



## **Risk Management Policy**

**Responsible for policy**  
**Date of policy**  
**Date approved by CC1**  
**Date of review**  
**Chair of Directors**

**CC1**  
**September 2019**  
**September 2019**  
**September 2022**

*Sandra Fawcett*

## 1. Introduction

This Risk Management Policy (the policy) explains The Romero Catholic Academy's (the Academy) underlying approach to risk management. It gives key aspects of the risk management process and identifies the main reporting procedures. The policy is reviewed and amended, if appropriate, on an annual basis by the Directors.

## 2. Purpose

The policy forms part of the Academy's internal control and governance arrangements.

The policy explains the Academy's underlying approach to risk management. It gives key aspects of the risk management process and identifies the main reporting procedures.

It describes the process the Directors will use to evaluate the effectiveness of the Academy's internal control procedures.

### Approach to Risk Management

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

- As the policy-making body of the Academy the Directors are responsible for risk management.
- The Directors are responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the Funding Agreement and the prevailing Academies Financial Handbook Department for Education.
- There should be an open and receptive approach to resolving risk issues.
- The Finance, Resources and Premises Committee (CC1) advises the Directors on risk management.
- The Academy makes conservative and prudent recognition and disclosure of the financial and non- financial implications of risks.
- All Directors and the Academy's Leadership & Management Teams across the individual schools are responsible for encouraging and implementing good risk management practice within the Multi- Academy and all of its Departments.
- Early warning mechanisms will be put in place and monitored to alert the Academy to any risk events or near misses so that suitable remedial action can be taken to manage such risk positions.

### Role of the Board of Directors

The Board of Directors have 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 Academy.

#### This includes:

- Determining the Academy's attitude to risk as a whole or on any individual issue.
- Determining what types of risk are acceptable and which are not.
- Setting the standards and expectations of staff with respect to conduct and probity.
- Determining the Academy's risk prioritisation protocol.
- Approving major decisions affecting the Academy's risk profile or exposure.

- Monitoring the management of fundamental risks.
- Ensuring that less fundamental risks are being actively managed, with the appropriate level of controls in place and operating effectively.
- Reviewing annually the Academy's approach to risk management and approving changes or improvements to key elements of its processes and procedures.

### 3. Role of the Principal and School Leadership & Management Teams

Key roles of the Principal and Leadership & Management Team within each school are to:

- Implement policies on risk management and internal control.
- Identify and evaluate the fundamental risks faced by the school for consideration by CC1.
- Provide adequate information in a timely manner to the Board of Directors /CC1 on the status of risks and controls.
- Assist the Board of Directors/CC1 in undertaking an annual review of risk management and the effectiveness of the system of internal control.
- Embed risk management as part of the system of internal control.

### 4. 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 Academy 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. These policies are set by the Directors and Core Committees. Written procedures support the policies where appropriate.

#### **Financial Planning and Budgeting**

3 Year Plans are set annually and approved by CC1. This is used to set objectives, agree action plans, and allocate resources. Progress towards these objectives are monitored regularly.

#### **Risk & Control Framework**

This framework is compiled by the Board of Directors and helps to identify, assess and monitor risks significant to the Academy. Emerging risks are added to the Risk Register as required and improvement actions and risk indicators are monitored regularly.

#### **Independent Risk Review**

This is performed annually by independent, qualified auditors who report to CC1 on their work undertaken making recommendations where appropriate. The work to be undertaken is determined by CC1

### **External Audit**

External audit report to CC1 who in-turn will recommend any actions to the Board of Directors, 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 Legal, Health and Safety, Insurance and Human Resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

## **5. The Director's Annual Review of Effectiveness**

The Directors, advised by CC1, will undertake an Annual Review to consider:

- Whether risk management continues to be linked to the achievement of the Academy's objectives;
- The appropriate risk appetite or level of exposure for the Academy as a whole;
- Whether risk review procedures cover fundamental strategic and reputational, operational, compliance, financial and other risks to achieving the Academy's objectives;
- Whether risk assessment 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 Academy's ability to respond to changes in its internal and external environment since the last assessment;
- The scope and quality of management's on-going process of monitoring the system of internal control including such elements as the effectiveness of assurance functions;
- The extent and frequency of reports on internal control to the Directors and whether this is sufficient for the Directors 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 financial impact that they have had;
- The effectiveness of the Academy'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.

## 6. Risk Appetite Statement

The Romero Catholic Academy recognises that it must take risks. Indeed, only by taking risks can it achieve its aims and deliver on our vision of providing “A Beacon of Excellence for Catholic Education”.

It must, however, take risks in a controlled and informed manner, thus reducing its exposure to a level deemed acceptable, from time to time, by the Board of Directors.

Methods of controlling risks must be balanced in order to support innovation and the imaginative use of resources, especially when it is to achieve substantial benefit. In addition, the Academy may accept some high risks because of the cost of controlling them.

- As an over-arching rule the Academy will seek to control all probable risks which have the potential to:
- cause significant harm to students, staff, visitors and other stakeholders;
- compromise severely the reputation of the Academy or any of the constituent schools;
- have financial consequences that could endanger the viability of the Academy or any of the constituent schools;
- significantly jeopardise the Academy’s ability to carry out its core purpose of providing a Catholic education;
- threaten the Academy’s compliance with law and regulation.