



EBOR ACADEMY TRUST

Policy Number

26

Risk Management Policy

Approved By: Ebor Academy Trust Board of Trustees

Approval Date: February 2020

Review Period: 3 years

Review Date: February 2023

Author: D Simpson (COO)

Date Created/updated: February 2020

Version Number: 1

Contents:

Section Number	Title	Page
1	Purpose of this document	3
2	Underlying approach to Risk Management	3
3	Role of the Board of Trustees	3
4	Role of the Audit 7 Risk Committee	4
5	Role of the Executive Board	4
6	Risk Management as part of the system of internal control	4
7	Business planning and budgeting	4
8	Risk framework	4
9	Audit & Risk Committee	5
10	External Audit	5
11	Annual Review of effectiveness	5

1. Purpose of this document

This risk management policy (the 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 Trustees, the Audit Committee, the Executive Board, and other key parties. 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. Underlying approach to Risk Management

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

- a) the Board of Trustees has responsibility for overseeing risk management within the Trust as a whole and agreeing the level of risk appetite
- b) an open and receptive approach to solving risk problems is adopted by the Board of Trustees
- c) day to day identification and management of risk is owned by every employee
- d) central Services and Trusts make conservative and prudent recognition and disclosure of the financial and non-financial implications of risks. Papers for Trustee approval are required to include a section on any key risks in relation to the proposal.
- e) risk register owners are responsible for encouraging good risk management practice within their areas of responsibility, monitoring and managing risk pro-actively
- f) key risk indicators will be identified and closely monitored on a monthly basis by the Head of Compliance and the COO, and reported in the Audit & Risk Committee

3. 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:

- a) Set the tone and influence the culture of risk management within the Trust. This includes:
 - I. determining and reviewing strategic risks
 - II. determining whether the Trust is 'risk taking' or 'risk averse' in relation to areas of risk;
 - III. determining what types of risk are acceptable and which are not
 - IV. setting the standards and expectations of staff with respect to conduct and probity
 - V. Approve major decisions affecting the Trust's risk profile or exposure
- b) In monitoring risks the Board of Trustees will:
 - I. Identify and address significant risks
 - II. Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively
 - III. Annually review the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures
 - IV. Delegate the Audit & Risk Committee to review the Trust's risk register

4. Role of the Audit & Risk Committee

- a) The key roles of the Audit & Risk Committee is to act on behalf of the Board of Trustees to:
- b) Review and evaluate the key risks identified by the Executive Board.
- c) Review the Trust's Risk Register and satisfy itself that risks are being managed and mitigated.
- d) Report annually to the Board of Trustees on the Trust's systems of internal control and Risk Register.
- e) Monitor the work of internal and external audit in respect of risk.
- f) Report to the Board of Trustees

5. Role of the Executive Board is to:

- a) Develop and implement policies on risk management and internal control
- b) Review the Trust's Risk Register on a monthly basis
- c) Identify and evaluate the significant risks faced by the Trust for consideration by the Audit Committee.
- d) Provide adequate information in a timely manner to the Head of Compliance on the status of risks and controls.
- e) Undertake an annual review of effectiveness of the system of internal control and provide a report to the Audit Committee and from that committee to the Board of Trustees.

6. 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 educational, operational, financial, and business risks. These elements include:

- a) A series of policies that underpin the internal control process which are set by the Executive and implemented and communicated to staff.
- b) Written procedures support the policies where appropriate.
- c) Monthly reporting to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Executive Board and the Audit & Risk Committee.

7. 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. Financial risk is monitored regularly and considered with every financial decision.

8. Risk framework

This framework helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the Trust, aligning strategic and operational risk. Risk register owners develop and use this framework to ensure that significant risks in their area of responsibility are identified, assessed and monitored.

The document is formally appraised annually by the Board of Trustees but emerging risks are added as required, and improvement actions and risk indicators are monitored by the Executive Board on a monthly basis and reported to the Audit & Risk Committee.

The Trustee Board receive a risk report which shows the impact of operational risk on strategic risk as well as the risk profile.

9. Audit & Risk Committee

The Audit Committee is required to report to the Board of Trustees on internal controls and alert Trustees and Governing Bodies 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 of Trustees on the effectiveness of the internal control system, including the Trust's system for the management of risk.

The Committee reviews the Trust's Risk Register at each meeting.

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 Trust.

10. External audit

External audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit. Third party reports from time to time, the use of external consultants will be necessary in areas such as health and safety, and human resources.

The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system. Occasionally the Trust will be subject to audit from third parties and these may provide some review of the Trust's risk arrangements

11. Annual Review of effectiveness

The Board of Trustees is responsible for reviewing the effectiveness of internal control of the Trust, based on information provided by the Audit and Risk committee.

Its approach is outlined below. 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.

It will 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.

- a) Control environment: the Trust's objectives and its financial and non-financial targets; organisational structure and calibre of the Executive; culture, approach, and resources with respect to the management of risk; delegation of authority.
- b) On-going 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.
- c) 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.
- d) Monitoring and corrective action: Ability of the Trust to learn from its problems; commitment and speed with which corrective actions are implemented.