DDAT
Derby Diocesan Academy Trust

Risk Management Policy

December 2023

Approved by the Trust Board on: 18th December 2023

Summary of Policy:

The Derby Diocesan Academy Trust (DDAT) Risk Management Policy forms part of the Trust's internal control and corporate governance arrangements. It is designed to provide assurance that the Trust has adopted best practice.

Purpose of the Policy:

Taking risk management seriously is a priority for the Trust as risk is inherent in everything the Trust does to deliver high quality services. Risk management is an essential part of governance and leadership and an integral part of business planning and decision-making processes. The Risk Management Policy forms part of the Trust's internal control and corporate governance arrangements. It is designed to provide assurance that the Trust has adopted best practice in this area, and links to the ICAEW and consideration is given to the four lines of defence concept as below:

- **First line**: the way risks are managed and controlled day-to-day. Assurance comes directly from those responsible for delivering specific objectives or processes. It may lack independence, but its value is that it comes from those who know the business, culture and day-to-day challenges.

- **Second line**: the way the organisation oversees the control framework so that it operates effectively. The assurance provided is separate from those responsible for delivery, but not independent of the management chain, such as risk and compliance functions.

- **Third line**: objective and independent assurance, e.g. internal audit, providing reasonable (not absolute) assurance of the overall effectiveness of governance, risk management and controls. The level and depth of assurance provided will depend on the size and focus of the internal audit function and management's appetite for internal audit assurance.

- **Fourth line**: assurance from external independent bodies such as the external auditors and other external bodies. External bodies may not have the existing familiarity with the organisation that an internal audit function has, but they can bring a new and valuable perspective. Additionally, their outsider status is clearly visible to third parties, so that they can not only be independent but be seen to be independent.

The policy explains the Trust's underlying approach to risk management.

The policy should be read in conjunction with the Trust's Risk Management Strategy and Business Continuity Plan which sets out a number of risks and identifies roles and responsibilities of the Trust in the management of those risks.

Aims and Underlying Approach to Risk Management:

The Trust's Risk Management Strategy aims to:

- Identify and evaluate risks which could prevent the Trust from achieving one or more of its strategic aims and objectives and delivery targets or make their achievement substantially more difficult.

- Assess the likelihood of such risks occurring (high, medium, low) and the potential impact of such occurrences with particular reference to the areas of finance, reputation and planning/operations.

- Enable decisions to be taken on how much risk to accept, the actions/controls applied to avoid or mitigate the likelihood of such circumstances arising, to transfer risk or insure against the consequences and assign responsibility for implementation.

The following key principles outline the Trust's approach to risk management and internal control in pursuing the aims set out above:

- The Trust has responsibility for overseeing risk management within the Trust as a whole.

- The Trust carries out this responsibility through its Audit and Risk committee.

- An open and receptive approach to solving problems associated with risk is adopted by the Trust.

- Key risk indicators are identified and closely monitored on a regular basis at a departmental and academy level. The Trust wide risk register is updated on a monthly basis.

- The CEO and COO review the Trust's High-Risk Register and associated actions on a monthly basis and it is a standing item of all Trust committees.

- The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.

- The Trust uses a weighted scoring for all identified risks, early warning indicators, milestones on actions and details sources of assurance over the controls in place, relevant to each identified risk.

- All colleagues within the Trust are encouraged to be involved in the risk management process by the reporting of risks through the risk template to their Local Governing Board and the Trust. The Trust aims to ensure that

its Risk Management Policy and Strategy is fully embedded across the institution.