THE HOWARD PARTNERSHIP TRUST

RISK MANAGEMENT POLICY

Date created: November 2014
Created/implemented: November 2014
Review period: Annual
Last reviewed: December 2017
Responsibility Body: The Howard Partnership Trust Board
Executive Contact: CEO, Director of Business and Finance
THPT Committee: Audit and Risk Committee
Next due for review: December 2018

Purpose: The principal objective of the Risk Management Policy of The Howard Partnership Trust (THPT) is:

a) to minimise all identified risk by managing and mitigating risks with reference to the risk appetite of the Trust
b) to frequently review all identified risks
c) to list and review mitigating actions for all risks

The policy is reviewed on an annual basis by the THPT Audit Committee.

This policy is issued to LGBs for adoption in accordance with the agreed THPT policy audit schedule. Any suggested amendments to the policy, identified by one of THPT’s LGBs, will require formal submission to and ratification by, THPT Board.

Introduction

The Risk Management Policy contributes to The Partnership’s internal control and risk governance arrangements.

The policy explains THPT’s overarching approach to risk management. It gives key aspects of the risk management process, and identifies the main reporting procedures that THPT and LGBs are required to adopt.

The policy describes the manner in which the THPT Board and LGBs will evaluate the effectiveness of the relevant internal control procedures.

The relevant internal control mechanisms are identified in Appendix A. Unless stated otherwise under a separate appendix, all partnership schools will adopt the controls outlined in Appendix A.

Approach to Risk Management

The following key principles outline THPT’s approach to risk management, and in so doing form the risk management framework for schools across The Partnership:
a. The Trust Board is responsible for overseeing risk management; it is informed by the THPT Audit and Risk Committee;
b. An open and receptive approach is adopted to risk;
c. THPT is responsible for maintaining a sound system of internal control (see Appendix A) that supports the achievement of policies, aims and objectives, while safeguarding the public and the funds and assets for which it is responsible;
d. THPT makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
e. All leaders across The Partnership are responsible for encouraging and implementing good risk management practice;
f. Where possible, early warning mechanisms (or key risk indicators) will be put in place in schools across The Partnership and monitored by LGBs, with appropriate escalation to THPT, to alert Governors and Trustees, so that failing controls are identified and remedial action can be taken to manage any potential risks.

Role of the THPT Trustees
The THPT Board sets the tone and framework for the management of risk across The Partnership. Its role is to:

a. Determine the appropriate risk appetite or level of exposure for The Partnership
b. Approve major decisions affecting the Partnership’s risk profile or exposure
c. Maintain the strategic framework for The Partnership; monitor the management of the most significant risks The Partnership has identified and reduce the likelihood of unwelcome surprises.
d. Receive reports from the LGB on the management of risks at school levels.
e. Satisfy itself that risks are being actively managed by LGBs, with the appropriate controls in place and working effectively, and address situations where risks are not being appropriately managed.
f. Review annually the effectiveness of The Partnership’s approach to risk management.

Role of the LGB
In accordance with the tone and framework for the management of risk, set by THPT, each LGB will work to;

a. Ensure that the risk appetite or level of exposure for the school is in accordance with the level approved by Trustees.
b. Monitor the management of the most significant risks the School has identified to reduce the likelihood of unwelcome surprises
c. Satisfy itself that other risks are being actively managed, with the appropriate controls in place and working effectively
d. Review annually the effectiveness of the School’s approach to risk management and report findings to the Trustees

Role of The Partnership’s Executive Leadership Team and senior leaders across schools within The Partnership
Key roles of members of the Executive Leadership Team and senior leaders within schools, are to:
a. In accordance with The Partnership’s tone and framework for risk management, set the tone and influence the culture of risk management within all Schools across The Partnership. This includes:

- ensuring that the school approach to risk taking is in accordance with The Partnership’s approved level of risk appetite or exposure.
- determining what types of risk are acceptable and which are not in accordance with risk levels as above.
- setting the standards and expectations of staff with respect to conduct and probity

b. Implement policies on and procedures for risk management and internal control (see Appendix A).

c. Provide adequate information in a timely manner to Trust Board (Executive Leadership Team) and LGB (Senior Leadership Team) on the status of risks and mitigating actions.

**THPT’s annual review of effectiveness**

The THPT Board will undertake an annual review to consider:

a. whether risk management continues to be linked to the achievement of the Partnership’s objectives;
b. the appropriate risk appetite or level of exposure for the Partnership as a whole;
c. the effectiveness of the overall approach and policy to risk management and whether changes or improvements to processes and procedures are necessary.
Appendix A

Internal Control mechanisms

The system of internal control incorporates risk management. It encompasses a number of elements that together facilitate an effective and efficient operation, enabling THPT and all Schools within The Partnership to respond to a variety of strategic, operational and financial risks. These elements include:

a. **Policies and procedures.**
   Most significant risks have one or more strategic or operational policies that underpin the internal control process. The policies are ratified by THPT for adoption by each LGB, in accordance with the THPT Policy Audit schedule. Written procedures support the policies where appropriate.

b. **Business planning and budgeting.**
   The Partnership business planning and budgeting process is used to set objectives, agree action plans to mitigate risks, and allocate resources. Progress towards meeting business plan objectives for the Partnership is monitored regularly.

c. **Strategic risk framework (significant risks only).**
   This framework is compiled by the Executive Leadership Team with input from THPT Board and the financial-related LGB Committees across Partnership schools. This helps to identify, assess, and monitor risks significant to the Partnership, identified within and escalated by schools. The risk register is revised formally annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

d. **LGB and Audit Committees.**
   The finance-related LGB Committees within all Partnership schools should report to THPT on the effectiveness of the risk framework on the internal control system, including each School’s system for the management of risk on a regular basis.

e. **Internal controls review programme.**
   The Audit and Risk Committee is responsible for commissioning a review of the effectiveness of the internal control system within THPT. The internal audit strategy will be developed around The Partnership’s objectives and use the assessment of the fundamental risks. The work programme should include an assessment of the effectiveness of The Partnership’s risk management process.

f. **External audit.**
   External audit informs THPT Board on the operation of the internal financial controls reviewed as part of the THPT annual audit.

g. **Third party reports.**
   From time to time, the use of external consultants by THPT may be appropriate in areas such as health and safety, and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

Operational steps to be undertaken across THPT schools

a. Identify and evaluate the significant risks faced by each School.

b. Assess each identified risk in terms of importance prior to existing controls being implemented, and then after these controls are in place.

c. Assign ownership of each risk, together with the related controls, to a member of staff. This assessment of risks before and after controls enables each school to identify which
controls it has that are particularly important, so that it can ensure that there is appropriate monitoring of the continuing effectiveness of these controls.

d. Assess risks on a residual basis (i.e. after controls have been applied). This assessment is in terms of impact and probability, together with whether it is cost effective to mitigate the risk further.

e. Determine if further risk mitigation is considered appropriate.

f. Ensure that emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.