

Hummersknott Academy Trust



74 – Risk Management Policy

Review Date: June 2022

Adopted/V1	V2	V3	V4	V5	V6		
July 2016	July 2017	July 2018	July 2019	July 2020	Dec 2021		

Hummersknott Academy Trust incorporates Hummersknott Academy and Skerne Park Academy and unless otherwise stated this policy applies to all Academies equally.

PURPOSE

This Risk Management Policy forms part of the Trust's internal control and corporate governance arrangements.

The policy explains the Trust's underlying approach to risk management, documents the roles and responsibilities of the Board of Directors, the Finance and Audit Committee and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedure.

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

SCOPE

Underlying Approach to Risk Management

The following key principles outline the Trust's approach to risk management and internal control:

- The Board of Directors has responsibility for overseeing risk management within the Trust as a whole
- An open and receptive approach to solving risk problems is adopted by the Board of Directors
- The Executive Principal/Headteacher and the senior leadership teams support, advise and implement policies approved by the Board of Directors
- The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
- Key risk indicators will be identified and closely monitored on a regular basis

Role of the Board of Directors

The role of the Board of Directors in the management of risk is to:

- Set the tone and influence the culture of risk management within the Trust
- Determine the Trust's risk appetite as to whether it is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue
- Determine what types of risk are acceptable and which are not
- Set the standards and expectations of staff with respect to conduct and probity
- Approve major decisions affecting the Trust's risk profile or exposure
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact.
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively
- Annually review the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures

Role of the Risk Management Group

Hummersknott Academy Trust has designated the Senior Leadership Team (SLT) in each Academy as the risk management group.

Key roles of the risk management group are to:

- Take overall responsibility for the administration and implementation of the risk management process
- Identify and evaluate the significant risks faced by each Academy for consideration by the Board of Directors
- Provide adequate information in a timely manner to the Board of Directors and its committees on the status of risks and controls
- Report on risk management action plan implementation at each meeting of the Finance and Audit Committee
- Undertake an annual review of effectiveness of the system of internal control and provide a report to the Board of Directors

Risk Management as Part of The System of Internal Control

The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the Trust to respond to a variety of operational, financial and commercial risks. These elements include:

a. Policies and Procedures

Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the Board of Directors and implemented and communicated by SLT to staff.

b. Business Planning and Budgeting

The business planning and budgeting process is used to set objectives, agree action plans and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

c. High Level Risk Action Plan (significant risks only)

The risk management action plan is compiled by members of the SLT and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the Trust. The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

d. Finance and Audit Committee

The Finance and Audit Committee, in their report to the Board of Directors on internal controls, alerts Directors to any emerging issues. In addition, the committee oversees internal audit, external audit and management as required in its review of internal controls. The committee is therefore well placed to provide advice to the Board on the effectiveness of the internal control system, including the Trust's system for the management of risk.

e. Internal Audit Programme

Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation.

f. External Audit

External audit provides feedback to The Board of Directors on the operation of the internal financial controls reviewed as part of the annual audit.

g. Third Party Reports

From time to time, the use of external consultants will be necessary in areas such as health and safety. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

Annual Review of Effectiveness

The Board of Directors is responsible for reviewing the effectiveness of internal controls of the Trust, based on information provided by the risk management group. Its approach is outlined below.

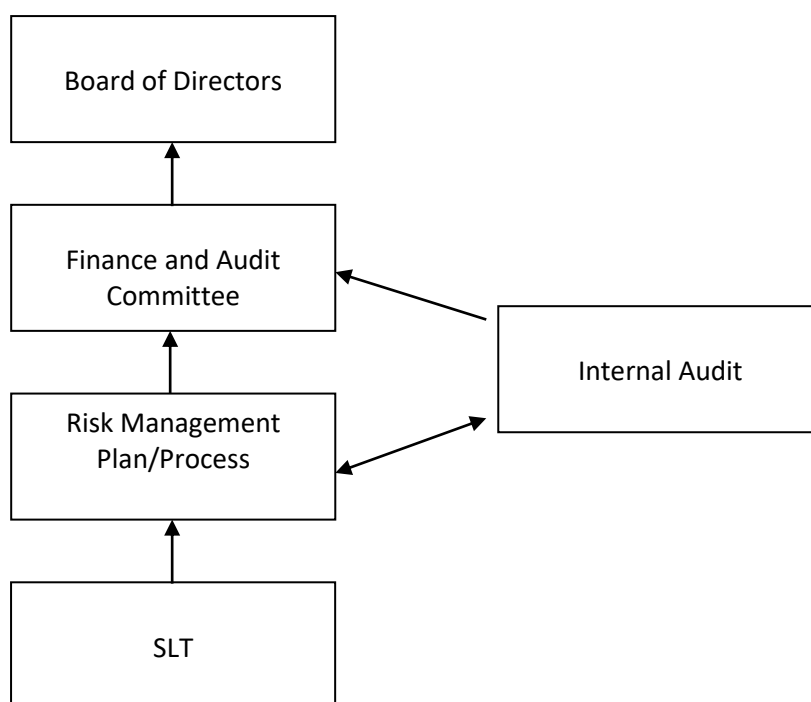
For each significant risk identified, the board will:

- 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 will consider the following aspects:

