Merchant Taylors' School

RISK MANAGEMENT POLICY

Policy Custodian: *Bursar*
Approving Governors Committee: *Finance Committee*
Approved: 26th January 2024
(This policy is shared with Merchant Taylors' Prep School.)

PURPOSE OF THIS DOCUMENT

This risk management policy forms part of the corporate governance and risk control arrangements of Merchant Taylors' School. The policy describes the School's underlying approach to risk management and it documents the roles and responsibilities in respect of the Board of Governors, the Finance Committee, the Risk Management Committee, Governor led sub committees and steering groups, together with the designated Risk Management Governor, the Headmaster, the Bursar, the Head of Prep and other key members of staff.

In addition, it describes the process the Board of Governors uses to evaluate the effectiveness of the School's risk control procedures.

UNDERLYING APPROACH TO RISK MANAGEMENT

The following key principles outline the School's approach to risk management and risk control:

- The Board of Governors has responsibility for overseeing risk management within the activities of the School as a whole
- The Board of Governors recognises that risk will always exist and that Risk Appetite is the term that captures an organization's unique attitude towards risk and risk taking, which in turn dictates the amount of risk the organisation considers acceptable. The establishment of the School's Risk Appetite includes identification of general boundaries for unacceptable risk and determining a tolerable range of risk exposure.
- The Board of Governors adopts, and encourages all relevant parties themselves to adopt, an open and receptive approach to recognising risk and solving risk related problems.
- The Headmaster, Bursar and other key members of staff support, advise on and implement risk policies and controls approved by the Board of Governors and are responsible for establishing and maintaining the effectiveness of the Risk Management Committee.
- The detailed oversight of risk management and risk control is carried out by the Risk Management Committee supported by the Governor led sub committees and School Steering groups that are responsible for all the areas of the School from which adverse risk events will arise.

THE ROLE OF THE BOARD OF GOVERNORS

The Board of Governors has a fundamental role to play in the management of risk. Its role is to:

- Determine the appropriate risk appetite or level of risk exposure for the School.
- Establish and maintain a structure for the management of risk.
- Approve major decisions affecting the School's exposure to risk.
- Ensure that there are agreed escalation procedures in the event of a major adverse incident.
- Set the tone and influence the culture of risk management within the School. This includes:
    - Determining whether the School 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.
- Monitor the management of significant risks to reduce the likelihood of events preventing the School reaching its strategic objectives.
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- Annually review the Risk Management Policy and its own approach to risk management and approve changes or improvements to key elements of its processes and procedures.

RISK APPETITE STATEMENT

- The General Boundary of unacceptable risk is determined in all matters taken as a whole or individually as a level of risk that can never jeopardise the strategic objectives of the School.
- Risk Assessment is to be based on conservative and prudent recognition and disclosure of Health and Safety, Strategic (including Financial), and Operational (including Compliance) risks.
- After taking into account the effectiveness of risk mitigation and control procedures, a Net Risk is to be determined and attributed to an individual factor at risk.
- The Net Risk is to be categorised as presenting a low, medium or high level of risk to strategic objectives of the School.
- The aggregation of the Net Risk for each factor at risk must be considered when determining whether the overall level of risk is tolerable.
- The tolerable level of risk in each category as a whole, Health and Safety and Wellbeing, Strategic (including Financial), and Operational (including Compliance) is Low.

RESPONSIBILITY STRUCTURE ESTABLISHED FOR THE MANAGEMENT OF RISK

The Board of Governors meets at least termly and has designated a serving Governor, currently Alan Eastwood, to be the Risk Management Governor.

The Risk Management Governor must oversee the work of the Risk Management Committee and help coordinate information flows concerning risk between the Governor led sub committees, the risk management committee and the finance committee on behalf of the Board of Governors.

The Finance Committee meets at least termly and is a sub-committee of the Board of Governors and has responsibility for receiving reports from the Risk Management Committee and for reviewing the risk register at least annually.

The Risk Management Committee is formed to carry out the detailed oversight of risk management and risk control. It meets at least twice a year and is specifically responsible for:

- Reviewing risk reports from Governor led sub committees and School steering groups, ensuring that they:

    - Identify and measure the risks factors faced by the School as a whole.
    - Establish the likelihood of an unfavorable event occurring and the level of the resultant adverse impact.
    - Determine the controls and procedures necessary to either reduce the likelihood of occurrence or the adverse impact, or both, so as to bring net risks within bounds that are acceptable to the Board of Governors.
    - Review major adverse incidents that arise.
- Maintaining the School's Risk Register as evidence of the above
- Monitoring key risk indicators.
- Ensuring that the Head Master, the Bursar, the Head of Prep and other key members of staff are informed of the controls and procedures necessary.
- Providing reports, at least annually, to the Finance Committee to help the Board of Governors establish the effectiveness of their risk management policies and controls.

The Governor led sub committees and School steering groups should include risk as an agenda item in order to advise the risk management committee of:

- Any risks arising in their area of responsibility that could adversely affect the outcomes that they are set to achieve.
- The likelihood of such risks arising
- The controls and the effectiveness of those controls that are in place to mitigate the adverse effects of such risk events including reviews of major adverse incidents in their area of responsibility
- Key risk indicator statistics in respect of their area of responsibility
- Any risks that they see as emerging fundamental adverse threats to the outcomes that they are set to achieve.

ROLE OF THE HEAD MASTER, BURSAR, HEAD OF PREP AND OTHER KEY MEMBERS OF STAFF

The Risk Register will identify controls and procedures that the Headmaster, the Bursar, the Head of Prep and other key members of staff must implement to bring risk within levels acceptable to the Board of Governors. The Headmaster, the Bursar, the Head of Prep and other so identified key members of staff are responsible for:

- Ensuring that there is an adequate system of risk management in place at the School.
- Implementing policies on risk management and risk control.
- Supporting the Risk Management Committee in identifying and evaluating the significant risks faced by the School.
- Ensuring that there are functioning escalation procedures whereby senior staff and governors are notified in the event of a major adverse incident.
- Providing adequate information in a timely manner to the Risk Management Committee on the status of risks and controls.
- Participating in the Finance Committee's annual review of effectiveness of the risk controls.

ANNUAL REVIEW OF RISK MANAGEMENT

At least once a year, the Finance Committee must carry out a review of Risk Management. The review must include a review of the Risk Register to ensure that:

- It has been developed and maintained throughout the year so as to underpin the role of the Risk Management Committee.
- The document sets out all the risks faced by the School that can be reasonably foreseen.
- Each risk is assessed as to the likelihood of its occurrence and as to its impact should it occur.
- The document sets out the risk mitigating controls that have been identified as necessary to

bring risks within the bounds acceptable to the Board of Governors.

- The identified risk mitigating controls are effective.
- The risks are categorised in sections: Health and Safety; Strategic (including Financial); and Operational (including Compliance); in order to determine the Net Risk of each category.

The Committee will establish which controls, if any, they wish to audit to ensure that risk controls and the management thereof remains effective.

The Chair of the Finance Committee will report to the Board of Governors so that they can form an opinion on the effectiveness of their risk management policies and controls.

Bursar
September 2021

Review Date: January 2025