BOARD ASSURANCE AND RISK MANAGEMENT POLICY

Introduction

In complex organisations such as colleges, management operates at different levels, with each level delegating tasks and authorities to others with the combined aim of delivering the agreed objectives. Delegation does not remove accountability and managers seek assurance that the responsibilities they have delegated are being carried out in the way intended. Most Group governors are substantially removed from day-to-day activity and also rely on assurances through management representations and information in order to carry out their role.

Assurance for governors and Accounting Officers is most likely to be about confirming that:

- Plans, policies and procedures are fit for purpose and being operated
- Agreed actions are taken to timescale and planned outcomes achieved
- Performance is in line with expectations
- Risks are being managed
- Management reports are reliable
- Planned internal or contracted activities are taking place and unacceptable activities are not taking place
- Value for money is being achieved

Policy Statement

The Group recognises the importance of setting strategic and developmental objectives and then identifying and managing any risks that threaten the achievement of those objectives.

The Group intends that its internal controls and risk management processes should supplement innovation and entrepreneurship, and not replace it. It recognises that increased business is the reward for successful risk taking and the role of internal control is to manage risk appropriately rather than to eliminate it.

Risks manifest themselves in a range of ways some can have a positive outcome while others may have a negative outcome for the Group. It is vital that those responsible for the stewardship and management of the Group be aware of the best methods for identifying, and subsequently managing such risks.

The Group defines Risk as ***real or potential events, which reduce the likelihood of achieving business objectives. The term includes both the potential for gain and exposure to loss***.

Assurance is required where there is a risk of something not taking place that should be, or of something taking place that should not be, with the potential for some form of loss to the organisation as a result. This could be through error, loss, cost, or reputational damage. The greater the potential consequence and the more likely it is to happen, the more important it is to have robust assurance.

Assurance also needs to be provided at the right time to allow action to be taken if required to mitigate the potential consequence. The more quickly the potential consequence can materialise the more frequent the assurance may need to be.

Aims of the Policy

- To ensure there are appropriate arrangements and clear responsibilities or risk management in the Group
- To establish an open and receptive approach to solving risk
- To make conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
- To gain a clear and complete understanding of the services delivered, the activities undertaken and the types of assurance currently obtained, and consideration as to whether they are effective and efficient
- To Identify areas where assurance activities are not present, or are insufficient for the needs
- To identifying areas where assurance is duplicated, or is disproportionate to the risk of the activity being undertaken (i.e. there is scope for efficiency gains)
- To identify areas where existing controls are failing and as a consequence the risks that are more likely to occur;
- To provide an evidence base to assist the Group in the preparation of its annual Statement of Corporate Governance and Internal Control

Scope of the Policy

All activities undertaken on behalf of the Group that may contain a level of risk that could impact on the achievement of Group level objectives.

Who should be aware of this policy?

All members of the Governing Body and members of the Group Leadership Team.

How will we achieve this Policy?

- By regularly assessing the extent of identified risks and taking controlling actions where necessary
- By regularly identifying new risks and taking controlling actions where necessary
- By monitoring the effectiveness of controls and actions used to manage risks
- By ensuring that our risk management arrangements are audited and scrutinised to ensure they are effective
- By matching the Group's strategic objectives and risk management framework against all forms of assurance currently provided (internal and independent), analysing any 'gap' between the assurances required and those available, and take action to close the gaps. The process by which the Group will carry out this analysis and determine any required action is set out responsibilities below

Our Risk Appetite

Our strategic plan sets out the opportunities and challenges facing the Group and the way we intend to operate. Our operations and achievement of the strategic plan will be undertaken within the values and culture that we have set out in the plan. In the context our approach to risk will:

- Take and make chances to progress and improve
- Ensure healthy delegation: empowered, accountable teams, responsible for their performance and with the means and desire to improve it
- Operate disciplined innovation: creative actions and new ideas harnessed to our central task
- Aim for organisational stability where we can achieve it and where it's due

If deemed necessary and based upon any advice provided from the Audit Committee, the Corporation may decide the general risk appetite for any risk area identified on the Board Assurance Dashboard. To assist this process the Risk Register may identify target risk levels against a risk with an indicative timescale by which it is anticipated that the target level will be achieved.

