



Risk Management Policy

Review Summary

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| Adopted: | May 2016 |
| Review Cycle: | Bi-Annual |
| Last Review: | June 2019 |
| Next Review: | June 2021 |

1. Introduction

- 1.1. This Policy sets out the Framework for Risk Management in the Trust.
- 1.2. Risk Management is the process by which risks are identified, the severity assessed and actions are taken to mitigate and reduce to acceptable levels.
- 1.3. The process of identifying risks and the introduction of internal controls to help mitigate such risks helps to improve the Trust's ability to respond quickly and effectively to opportunities and threats. It is a key element of the Trust's governance framework, an effective tool for strategic and business planning and is central to the achievement of the Trust's objectives.

2. Definition

- 2.1. The Institute of Internal Auditor's International standards define a risk as 'the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.'

3. Legal Framework

- 3.1. It is a requirement:
 - a. of the Academies Financial Handbook that the Trust has sound internal controls and risk management processes in place.
 - b. to follow guidance as set out in the Charities and Risk Management (CC26) document.
 - c. to include a section in the Trust's annual report on principal risks and uncertainties, which are derived from the Trust's Risk register.

4. Level of Risk Exposure

- 4.1. The agreed level of risk exposure inform the trustees in their decision as to the levels of risk the Trust is willing to accept and provide a benchmark against which the initial risk assessment is undertaken. The risk assessment and evaluation in turn informs the trustees of the Trust's overall risk profile and the steps taken to manage the major risks identified.
- 4.2. The overall level of risk or 'exposure' that will be tolerated is determined by the Audit , Finance and Resources Committee and is reviewed at each meeting to ensure that it remains fit for purpose.

5. Risk Assessment and Monitoring

- 5.1. Risk management is not a one off event and is therefore seen as a process that requires monitoring and assessment.
- 5.2. The risk assessment process will ensure that:
 - a. risks are properly reported and evaluated by Trustees
 - b. any significant failures of control systems are properly reported and actioned
 - c. there is an adequate level of understanding of individual responsibilities for both implementation and monitoring of the control systems
 - d. any further actions required are identified

- 5.3. The risk assessment process will be effectively managed through the use of a risk register. The register seeks to pull together the key aspects of the risk management process. It schedules the risks, the controls in place, the assessment of the risk and the follow up actions required.
- 5.4. The Strategic Risk Register identifies those risks that have been evaluated by the Executive as the most current significant risks that Trustees need to be made aware of. The Operational Risk Register contains those risks that have been identified by the Executive and are considered the most important in terms of the risk to the operation of the Trust and the highest risks in terms of it achieving its objectives.
- 5.5. The Executive uses the risk register to monitor risk by:
- a. ensuring that the identification, assessment and mitigation of risk is linked to the achievement of the Trust's operational objectives
 - b. ensuring that the assessment process reflects the trustees' view of acceptable risk
 - c. reviewing and considering the results of risk identification, evaluation and management
 - d. considering the risks attached to significant new activities or opportunities
 - e. regularly considering external factors such as new legislation
 - f. considering the financial impact of risk as part of operational budget planning and monitoring

6. Role of the Executive Leadership Team

- 6.1. The Executive Leadership Team is responsible for:
- a. managing the risk register, ensuring it is regularly reviewed and updated;
 - b. ensuring risk owners reassess and update their risks at appropriate intervals.
 - c. ensuring that allocated leads complete the further actions required;
 - d. the risks where they have been assigned as lead for action, ensuring controls are monitored and managed and provide regular updates to the risk owner;
 - e. deciding upon the strategic risks to be reported to Trustees.

7. Role of the Audit, Finance and Resources Committee

- 7.1. The Trust Audit, Finance and Resources Committee is responsible for
- a. reviewing the Strategic Risk register at every meeting;
 - b. providing strategic leadership, review and challenge to the Executive on the Strategic Risks
 - c. overseeing the completion of the section regarding risk management within the annual report.
- 7.2. A summary is escalated to each Board of Trustee meeting to provide assurance that risks are being managed effectively.

8. Risk Management Process

8.1. The main stages of the Risk Management Process are:

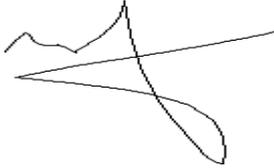
- a. **Identification** – identify, recognise and describe risks that are fundamental and relate to the key objectives of the Trust.
- b. **Ownership** - A specific risk owner should be identified for each risk. Ideally the risk owner will also be the owner of the related objective or a person with significant influence over the achievement of the objective. Ownership of risk makes it much more likely that a risk will be understood and monitored, and that appropriate controls are put in place.
- c. **Evaluation** – Risks are evaluated by determining the risk magnitude, which is a combination of likelihood and consequence. Each risk is assigned a score for each parameter based on a 5 x 5 scoring matrix.
- d. **Exposure** – Once the score for each risk has been determined, it is then assessed against agreed tolerance levels which trigger treatment and further action.
- e. **Treatment** - If it is considered that the level of exposure to be unacceptable then further action may be required. This can include:
 - **Reducing** the likelihood or impact of risk via the application of additional controls or the establishment of a contingency plan;
 - **Transferring** risk to a third party such as an insurer;
 - **Accepting** risk subject to regular monitoring;
 - **Eliminating** risk such as withdrawing from a particular activity.
- f. **Risk Register** – A Risk register is compiled, consisting of all the key fundamental risks that have been identified.
- g. **Monitoring** – The risk register is monitored on a regular basis, with particular emphasis on those with a "High" or "Very high" residual risk score.

9. Policy Circulation

- 9.1. This Policy will be published on the Trust's website and included in the Trust's Policy Monitoring Schedule
- 9.2. This Policy will be circulated to every Trustee, Local Governing Body and Leadership by sending an email to the link on the Trust's website.
- 9.3. The Trustees, in consultation with the Local Governing Bodies, are responsible for overseeing, reviewing and organising the revision of the Risk Management Policy.

Adoption of the Policy

This Policy has been adopted and reviewed by the Trustees of the Ted Wragg Multi Academy Trust.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Signed
(Chair of Trust)

Date 05 June 2019