risks
- Prioritisation of risks and the allocation of resources to address areas of high exposure

Information and communication

- Quality and timeliness of information on significant risks
- Time it takes for control breakdowns to be recognised or new risks to be identified

Monitoring and corrective action

- Ability of the Trust to learn from issues which have arisen
- Commitment to and speed with which corrective actions are implemented.

The aim is to ensure that the system for internal control is an integral part of the operation and management of the Trust and is a fundamental characteristic of the way the Trust works.