The role of the Internal Audit Service (IAS)

It is not mandatory for any FE corporation to have to appoint an IAS. It is for each FE corporation, under advisement of its audit committee, to determine for itself how best to fulfil its obligations to secure the proper, economic, efficient and effective use of resources and to safeguard the Group's assets.

The Group will continue to engage an IAS. But it recognises its freedom to determine how it should utilise the IAS and other bodies and internal resources to enable the Audit Committee to give an opinion on the adequacy and effectiveness of the Group's audit arrangements, framework of governance, risk management and control, and processes for securing economy, efficiency and effectiveness.

How will we evaluate and review the effectiveness of this policy?

The corporate governance arrangements of the Group are the means by which it sets and monitors strategy, holds the executive to account, manages risks, discharges stewardship and trustee responsibilities and ensures sustainability.

The Governing Body is responsible for reviewing the effectiveness of internal control of the Group including the policy and associated procedures for Risk Management. A detailed review is carried out annually by the Audit Committee and is reported to the Governing Body in order that it can take a view on the effectiveness of the arrangements.

The Audit Committee will assess and provide the Corporation with an opinion on the adequacy and effectiveness of the Group's audit arrangements, framework of governance, risk management and control, and processes for securing economy, efficiency and effectiveness.

The approach by the Audit Committee to fulfil these responsibilities may include:

1. A review the previous year and examine the Group's track record on risk management and internal control of significant risks.
2. Consideration of the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

In making its decision the Committee will consider the following aspects:

a. Control environment:

- The Group's objectives and its financial and non-financial targets
- Organisational structure and calibre of the senior management team
- Culture, approach, and resources with respect to the management of risk
- Delegation of authority; and public reporting

b. On-going identification and evaluation of significant risks:

- Timely identification and assessment of significant risks; and prioritisation of risks and the allocation of resources to address areas of high exposure

c. Information and communication:

- Quality and timeliness of information on significant risks; and time it takes for control breakdowns to be recognised or new risk to be identified

d. Monitoring and corrective action:

- Ability of the Group to learn from its problems and its commitment and responsiveness with which

corrective actions taken are implemented

Links to other Policies and Procedures

The non-compliance or lack of achievement of the intention or objectives of any policy, procedure or strategy which has, or could have, an impact on the overall mission and objectives of the Group is covered by this policy.

Responsibilities

The following table details roles and/or responsibilities for risk management and board assurance of individuals or bodies.

Body	Role in BAF and risk management	Formal responsibilities
Governing Body/ Corporation	The Governing Body/ Corporation is expected to: • Set the tone and influence the culture of risk management throughout the Group • Approve all major decisions affecting the Group's risk profile or exposure • Satisfy itself that risks are being managed with appropriate controls in place • Monitor the management of risk areas through the Audit Committee • Satisfy it that the less significant risks are being actively managed and that the appropriate controls are in place and working effectively	The Corporation is ultimately responsible for the Group's system of internal control and reviewing its effectiveness.

Body	Role in BAF and risk management	Formal responsibilities
Audit Committee	The Audit Committee oversees internal audit, the financial statement audit, regularity auditors and management as required in its review of internal controls. The Committee is therefore well placed to provide advice to the Governing Body on the effectiveness of the internal control system, including the institution's system for the management of risk as part of its annual report. The Audit Committee meets on at least a termly basis and provides a forum for reporting by the Group's auditors, who have access to the Committee for independent discussion.	To provide the Corporation with an opinion on the adequacy and effectiveness of the Group's audit arrangements, framework of governance, risk management and control, and processes for securing economy, efficiency and effectiveness. To produce an Annual Report on the effectiveness of the internal controls which must include its views on the effectiveness of the Group arrangements for risk management.

