

**This policy applies to all schools in CDAT**

**RISK MANAGEMENT POLICY**

**Purpose of this document**

1. This Risk Management Policy forms part of the Charles Darwin Academy Trust’s (the Trust) internal control and corporate governance arrangements.

2. The Policy explains the Trust’s underlying approach to risk management, documents the roles and responsibilities of the CDAT Board, Finance and Audit Committee, Headteacher and other key parties, including the internal audit function and the Senior Leadership Team. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

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

**Underlying approach to risk management**

4. The following key principles outline the Trust’s approach to risk management and internal control:-

* The Headteacher has responsibility for overseeing risk management within the school as a whole. In this respect the Headteacher supports, advises and implements policies approved by the CDAT Board and Local Governing Body;
* The Finance and Audit Committee on behalf of the CDAT Board has responsibility for reviewing the effectiveness of the risk management process;
* The Trust categorises risks according to their impact and likelihood and assesses their financial and non-financial implications;
* The Senior Leadership Team in each school is responsible for encouraging good risk management practice within their respective areas of responsibility;
* The risk management process is integrated with the school improvement and budget planning process;
* Key risk indicators will be identified and closely monitored on a regular basis.

**Role of the CDAT Board and the Finance and Audit Committee**

5. The Finance and Audit Committee, on behalf of the CDAT Board, has a fundamental role to play in the management of risk. Its role is to:-

(i) Obtain or request from the Headteacher an explanation of the status of risks and controls;

(ii) Ensure that a risk register has been compiled and that the greatest threats to the institution are being addressed;

(iii) Monitor the management of significant risks to reduce the likelihood of unwelcome surprises;

(iv) Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively;

(v) Ensure that external auditors have plans to satisfy themselves on the adequacy of risk management and are able to provide an annual assessment of corporate governance, risk management and internal control;

(vi) Annually review the Trust’s approach to risk management and approve changes or improvements to key elements of its processes and procedures;

(vii) Review draft corporate governance statements before inclusion in the financial statements.

**Role of the individual school’s Headteacher**

6. Key roles of the Headteacher are to:-

(i) Implement policies on risk management and internal control;

(ii) Receive risk reports for management purposes from the Senior Leadership Team;

(iii) Consider the potential aggregate impact of the school’s high likelihood, high impact risks with a view to considering implications for school policy;

(iv) Provide adequate information in a timely manner to the Finance and Audit Committee on the status of risks and controls.

**Role of the individual school’s Senior Leadership Team**

7. Good risk management practice starts with having an approach to leadership of the school that ensures a good balance between securing stability and taking well analyzed risk to progress the school; risks that often come with innovation and change need to be extremely well managed. The best way to ensure good risk management, in this context is firstly to ensure very good day to day leadership that is proactive at all levels across the school, nipping things that can become harmful in the bud. This should be the focus of the Headteacher and the senior leadership team. In addition the Headteacher with the senior team need to ensure that there is regular discussion of common risks resulting from excessive financial pressure, day to day operational issues, reputational issues and H&S issues;a culture of openness and directness as far as this discussion is concerned is to be encouraged and ensured.

The responsibilities of senior staff therefore include:-

(i) Adoption and encouragement of best practice risk management procedures within their individual area of responsibility, including cascading down responsibilities for identifying, assessing, managing and reporting risks within their responsibility centres, functions and projects.

(ii) Regularly discussing and reviewing significant risks, and their management, within their own area of responsibility to satisfy themselves that major risks are being properly managed and controlled.

(iii) Reporting to their Headteacher, regularly, the most significant risks identified in terms of likelihood and impact within their own area of responsibility, together with details of how these risks are being managed.

**Risk management as part of the system of internal control**

8. The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, which supports the achievement of the Trust’s policies, aims and objectives. These elements include:-

(a) CDAT Finance Handbook and Individual school Financial Procedures

The Trust’s approved CDAT Finance Handbook and Individual school Financial Procedures underpin the internal control process. The policies are approved by Finance and Audit Committee on behalf of the CDAT Board and are implemented and communicated by the Senior Leadership Team to all members of school staff;

(b) School Improvement Plan and Budgeting

The school improvement planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting these objectives is monitored regularly. The risk management process is to be embedded within the School Improvement Plan and budgeting process;

(c) High Level Risk Framework

This framework is overseen by the individual school’s Headteacher and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the Trust. The Risk Register is informed by the regular reports of operational risks made by the Senior Leadership Team to the Headteacher. The framework is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored at least on a six monthly basis;

(d) School Risk Frameworks

The Senior Leadership Team develop and use this framework to ensure that significant risks within their spheres of responsibility are identified, assessed and monitored. The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly by business units;

(e) Finance and Audit Committee

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

(f) Internal Audit Programme of Work

The role of Internal Audit in providing assurance on financial issues is an important element of the internal control process. Apart from this normal programme of work, the Internal Audit is also responsible for ensuring the effectiveness of the annual review of the internal control system within the Trust.

(g) External Audit

External audit provides feedback to the Finance and Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit.

**Annual Review of Effectiveness of Internal Control**

9. Each sub-committee of the Local Governing Body is required to undertake a full evaluation of the risks that it has responsibility for, as detailed in the Risk Register, when reviewing its terms of reference at the first meeting of each new academic year. It should also identify and evaluate any new risks. The updated Risk Register will then be approved by the Finance & Audit Committee at its next available meeting at which point a review of the Trust’s track record on risk management and internal control for the previous year will be undertaken and consideration given to the internal and external risk profile for the coming year.

The Finance and Audit Committee will consider and appraise the CDAT Board on the effectiveness of the Trust’s internal control procedures on an annual basis.

*Approved by the Finance & Audit Committee on 13th January 2020*