



Risk Management Policy & Procedure

Review Summary

Adopted:	May 2016
Review Cycle:	Bi-Annual
Last Review:	N/A
Next Review:	May 2018



1. Introduction

- 1.1. This Policy sets out the Framework for Risk Management in the Trust, which allows for ease of understanding and regular review.
- 1.2. Risk Management is the process by which risks are identified, the severity assessed and actions are taken to mitigate and bring them down 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 an effective tool for strategic and business planning, is a key element of the Trust's governance framework and is central to the achievement of the Trust's objectives.

2. Definition

- 2.1. The IIA'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 control and risk management processes in place.
 - b. under the Charities Act, which has also provided a Charities and Risk Management Guidance to follow under CC26.
 - 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, which is managed by the Trustee's Audit Committee.

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 they are willing to accept and provide a benchmark against which the initial risk assessment is undertaken. The risk assessment and evaluation in turn inform 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 Committee and is reviewed on an annual basis to ensure that it is fit for purpose going forward. The current threshold for the Trust is 15/25, which covers the risks that are rated "High" and "Very high". However, this level may differ according to the risk in question.

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
 - b. trustees consider and review the annual process
 - c. trustees are provided with relevant and timely interim reports
 - d. any significant failures of control systems are properly reported and actioned
 - e. there is an adequate level of understanding of individual responsibilities for both implementation and monitoring of the control systems
 - f. 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 Trust's Risk Register is in Appendix A. The register has been split into two areas, Strategic and Operational. The strategic risks are the top risks that have been evaluated by the Senior Executive Team as the most current significant risks the Trustees need to be made aware of. The Operational Risks are the risks that have been put together by the Senior Executive Team and are considered the most important in terms of their risk to the operations of the Trust and the highest risks in terms of it achieving its objectives.
- 5.5. The Senior Executive Team use 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 or new requirements from funders
 - 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 the appropriate intervals.
 - c. ensuring that allocated leads complete the further actions required;
 - d. for the risks where they have been assigned as lead for action, ensure controls are monitored and managed and provide regular updates to the risk owner.
 - e. decide upon the top strategic risks to be reported to the Finance and Resources Committee.

7. Role of the Finance and Resources Committee

- 7.1. The Trust Audit Committee is responsible for
- a. annually reviewing and setting the tolerance level for risk exposure;
 - b. reviewing the Strategic Risk register at every meeting;

- c. providing strategic leadership, review and challenge to the Senior Executive Team on the Strategic Risks
- d. 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 they are being managed effectively.

8. Risk Management Process

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

- a. **Identification** – there are various methods, such as workshops, self-evaluation, lessons learnt, brainstorming and a SWOT or PESTLE analysis. The key point is to ensure they 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. **Assessment** – The two main parameters for assessing risk are impact, as in how significant might the consequences be and likelihood, as in how likely is it going to happen. Each risk is assigned a score for each parameter.
- d. **Scoring Matrix** - The scoring is based on a 5x5 scoring matrix as given below. Multiplying the values for impact and likelihood produces the risk score taking into account the application of mitigating or control procedures. See Appendix A Risk Register, Tab B Risk Score guide for further detailed guidance.
- e. **Exposure** – Once the score for each risk has been determined, it is then assessed against the tolerance levels that has been pre-determined by the Audit Committee. This tolerance level provides triggers for treatment and further action.
- f. **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.
- g. **Risk Register** – A Risk register is compiled, consisting of all the key fundamental risks that have been identified. A template is provided in Appendix A.

- h. **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 Member, Trustee/Director, Governor and Senior Employee by sending an email to the link on the Trust's website on an annual basis and when each new Member, Trustee/Director, Governor and Senior Employee joins the Trust.
- 9.3. The Trustees, in consultation with the Local Governing Bodies, are responsible for overseeing, reviewing and organising the revision of the Risk Assessment Policy & Procedure.

Adoption of the Policy

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

Signed



(Chair of Trust)

Date: 9 May 2016

