



CHANGE SCHOOLS PARTNERSHIP TRUST

Risk Management Policy

Date of Policy: Spring 2016

Date Adopted: Spring 2016

Date for Review: Spring 2018

Statement of Intent

CHANGE Schools Partnership is committed to ensuring that there is a robust system in place to manage the various elements of risk. The Trust recognises that management of all areas of risk is important and the responsibility of all those involved in the Trust.

This policy reflects our commitment to ensuring that Risk Management is understood and the responsibility of all stakeholders of the Trust.

This policy sets out the key responsibilities of the Board of Trustee, Governors, Senior Leadership and all employees and other key staff.

The Risk Management Policy and Risk Register was reviewed by the Board of Trustees on:

21st March 2016

Purpose

- The Risk Management Policy (the Policy) forms part of CHANGE Schools Partnership's (the Trust) internal control and governance arrangements.
- The Policy explains the Trust's underlying approach to risk management. It gives key aspects of the risk management process, and identifies the main reporting procedures.
- The Policy describes the process the Board of Trustees (the Board) uses to evaluate the effectiveness of the Trust's internal control procedures.

Approach to risk management

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

- As the principal executive and policy-making body of CHANGE Schools Partnership, the Board is responsible for risk management.
- The Board is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives.
- There should be an open and receptive approach to mitigating risk.
- A Working Party of trustees will review the Policy and associated Risk Register as required, and report to the Board appropriately.
- The Head of Finance and Business Services will be responsible for co-ordinating and advising the Trust on risk management.
- The Board makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- Although risk management will be the responsibility of the Board, leadership and management teams are responsible for encouraging and implementing good risk management practice within schools.
- Early warning mechanisms will be put in place and monitored to alert the Board so that remedial action can be taken to manage any potential hazards.
- All key projects, strategic and development planning will include a review of associated risk and, by completion and submission of a risk evaluation form to the Board for approval and will be required to demonstrate sound risk management strategy.

Role of the Board of Trustees

The Board has a significant role to play in the management of risk. Its role is to:

- Set the tone and influence the culture of risk management within the Trust.
This includes:
 - ❖ determining whether the Trust is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue;
 - ❖ determining which risks are acceptable and which are not; and
 - ❖ setting the standards and expectations of staff with respect to conduct and probity.
- Determine the appropriate risk appetite or level of exposure for the Trust.
- Determine the Trust's risk prioritisation protocol.
- Approve major decisions affecting the Trust's risk profile or exposure.
- Monitor the management of fundamental risks.
- Satisfy itself that the less fundamental risks are being actively managed with appropriate and effective controls in place.
- Review annually the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures

Role of the Working Party/Head of Finance and Business Services

The Head of Finance and Business Services (HoFBS) will oversee risk management for the Trust and will be supported by a Working Party appointed by the Board to oversee the risk management process for the Trust.

Responsibilities of the HoFBS/Working Party:

- Recommends an appropriate risk appetite or level of exposure for the Trust.
- Identifies and quantifies fundamental risks affecting the Trust, and ensures that arrangements are in place to manage those risks.
- At least annually, reviews fundamental risks and their controls and reports to Board.
- Informs the Audit Committee on risks and controls that should be included in the Audit needs assessment, ensuring the integration of Internal Audit into risk management.
- Oversees arrangements for emergency and business continuity management on behalf of the Board. This will include maintaining the Trust's policy and receiving the annual report summarising the results of a programme of annual reviews of local emergency action plans and the outcome of associated exercises to test them.
- Helps embed a risk management culture into major decision-making through risk education, high level controls and procedures.
- Considers major decisions affecting the Trust's risk profile or exposure.
- Recommends to the Board a suitable risk management policy for the Trust.

The HoFBS/Working Party will in addition bring reports as necessary to the Board, Audit Committee, and other local committees/governing bodies as appropriate.

Role of Senior Leadership and Management

Key roles of Executive Head teacher, Head of Finance and Business Services, Head teacher/Head of School and School Leadership:

- Implement policies on risk management and internal control.

- Identify and evaluate the fundamental risks faced by individual schools and therefore the Trust, for consideration by the Board as and when necessary.
- Provide adequate information in a timely manner to the HoFBS when required, on the status of risks and controls.
- Assist the Board and internal auditors to undertake an annual review of risk management and the effectiveness of the system of internal control, where appropriate.

Embedding risk management as part of the system of internal control

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

- Policies and procedures.
Attached to fundamental risks are a series of policies that underpin the internal control process. The policies are set by the Board. Written procedures support the policies where appropriate.
- 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. Risk management is built into this process.
- High level risk framework (fundamental risks only).
This framework is compiled by the Working Party and managed by the HoFBS and helps to identify, assess, and monitor risks significant to the Trust. The Risk Register is revised formally annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly. Completion of a Risk Evaluation Form is required for all business development, strategic projects to demonstrate responsible management of risk.
- Schools
- Governing Bodies and Senior Leadership and Management teams develop and use this framework to ensure that risks in schools are identified, assessed and monitored. The central risk register is revised formally annually, taking account of individual schools requirements, to ensure emerging risks are added as required, and improvement actions and risk indicators are monitored regularly. Completion of a Risk Evaluation Form is required for all business development, strategic projects to demonstrate responsible management of risk.
- Audit Committee.
The Audit Committee reports to Board on internal controls and alerts the Board on any emerging issues. In addition, the Audit Committee oversees internal audit, external audit and management as required in its review of internal controls. The Audit Committee should provide advice to the Board on the effectiveness of the process for managing risk regarding internal controls and checks including the Trust's system for the management of risk.
- Internal audit programme.
Internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the Trust. The internal audit strategy will be developed around the Trust's objectives and use the assessment of the fundamental risks. The work programme should include an assessment of the effectiveness of the risk management process.
- External audit.
External audit informs 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 may be appropriate 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.

Board of Trustees Annual Review of Effectiveness

The Board, advised by the HoFBS/Working Party, will undertake an annual review to consider:

- whether risk management continues to be linked to the achievement of the Trust's objectives;
- the appropriate risk appetite or level of exposure for the Trust as a whole;
- whether risk review procedures cover fundamental reputational, governance, staff, research, teaching, operational, compliance, pupil experience, financial, strategic and other risks to achieving the Trust's objectives;
- whether risk assessment, evaluation and risk-based internal control are embedded in ongoing operations and form part of its culture;
- changes in the nature and extent of fundamental risks and the Trust's ability to respond to changes in its internal and external environment since the last assessment;
- the scope and quality of management as an on-going process of monitoring the system of internal control including such elements as the effectiveness of internal audit and other assurance functions;
- the extent and frequency of reports on internal control to the Board and whether this is sufficient for Board to build up a cumulative assessment of the state of control and effectiveness of risk management;
- the incidence of any fundamental control failings or weaknesses identified at any point within the year and the impact that they have had or could have on financial results;
- the effectiveness of the Trust's public reporting processes;
- the effectiveness of the overall approach and policy to risk management and whether changes or improvements to processes and procedures are necessary.