

drb Ignite Multi Academy Trust

Risk Management Policy

drb Ignite Multi Academy Trust Vision

The drb Ignite Multi Academy Trust has been established through a shared belief that lives can be transformed by what goes on in schools. We believe that the process of teaching and learning shapes futures. To this end our vision is to provide every child with learning experiences that excite them and give them the power to begin to shape their own lives.

all pupils achieve the highest standard of educational outcomes regardless of circumstances or background.

Introduction

This policy sets out the Framework for Risk Management in the Trust. This allows for ease of understanding and regular review.

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.

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. It also ensures the Trust is fully compliant with the **Academies Financial Handbook 2020** and ESFA requirements.

The Trust's Risk Register which is managed by the CEO and monitored by the **Risk and Audit Sub Committee**.

Definition

For the purpose of this policy, risk is defined as:

The possibility of an event occurring that will have an impact on the achievement of Trust objectives.

Legal Framework

It is a requirement:

- of the Academies Financial Handbook 2020 that the Trust has sound internal control and risk management processes in place.
- under the Charities Act.
- to include a section in the Trust's Annual Report on principal risks and uncertainties, which are derived from the Trust's Risk Register.

Level of Risk Exposure

The agreed level of risk exposure informs trustees in their decision making as to the levels of risk they are willing to accept and provides a benchmark against which initial risk assessments are undertaken. The risk assessment and evaluation process, in turn, informs trustees of the Trust's overall risk profile and the mitigation strategies taken to manage any major risks identified.

The overall level of risk or exposure to risk that is tolerated by the Trust is determined and overseen by the Risk and Audit Committee. This is reviewed on an annual basis to ensure that it is fit for purpose going forward. Particular attention is paid to risks/exposure that are rated *high* and *very high*.

Risk Assessment and Monitoring

Structured and ongoing risk management is central to all Trust activity and planning and is therefore seen as a process that requires regular monitoring and assessment through the Risk and Audit Sub Committee.

The risk management process adopted by the Trust ensures that:

- risks are properly reported and evaluated
- Trustees and senior leaders use the Risk Register as a key management tool
- Trustees are provided with relevant and timely interim reports
- any significant failures of control systems are properly reported and actioned
- there is an adequate level of understanding of individual responsibilities for both implementation and monitoring of the control systems
- any further actions required are identified and assigned to individual owners to action.

The risk management process is effectively recorded through the use of a risk register. The register pulls together all aspects of the risk management process. It schedules the risks, the controls in place, the assessment of the risk and the follow up mitigation actions required.

The Trust's Risk Register is made up of key operational areas with associated sub-categories e.g. finance, governance, growth and development.

Trustees and senior leaders use the Risk Register to monitor risk by:

- ensuring that the identification, assessment and mitigation of risk is linked to the achievement of the Trust's operational priorities
- ensuring that the assessment process reflects the Trustees' view of acceptable risk
- reviewing and considering the results of risk identification, evaluation and management
- considering the risks attached to significant new activities or opportunities
- regularly considering external factors such as new legislation or new requirements from funders that may affect risk tolerance
- considering the financial impact of risk as part of operational budget planning and monitoring

Role of the Executive Leadership Team

The Executive Leadership Team is responsible for:

- managing the Risk Register, ensuring it is regularly reviewed and updated
- ensuring risk owners reassess and update their risks at appropriate intervals
- ensuring that allocated owners complete the all actions required
- reporting the top strategic risks to the Risk and Audit Committee.

Role of the Risk and Audit Committee

The Trust's Risk and Audit Committee is responsible for:

- annually reviewing and setting the tolerance level for risk exposure
- ensuring full compliance with the Academies Financial Handbook 2020
- ensuring full compliance with ESFA requirements
- reviewing the Trust's Risk Register at every meeting
- providing strategic leadership, review and challenge to the Executive Leadership Team on key strategic risks
- overseeing the completion of the section regarding risk management within the Trust's Annual Report.


Risk Management Process

The Trust Risk Register is managed electronically uses risk management software. The main stages of the Trust's risk management process are:

- **Identification** – there are various methods the Trust uses to identify risks such as workshops, self-evaluation, consideration of new projects/activity, due diligence and post project/activity lessons learnt. The key point is to ensure risks are fundamental and relate to the key priorities of the Trust.
- **Ownership** – a specific risk owner is 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 in place.
- **Assessment** – the Trust use the two main parameters for assessing risk. These are **impact** i.e. how significant might the consequences be and **likelihood** i.e. how likely is it that it is going to happen. Each risk is assigned a score for each parameter.
- **Scoring** - the scoring is based on a 5x5 scoring matrix. Multiplying the values for impact and likelihood produces the risk score after taking in to account the application of mitigating or control procedures. The process is summarised as follows:
 - **Exposure** – once the score for each risk has been determined, it is then assessed against the tolerance levels that have been pre-determined by the Risk and Audit Committee. The tolerance level provides a trigger for treatment and further action.
 - **Treatment** - if it is considered that the level of exposure is unacceptable then further action may be required. This may include:
 - reducing the likelihood or impact of the risk via the application of additional controls or the establishment of a contingency plan
 - accepting the risk subject to regular and more intense monitoring
 - eliminating the risk such as withdrawing from a particular activity.

Monitoring and Review

The Trust's Chief Financial Officer has overall responsibility for the maintenance and operation of this policy. The policy will be reviewed annually by the Trust's Risk and Audit Committee and forms part the Trust's financial procedures in line with the requirements of the Academies Financial Handbook 2020.

Monitoring and review	CEO and CFO
Links	Trust Financial Procedures Manual
Staff responsible	CEO CFO
Committee responsible	Risk and Audit Sub Committee
Date approved by Trust Chair	
Reviewed	October 2020
Next review date	October 2021

*Please note that should there be any changes/further national guidance issued relevant to this policy, it will be updated accordingly prior to the review date shown above and referred to the next Trust Board meeting.

Change Management

Issue No.:	Change date:	Change description:
1.0	Nov'16	Initial release
2.0	Aug'18	Rebranded, updated and Signed off for release.
3.0	Nov'19	Reviewed, no content changes, signed off
4.0	Oct' 20	Review (AFH 2020)