



## **Pope John XXIII Catholic Multi-Academy Company**

# **RISK MANAGEMENT POLICY**

**Approved by Finance and Resources Committee: 15<sup>th</sup> September 2015**

**Ratified by the Board of Directors:**

**Date of Review: 1<sup>st</sup> September 2018**

**For: Corpus Christi Catholic Primary Academy  
Holy Rosary Catholic Primary Academy  
Our Lady and St Chad Catholic Academy  
St Mary's Catholic Primary Academy**

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## **1 Scope and Intent**

This Risk Management Policy sets out the procedures and systems that the Pope John XXIII Multi-Academy Company (MAC) will implement to manage risk within the MAC; to ensure that it manages risk effectively the MAC will comply with risk management best practice. The policy also sets out the responsibilities and current procedures for risk management in the MAC.

1.1. The responsibilities and requirements can be summarised as:

- The Board of Directors has ultimate responsibility for the system of internal control, which it delegates to the Audit Committee to oversee, and delegates, to the Academy Committees and Principals in each Academy to implement.
- 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 MAC'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.

## **2 Risk Management objectives**

The objectives for managing risk across the MAC are:

- To comply with risk management best practice;
- To ensure risks facing the MAC are identified and appropriately documented;
- To provide assurance to the Board of 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**

The MAC's Risk Management policy aims to:

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- 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 MAC

### **3.1 Roles and responsibilities**

The Audit Committee of the Board of Directors will have responsibility for overseeing the implementation of the Risk Management Policy across the MAC, The Audit Committee, will report regularly to the Board of Directors on the implementation of the policy and, in particular, raise any

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matters which it feels will have a major impact on the functioning of the Academies and /or the MAC as a whole; it also report, as necessary, to the Finance and Resources Committee. The Audit Committee will receive regular monitoring reports from Academy Committees on the discharge of their delegated functions.

The Academy Committee for each Academy, together with Principals and Senior leadership team have responsibility for on-going management of risk in their school, and will report on a regular basis, at least termly, on management of their delegated functions to the Audit Committee.

The MAC Business Director, and school Business Managers in individual Academies, have lead responsibility for risk management practices and procedures and for maintaining the Risk Register within each Academy (which together will form the overall MAC Risk register).

These responsibilities include:

- Monitoring the performance of risk management processes
- Ensuring that appropriate controls are in place to manage identified risks
- Preparation of periodic monitoring reports to the Audit Committee

### 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 MACs risk register seeks to ensure that all significant objectives and activities have been identified and the risks associated with each area have 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 MAC uses a 3x3 matrix to assess impact and probability as high, medium or low, as illustrated in the diagram below:



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

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**Impact of risk occurring**

<b>Impact</b>	<b>Description of impact</b>
High Impact	The financial impact will be significant [in excess of £100,000 for Secondary Academy or £50,000 for Primary Academy] Has a significant impact on the MAC's strategy or on teaching and learning Has <b>significant stakeholder concern</b>
Medium Impact	The financial impact will be moderate [between £25,000 and £100,000 for Secondary Academy or £12,500 to £50,000 Primary Academy] Has no more than a moderate impact on strategy or on teaching and learning <b>Moderate stakeholder concern</b>
Low Impact	The financial impact is likely to be low [below £25,000 for Secondary Academy or £12,500 for Primary Academy] Has a low impact on strategy or on teaching and learning <b>Low stakeholder concern</b>

**Probability of risk occurring**

<b>Probability</b>	<b>Description</b>	<b>Indicator</b>
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 MAC's readiness to accept risks; and those risks it would seek to reduce. The MAC's risk threshold is the boundary delineated by the orange/red shaded area (represented by scores of 6 and above) in the risk matrix in paragraph 3.3. Above this threshold, the MAC 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 MAC will seek to ensure that they are managed and do not develop to the point where the potential threat materialises.

The MAC 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
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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 MAC to acceptable levels.
Accept	The MAC accepts the possibility that the event might occur, for example because the cost of the counter measures will outweigh the possible downside; or the MAC believes 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 Board of Directors, Academy Committees and Auditors that the MAC is effectively managing its risks and has a robust system of internal controls.

##### **4.1 Risk register**

The reporting mechanism will be the MAC's Risk Register, which will have a standard format across the MAC. This will highlight the key risks facing the MAC, as well as a breakdown for each key strategic aim. The Risk Register will be monitored by the Audit Committee.

Any significant changes in risk impact or risk 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 Directors, Academy Committee Representatives, Principals/senior leaders or other member of staff will be evaluated and, if appropriate, recorded in the Risk Register for each Academy.

##### **4.2 Communicating Risks**

The Audit Committee will monitor the overall MAC Risk Register each term. The Business Director and School Business Managers will ensure that any perceived new, or increased risks, or significant failure of risk management control measures are considered and reported, along with a summary of actions taken.

The Business Director and School Business Managers will endeavour to raise awareness that risk management is a part of the MAC'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 Annual Report and Accounts, which are prepared for publication by December 31<sup>st</sup> each year, require the Board of Directors to provide the External Auditors with the Board's own assessment of the effectiveness of the MAC's management of risk including:

- The major risks facing the MAC, particularly those that may impact on viability
- The systems or procedures in place to manage those risks
- The overall effectiveness of the risk management processes put in place by the MAC
- That the MAC has published a risk management policy covering risk management philosophy and responsibilities

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**5 Areas for improvement**

Any areas identified as being in need of improvement will be reported each term to the Audit Committee.

This policy will be reviewed regularly and at least 3-yearly.

<b>Version 1.0</b>	Date approved by Finance and Resources Committee	15 <sup>th</sup> September 2015
	Date ratified by Board of Directors:	
	Signature of Chair of Board of Directors	