

Mid Essex Anglican Academy Trust

Risk Management Policy

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1. Introduction

- 1.1 The Risk Management Policy explains the Mid Essex Anglican Academy Trust (The Trust) 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 Board of Trustees.

2. Purpose

- 2.1 This Risk Management Policy forms part of The Trust's internal scrutiny and governance arrangements.
- 2.2 The policy explains The Trust's underlying approach to risk management. It gives key aspects of the risk management process and identifies the main reporting procedures.
- 2.3 It describes the process the Trust Board of Trustees will use to evaluate the effectiveness of the Academy's internal scrutiny procedures.

3. Approach to Risk Management

- 3.1 The following key principles outline the Trust's approach to risk management:
- As the principal executive and policy-making body, Board of Trustees are responsible for risk management.
 - The Board of Trustees are responsible for maintaining a sound system of internal scrutiny 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 Trust Handbook issued by the Department for Education.
 - There should be an open and receptive approach to resolving risk issues.
 - The Trust committees, and Local Governing Bodies will have risk management as a standard agenda item and will report via the minutes to the Full Board of Trustees on risk management.
 - The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implication of risks.
 - All member of the Board of Trustees, Local Governing Bodies and Academy Leadership & Management Teams are responsible for encouraging and implementing good risk management practice within their establishments.
 - Early warning mechanisms will be put in place and monitored to alert The Trust Board 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 Trustees

4.1 The Board of Trustees has 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 Trust. This includes:
 - Determining whether The Trust 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 employees with respect to conduct and probity.
- Determine the appropriate risk appetite or level of exposure for The Trust.
- Determine the Academy Trust's risk prioritisation protocol.
- Approve major decisions affecting The Trust'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 Academy Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures.
- Monitor, evaluate and mitigate notable risks in each individual Academy

5. Role of Local Governing Bodies

5.1 Key roles of the Local Governing Bodies are to;

- Implement policies on risk management and internal control.
- Identify and evaluate the fundamental risks face by the Academy for consideration by the Board of Trustees.
- Provide adequate information in a timely manner to the Board of Trustees on the status of risks and controls.
- Assist the Board of Trustees 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

6.1 The system of internal scrutiny incorporates risk management. It encompasses a number of elements that together facilitate an effective and efficient operation, enabling The Trust 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 scrutiny process. These policies are set by the Trust Board of Trustees. 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 and helps to identify, assess and monitor risks significant to the Academy. The Risk Register is formally reviewed as a minimum termly but emerging risks are added as required and improvement actions and risk indicators are monitored regularly.
- **External Audit**
External audit informs the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit.
- **Internal Audit**
The Trust Board will ensure that internal auditing work is carried out every year. The programme of works will be agreed by the Finance, Audit and Risk Committee and will be informed by external audit reports, the risk register, other external consultant reports and information from the Chief Finance Officer.

7. The Board of Trustees Annual Review of Effectiveness

7.1 The Board of Trustees will undertake an Annual Review to consider:

- Whether risk management continues to be linked to the achievement of The Trust's objectives;
- The appropriate risk appetite or level of exposure for The Trust as a whole;
- Whether risk review procedures cover fundamental strategic and reputational, operational, compliance, financial and other risks to achieving The Trust's objectives;
- Whether risk assessment and risk-based internal scrutiny are embedded in ongoing operations and form part of its culture;
- Changes in the nature and extent of fundamental risks and The Trust'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 scrutiny including such elements as the effectiveness of assurance functions;
- The extent and frequency of reports on internal scrutiny to the Board of Trustees and whether this is sufficient for the Trust Board 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 Trust'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.