Body	Role in BAF and risk management	Formal responsibilities
Finance Planning and Resources (FPR) Quality, Learning and Standards (QLS) Safeguarding, Wellbeing and Equalities (SWE) Search Committee Remuneration Committee	To review the Board Assurance Risk Area designated by the Audit Committee on a termly basis.	To provide to the Audit Committee for each Risk Area an assessment and opinion as follows. The Committee has assessed the Risk Area XXX and is/not satisfied that the risk level is correct and that sufficient controls and/or actions are being taken to manage the risk. If the Committee decides that either the risk level is incorrect, controls and actions are not effective or it has received insufficient assurance information to make a firm judgement it will set out in the minutes of the Committee the actions or information it requires to be taken/provided.

Body	Role in BAF and risk management	Formal responsibilities
Group Leadership Team GLT)	The group comprises all members of the SLT (see below) , Directors and Principals. Its main function is to: • Implement policy and procedures relating to risk management, internal management and control systems and processes. • Identify and evaluate the risks faced by the Group (*including any subsidiary companies*) in accordance with Group policy and procedures for consideration by the Governing Body via The Audit Committee.	To regularly (at least monthly during term time) review the risk management register ensuring that necessary actions are agreed and that implementation of agreed actions is being carried out efficiently and effectively. To review on a termly basis the assurance log and decide whether for each risk there are sufficient controls and actions and that they are effective given the level of risk identified. To provide information to the Governing Body or its Committees to enable them to decide whether the Risk Areas within the Board Assurance Dashboard accurately reflects the level of risk and whether the controls and/or mitigating actions are operating effectively.

Body	Role in BAF and risk management	Formal responsibilities
Deputy CEO - Risk Management Champion	The Deputy CEO is the risk management champion, whose role is to: • Take overall responsibility for the administration and implementation of the risk management process. • Provide advice and support to colleagues within the broader Group and to governors as appropriate. • Provide impetus and drive to the risk management process to ensure the implementation timetable is achieved. • Ensure risk management and its processes are disseminated and become embedded throughout the Group. • To lead on the development of Key Performance Indicators (KPIs) that focus on performance against the Strategic Plan and link to risk management as appropriate	To up-date the risk register on a monthly basis and the Board Assurance Log on a monthly basis following the review by GLT. Provide a BAF and Risk Management report to each sub-committee of the Governing Body covering its delegated Risk Area's cross referencing to relevant KPIs To provide the current Risk Register and the Board Assurance Dashboard to the Audit Committee for their termly review. To ensure that the KPI Dashboard provides effective and accessible reporting to the Governing Body, GLT and SLT and produce a termly KPI monitoring report for each meeting of the governing Body. To up-date the Board Assurance Framework and Risk Management Policy as directed by the Governing Body and/or Audit Committee.
Senior Leadership Team (SLT) Risk Owner	The Group Principal and CEO, the Deputy CEO, Executive Principals and Executive Directors form the SLT. Individually, as a senior postholder to take responsibility for managing risk in accordance with this policy	To lead on the management of allocated cross Group risks as identified within the Group Risk Register

Internal Audit Service (IAS)	To prepare a draft annual audit plan in conjunction with the Risk Management Champion which includes consideration of the risks identified by the Group and the direction of the areas of assurance the Audit Committee wishes the IAS to provide.	The Group's IAS monitors the systems of internal control in accordance with an agreed plan of input and reports their findings to management and the Audit Committee. Management are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented. At least annually, the Head of Internal Audit provides the Governing Body/Corporation, via the Audit Committee, with a report on internal audit activity in the Group and the assurances that can be obtained by this work.
Body	**Role in BAF and risk management**	**Formal responsibilities**
Financial Statement Auditors (FSA)		FSA express an independent opinion on whether the financial statements give a true and fair view, monies expended out of funds have been properly applied for those purposes and, if appropriate, managed in compliance with relevant legislation, and monies expended out of funds provided by the Education and Skills Funding Agency have been applied in accordance with the Financial Memorandum between the Education and Skills Funding Agency and the Corporation.