MK DONS SPORT AND EDUCATION TRUST
RISK MANAGEMENT POLICY.

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1.   PURPOSE

The policy forms part of the SET's internal control and governance arrangements.

The policy explains the SET's underlying approach to risk management, documents the roles and responsibilities of the Board/Committee and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

In addition, it describes the process the Board/Committee will use to evaluate the effectiveness of the SET's internal control procedures.

2.   DEFINITIONS

There are no terms requiring definition

3.   POLICY STATEMENT

The policy outlines MK Dons SET's position on Risk Management. The organisation realises the importance of proper internal controls and governance procedures to minimise the exposure to risk and reduce any potential losses.

4. PROCEDURES AND GUIDELINES

4.1 Underlying approach to risk management

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

- the Board has responsibility for overseeing risk management within the SET as a whole
- an open and receptive approach to solving risk problems is adopted by the Board.
- staff and key volunteers supports, advises and implements policies approved by the Board.
- the SET makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
- all staff are responsible for encouraging good risk management practice within their areas of work
- key risks will be identified by the Board/key employees and closely monitored on a regular basis.

4.2 Roles of the Board

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

- Set the tone and influence the culture of risk management within the SET. This includes:
  - a. communicating the SET's approach to risk
  - b. determining what types of risk are acceptable and which are not
  - c. setting the standards and expectations of staff with respect to conduct and probity.
- Approve major decisions affecting the SET's risk profile or exposure.
- Determine the appropriate risk appetite or level of exposure for the SET.
- Identify risks and monitor the management of fundamental risks to reduce the likelihood of unwelcome surprises.
- Satisfy itself that the less fundamental risks are being actively managed, with the appropriate controls in place and working effectively.
- Annually review the SET's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

4.3 Roles of Staff and Volunteers

Roles of key staff and volunteers are to:

- Implement policies on risk management and internal control.
- Identify and evaluate the fundamental risks faced by the SET for consideration by the Board.
- Provide adequate information in a timely manner to the Board and its sub-committees on the status of risks and controls.
- Undertake an annual review of effectiveness of the system of internal control and provide a report to the Board.

4.4 Risk management as part of the system of internal Controls

The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the SET to respond to a variety of operational, financial, and commercial risks. These elements include:

5.   WHAT IS AND WHAT IS NOT ACCEPTABLE

4.4.1   Policies and Procedures

Attached to fundamental risks are a series of policies that underpin the internal control process. The policies are set by the Board and implemented and communicated to staff. Written procedures support the policies where appropriate.

4.4.2   Reporting

Comprehensive reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Board and the Executive Management team.

4.4.3   Business planning and budgeting

The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

4.4.4   External audits and third party reports

External audit provides feedback to the Board on the operation of the internal controls reviewed as part of the annual audit.

From time to time, the use of external consultants will be necessary 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.

4.4.5   Risk Management Process

SET operates a risk management process/framework as follows:

· A review/appraisal of the previous year's risk management report

· A 'risk identification' exercise for the year ahead

· Evaluation of identified risks using risk assessments

· Manage risks through application of risk management techniques

· Record and monitor risks using risk registers

· Assigning responsibility for risks to appropriate personnel.

Risk identification is not an annual process. Board/Staff members are encouraged to report and update risk registers and carry out assessments throughout the year.

4.5   Annual Review of effectiveness

The Board is responsible for reviewing the effectiveness of internal control of the SET, based on information provided by the senior employees. Its approach is outlined below.

For each fundamental risk identified, the board will:

· review the previous year and examine the SET's track record on risk management and internal control

· consider 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 Board will consider the following aspects.

·   Control environment:
·   o the SET's objectives and its financial and non-financial targets
·   o organisational structure and calibre of the staff/key volunteers
·   o culture, approach, and resources with respect to the management of risk
·   o delegation of authority
·   o public reporting.

·   On-going identification and evaluation of fundamental risks:
·   o timely identification and assessment of fundamental risks
·   o prioritisation of risks and the allocation of resources to address areas of high exposure.

·   Information and communication:
·   o quality and timeliness of information on fundamental risks
·   o time it takes for control breakdowns to be recognised or new risks to be identified.

·   Monitoring and corrective action:
·   o ability of the SET to learn from its problems
·   o Commitment and speed with which corrective actions are implemented.

5. REVIEW PROCESS

The delegated member of staff responsible for risk management will prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Board.