- a. Control environment:
 - The Trust's objectives and its financial and non-financial targets
 - Organisational structure and calibre of the SLTs
- b. On-going identification and evaluation of significant risks:
 - Timely identification and assessment of significant risks; and prioritisation of risks and the allocation of resources to address areas of high exposure
- c. Information and communication:
 - Quality and timeliness of information on significant risks; and time it takes for control breakdowns to be recognised or new risk to be identified
- d. Monitoring and corrective action:
 - Ability of the Trust to learn from its problems and its commitment and responsiveness with which corrective actions taken are implemented

Risk Management Structures, Roles and Ownership



A summary of the roles and responsibilities of each body are set out below:

Body	Expected role in risk management	Formal responsibilities
Board of Directors	<p>The Board of Directors is expected to:</p> <ul style="list-style-type: none"> • Set the tone and influence the culture of risk management throughout the Trust • Approve all major decisions affecting the Trust's risk profile or exposure • Frequently monitor the management of significant risks to reduce the likelihood of unwelcome surprises • Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively • Annually review the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures. This will include an examination of the framework/process and its rigour 	<p>The Board of Directors is ultimately responsible for the Trust's system of internal control and reviewing its effectiveness.</p> <p>The Board of Directors needs to form an opinion on whether the Trust has complied with all the provisions of the Combined Code throughout the year. This will include:</p> <ul style="list-style-type: none"> • Reviewing the key risks together with the controls which have been implemented to mitigate those risks • Confirming whether or not there has been a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the 12 months to 31 July each year and up to the accounts approval date <p>The Board of Directors will also need to ensure that there is a regular review of the risk management process and its outcomes (via The Finance and Audit Committee). The Executive Principal/Headteacher will ensure an up-date of the risk register goes to each Finance and Audit meeting throughout the year.</p>

Finance and Audit Committee	<p>The Finance and Audit Committee oversees internal audit, external audit, ISR auditors and management as required in its review of internal controls. The Committee is therefore well placed to provide advice to the Board on the effectiveness of the internal control system, including the Trust's system for the management of risk as part of its annual report.</p>	<p>The Finance and Audit Committee reports to the Board of Directors on internal controls and alerts them to any emerging issues. The Finance and Audit Committee meets on at least a termly basis and provides a forum for reporting by the Trust's internal and external auditors.</p>
Risk Management Group (SLT)	<p>The risk management group comprises of all members of the SLT. Its main function is to:</p> <ul style="list-style-type: none"> • Implement policies on risk management and internal control • Identify and evaluate the significant risks faced by the Trust for consideration by the Board of Directors • Provide adequate information in a timely manner to the Board of Directors and its committees on the status of risks and controls • Prepare a new risk management action plan for each new academic year 	<p>Its responsibility is to support the Board of Directors and associated committees in discharging their duties.</p> <p>It will hold regular meetings to ensure action plan implementation is being carried out efficiently and effectively.</p>
Internal Audit	<p>Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation.</p> <p>Internal audit will need to take account of the corporate risks and the resultant risk management action plan in determining its strategic and annual plan of work.</p> <p>Internal audit will review and test the systems of control over the risk management process to provide assurance to The Finance and Audit Committee that the process is well controlled and to confirm that the risk management processes are being carried out in accordance with the agreed procedures and in a timely manner. There will be an annual review included within the internal audit strategic plan.</p>	<p>The Trust's internal auditors monitor the systems of internal control in accordance with an agreed plan of input and report their findings to management and the Finance and Audit Committee. Management are responsible for the implementation of agreed recommendations and internal audit and undertake periodic follow-up reviews to ensure such recommendations have been implemented.</p>

Risk Management Reporting Process

In order to ensure that the Trust minimises its exposure to risk and the potential effects of such risks the Risk Management Group (SLT) and the Board of Directors have agreed the following process in line with the guidelines set out in the accompanying Risk Management Policy.

The Process

The SLT (as the Risk Management Group) will consider the Risk Management Policy, Risk Register and the Risk Management Action Plan on an annual basis. They will prepare a report for the consideration of the Board of Directors which:

- Identifies and evaluates the significant risks faced by the Trust
- Makes recommendations concerning the content of the policy, action plan and register

The Board of Directors will consider their report and approve any changes to the policy, the action plan and the register in the final meeting of the year.

The SLT will review the Risk Management Action Plan and the Risk Register each term. They will:

- Review the progress of the implementation of the Risk Management Action Plan
- Consider all risks, their status and their controls to ensure that they are still appropriate
- Where a weakness is identified, agree clear actions, timescales and responsibilities
- Update the action plan and the register as required

Following this meeting a report of the review will be presented to the next meeting of the Finance and Audit Committee. They will consider the report and its recommendations and approve any subsequent actions.

This policy links with values 2 - Outstanding provision, 3 - Nothing but the best for all, 4 – Taking responsibility, 5 - Foundations for future success, and 8 – Moral compass, of Hummersknott Academy Trust's Vision and Values.

RESPONSIBILITY

This policy will be reviewed and updated where necessary by the Chief Financial Officer and approved for adoption by Finance and Audit Committee.

PUBLICISING THE POLICY

A copy of this policy will be available on each Academy's website and the X Drive/intranet where applicable. Staff will be advised of amendments to this policy via the Staff Bulletin/Briefing and are expected to familiarise themselves with the content.

POLICY STATUS

This is a non-statutory policy.