



An Daras Multi Academy Trust

Risk Management Strategy Policy

The An Daras Multi Academy Trust (ADMAT) Company

An Exempt Charity Limited by Guarantee

Company Number/08156955

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| Recommended | |
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| Advisory Committee | Resources and Staffing |
| Linked Documents and Policies | EFA Academy Financial Handbook |



Risk Management Strategy Policy

1. Background

The Risk Management Strategy aims to ensure that ADMAT complies with risk management best practice and sets out the current processes and responsibilities for risk management in the Academy.

1.1. The requirements can be summarised as:

- The Governors/directors acknowledge responsibility for the system of internal control
- An ongoing process is in place for identifying, evaluating and managing all significant risks
- An annual process is in place for reviewing the effectiveness of the system of internal control
- There is a system in place to deal with internal control aspects of any significant issues disclosed in the annual report and accounts

1.2. In assessing what constitutes a sound system of internal control, consideration should be given to:

- The nature and extent of the risks facing the organisation
- The extent and categories of risk which it regards as acceptable
- The likelihood of the risks concerned materialising
- The organisation's ability to reduce the incidence and impact of the risks that do materialise

1.3. Risk Management best practice is encapsulated in the Risk Management Standard published jointly by the major risk management organisations in the UK – The Institute of Risk Management (IRM); The Association of Insurance and Risk Managers (AIRMIC); and ALARM, The National Forum for Risk Management in the Public Sector (see Appendix 1).

2. Risk Management objectives

The objectives for managing risk across the Academy are:

- To comply with risk management best practice;
- To ensure risks facing the Academy are identified and appropriately documented;
- To provide assurance to the Governors/directors that risks are being adequately controlled, or identify areas for improvement;
- To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

3. Risk Management strategy

This strategy aims to:

- Outline the roles and responsibilities for risk management.
- Identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored
- Ensure appropriate levels of awareness throughout the Academy

3.1. Roles and responsibilities

The Senior Leadership Team (SLT) has overall responsibility for managing risk. The Finance Director has lead responsibility for risk management processes and the Academy-wide Risk Register. This responsibility includes:

- Monitoring the performance of risk management processes
- Ensuring that appropriate controls are in place to manage identified risks

- Preparation of periodic reports to the Audit Committee (sitting within the Resources and Staffing Committee)

The Risk Register is formally reviewed each term by the Finance Director. The Risk Register is a standing item on the Audit Committee's agenda and they will monitor the identification and mitigation of risk within the Academy. The Audit Committee's review of the Risk Register forms part of that Committee's report to the Board of Directors.

3.2. Identification of risks

The Risk Management Standard states that risk identification should be approached in a methodical way to ensure that all significant activities have been identified and all the risks flowing from these activities have been defined.

Our approach to risk management is linked to six key aims:

- Aspire, Accomplish, Achieve
- Outstanding staff, leadership and management
- Outstanding infrastructure
- Financial strength
- Inspiring and supportive culture
- Strong community and partnerships

The structure and organisation of the Academy's risk register seeks to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.

3.3. Evaluation of risks

The Risk Management Standard states that risks should be evaluated against agreed criteria to make decisions about the significance of risks to the organisation.

The Academy uses a 3x3 matrix to assess impact and probability as high, medium or low, as illustrated in the diagram below:

| | | | | |
|--------|---|-------------|---|---|
| Impact | 3 | 3 | 6 | 9 |
| | 2 | 2 | 4 | 6 |
| | 1 | 1 | 2 | 3 |
| | | 1 | 2 | 3 |
| | | Probability | | |

The **descriptors** for high, medium and low impact and probability can be expanded as follows:

Impact of risk occurring

| Impact | Description |
|--------|--|
| High | The financial impact will be significant [in excess of £100,000] Has a significant impact on the Academy's strategy or on teaching and learning Has significant stakeholder concern |
| Medium | The financial impact will be moderate [between £25,000 and £100,000] Has no more than a moderate impact on strategy or on teaching and learning Moderate stakeholder concern |
| Low | The financial impact is likely to be low [below £25,000] Has a low impact on strategy or on teaching and learning Low stakeholder concern |

Probability of risk occurring

| Probability | Description | Indicator |
|-------------|--|--|
| High | Likely to occur each year, or more than 25% chance of occurrence within the next 12 months | Potential of it occurring several times within a 4 year period. Has occurred recently |
| Medium | Likely to occur within a 4 year time period or less than 25% chance of occurring within the next 12 months | Could occur more than once within a 4 year period. Some history of occurrence |
| Low | Not likely to occur within a 4 year time period or less than 5% chance of occurrence | Has not occurred Is not likely to occur |

3.4. Risk appetite

The term risk appetite describes the Academy's readiness to accept risks and those risks it would seek to reduce. The Academy's risk threshold is the boundary delineated by the pink shaded area (represented by scores of 6 and above) in the risk matrix in paragraph 3.3. Above this threshold, the Academy will actively seek to manage risks and will prioritise time and resources to reducing, avoiding or mitigating these risks.

3.5. Addressing risks

When responding to risks, the Academy will seek to ensure that it is managed and does not develop into an issue where the potential threat materialises.

The Academy will adopt one of the 4 risk responses outlined below:

| | |
|----------|--|
| Avoid | Counter measures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the business |
| Transfer | The risk is transferred to a third party, for example through an insurance policy. |
| Mitigate | The response actions either reduce the likelihood of a risk developing, or limit the impact on the Academy to acceptable levels. |
| Accept | We accept the possibility that the event might occur, for example because the cost of the counter measures will outweigh the possible downside, or we believe there is only a remote probability of the event occurring. |

4. Risk Reporting and Communication

The aim of reporting risk is to provide assurance to the Governors, Senior Management and Auditors that the Academy is effectively managing its risks and has a robust system of internal controls.

4.1. Risk register

The reporting mechanism will be the Academy's Risk Register. This will highlight the key risks facing the Academy, as well as a breakdown for each key strategic aim. The Risk Register will be monitored by the Audit Committee (within Resources and Staffing Committee) on a termly basis.

Any significant changes in risk impact or probability, or the occurrence of an event which raises the profile of a risk will be recorded on the risk register as it occurs. Any new or increased risks identified by SLT, Governors/directors or raised by a member of staff will be evaluated and, if appropriate, recorded in the Risk Register.

4.2. Communicating Risks

The Finance Committee monitors the risk register each term. The Finance Director will ensure that any perceived new or increased risks or significant failure of risk management control measures are considered and reported to the Audit Committee, along with a summary of actions taken.

The Finance Director will endeavour to raise awareness that risk management is a part of the Academy's culture and seek to ensure that:

- individual members of staff are aware of their accountability for individual risks
- individuals report promptly to senior management any perceived new risks or failure of existing control measures.

4.3. Annual risk review and assessment

The Responsible Officer review provides at least twice a year assessment of the effectiveness of the Academy's management of risk.

The Finance Director will prepare an annual review of risk for the Audit Committee annually in the autumn term. This will enable the Audit Committee to report to the Governing Body on:

- The significant risks facing the Academy
- The effectiveness of the risk management processes
- That the Academy has published a risk management strategy covering risk management philosophy and responsibilities

5. Areas for improvement

Any areas identified as being in need of improvement will be discussed and agreed each term at the Audit Committee (part of the Board of Directors Resources and Staffing Committee).

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| Next Review | Sept 2015 |
| Signed Chair of Board: | Signed Executive Head Teacher: |