



*Achieving together in faith*

# **Holy Cross Catholic Multi-Academy Company**

## **Risk Management Policy**

**2022 - 2025**

Responsible for Policy	Martyn Alcott
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## 1. Introduction

This Risk Management Policy (the policy) explains Holy Cross Catholic MAC's 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 MAC's internal control and governance arrangements.

The policy explains the MAC'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 MAC's internal control procedures.

## 3. Approach to Risk Management

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

- As the policy-making body of the MAC 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 Academies Financial Handbook (September 2019) issued by the Department for Education.
- There should be an open and receptive approach to resolving risk issues.
- The Resources Committee advises the Directors on risk management.
- The MAC makes conservative and prudent recognition and disclosure of the financial and non- financial implications of risks.
- All Directors and the MAC's Leadership & Management Teams across the seven schools are responsible for encouraging and implementing good risk management practice within the MAC.
- Early warning mechanisms will be put in place and monitored to alert the MAC to any risk events or near misses so that suitable remedial action can be taken to manage such risk positions.

#### **4. 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 MAC. This includes:

- Determining whether the MAC is 'risk taking' or 'risk averse' as a whole or on any relevant 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.
- Determine the appropriate risk appetite or level of exposure for the MAC.
- Determine the MAC's risk prioritisation protocol.
- Approve major decisions affecting the MAC's risk profile or exposure.
- Monitor the management of fundamental risks.
- To be satisfied that the less fundamental risks are being actively managed, with the appropriate level of controls in place and operating effectively.
- Review annually the MAC's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

#### **5. Role of the Headteacher and Leadership & Management Team within each school**

Key roles of the Headteacher and Leadership & Management Team within each of the seven schools are to:

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

## 6. 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 MAC 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. Written procedures support the policies where appropriate.
- Development Planning and Budgeting
  - The development planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting development plan objectives is 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 MAC. Emerging risks are added to the **Risk Register** as required and improvement actions and risk indicators are monitored regularly.
- Risk & Control Process
  - The Risk Register clearly identifies the control measures in place and these will be reviewed by the relevant people named in the register.
- Internal Audit and Scrutiny
  - Internal Audit is an important element of the internal control process. There will be an independent and objective programme of work, commissioned by the audit committee which will feed into the annual review of the effectiveness of the internal control system within the organisation.
- External Audit
  - External audit informs the Audit Committee 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 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.

## 7. The Director's Annual Review of Effectiveness

The Directors, advised by the Audit Committee, will undertake an Annual review to consider:

- Whether risk management continues to be linked to the achievement of the MAC's objectives;
- The appropriate risk appetite or level of exposure for the MAC as a whole;
- Whether risk review procedures cover fundamental strategic and reputational, operational, compliance, financial and other risks to achieving the MAC'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 MAC'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 (risk events) or weaknesses identified at any point within the year (near misses) and the impact that they have had or could have on financial results;
- The effectiveness of the MAC'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.

## 8. Risk Appetite Statement

Holy Cross Catholic MAC recognises that it must take risks. Indeed, only by taking risks can it achieve its aims and deliver on our mission of providing "*an outstanding Catholic education for all our pupils*". It must, however, take risks in a controlled 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 organisation may accept some high risks because of the cost of controlling them. As an over-arching rule the MAC 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 MAC or any of the constituent schools
- have financial consequences that could endanger the viability of the MAC or any of the constituent schools
- jeopardise significantly the MAC's ability to carry out its core purpose of providing a Catholic education
- threaten the MAC's compliance with law and regulation