



RISK MANAGEMENT POLICY

Approved by:

Chair of Trustees
Chief Executive Officer

Date: 9th July 2020

Next review due:

Summer Term 2021

Risk Management Policy

1. The management of risks to the Trust is undertaken in accordance with the Funding Agreement and the Academies Financial Handbook.
2. The Trust Board is responsible for risk management and for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding public funds and other funds and assets for which it is responsible. The audit committee has delegated responsibility on behalf of the board of trustees for examining and reviewing all systems and methods of control both finance and otherwise including risk analysis and risk management and for ensuring the Trust is complying with the overall requirements of internal scrutiny as specified in the Academies Financial Handbook.
3. The Trust Board fulfils its role by establishing the system of internal control:
 - 3.1 Approving and reviewing a series of policies that underpin the internal control process.
 - 3.2 Agreeing objectives, plans and resources by means of the budget and the annual Trust Improvement Plan.
 - 3.3 Approving this policy statement and the attached Risk Register (prepared by the audit Committee) and reviewing them carefully each term to identify and test risks, near misses and opportunities.
 - 3.4 Considering carefully the advice from the Responsible Officer and Auditor on internal financial controls, together with advice from any external consultants or inspectors.
4. The Trust Executive fulfils its Risk Management role by:
 - 4.1 Implementing Trust policies on risk management and internal control. The risk register will sit upon the shared website where the executive team have the facility to update the risk register regularly, while the Trustees have the opportunity to always access the risk register.
 - 4.2 Advising the Audit Committee of the fundamental risks faced by the Trust and helping to evaluate them.
 - 4.3 Providing timely and sufficient information to Trustees and the Audit Committee on the status of risks and controls.
 - 4.4 Update the Risk Register on an ongoing basis and report changes to the Audit Committee and the Board of Trustees.
 - 4.5 Working to embed risk management and risk-based internal control in all aspects of Trust management.
5. The Risk Register has been completed in the form recommended in the Academies Financial Handbook and it uses the terms listed there.
6. In the ongoing update of the Risk Register the Trust Board should consider these issues:
 - 6.1 Whether risk management continues to be linked to the achievement of the Trust and Schools objectives.
 - 6.2 The appropriate risk appetite or level of exposure for the Trust as a whole.

- 6.3 Whether risk review procedures cover fundamental strategic and reputational, operational, compliance, financial and other risks to achieving the Trust's objectives.
- 6.4 Whether risk assessment and risk-based internal control are embedded in on-going operations and form part of its culture.
- 6.5 Changes in the nature and extent of fundamental risks and the Trust's ability to respond to changes in its internal and external environment since the last assessment; the scope and quality of management's on-going process of monitoring the system of internal control including such elements as the effectiveness of assurance functions.
- 6.6 The extent and frequency of reports on internal control to the Trust Board and whether this is sufficient for the Trust Board to build up a cumulative assessment of the state of control and effectiveness of risk management.
- 6.7 The incidence of any fundamental control failings (risk events) or weaknesses identified at any point within the year (near misses) and the impact that they have had or could have on financial results.
- 6.8 The effectiveness of the Trust's public reporting processes.
- 6.9 The effectiveness of the overall approach and policy to risk management and whether changes or improvements to processes and procedures are necessary.
- 7.0 The risk register is completed at a school level which is passed to the executive team. The CFO is responsible for the financial risk, the COO for operational risk and the CEO with all other risks. The CEO is ultimately accountable for the risk, as the accounting officer to the audit committee and subsequently the Board of Trustees.
- 7.1 The individual Trust schools risk need to be tested and reviewed by the local governing body.
- 7.2 The executive team report the risk to the audit committee.
- 7.3 The executive team in reporting risks to the audit committee have an escalation policy where certain risks need to be acted upon immediately. The executive team work out a score for each risk, rating the likelihood and impact of each, with both aspects given a rating of 1 to 5, these are then multiplied to get the overall risk rating. If the risk is an immediate risk then the score is doubled. If it is a manageable risk it remains as the number provided, whilst if it is a risk that is over a longer period, the risk is reduced by half. If a risk has a score above 30, it meets the requirements of the escalation policy and therefore, Trustees enable the accounting officer to mitigate the risk immediately, working alongside the chair of trustees, utilising the Chair's power to act, as and when necessary. Decisions made to mitigate the risk, are then communicated to the Trustees, when a risk is acted upon as part of the escalation policy.
- 7.4 The executive team and the accounting officer will report the immediate risks and high and medium risks to the audit committee, along with the cost to mitigate the risk. The executive team will also report any risks that have been mitigated, to now be medium or low risk. There is not a limited number of risks to be discussed at the audit committee but there should be no more than five risks, unless in exceptional circumstances.