Risk Management Policy

Introduction

1. This risk management policy forms part of the University's internal control and corporate governance arrangements. The policy covers all the University's activities and those of subsidiary companies, wherever they take place.

2. The policy outlines the University's approach to risk management and details the roles and responsibilities of Council, Strategy and Finance Committee and University Executive Board. It also outlines key aspects of the risk management process and identifies the main reporting procedures.

Underlying Approach to Risk Management

3. The following key principles underpin the University’s approach to risk management and control:

   i) Council has responsibility for overseeing risk management within the University;

   ii) an open and receptive approach to solving risk problems is adopted by Council;

   iii) the Vice-Chancellor and other senior colleagues support, advise and implement policies adopted by Council;

   iv) in making decisions the University takes full account of, and discloses as appropriate, the financial and non-financial implications of risks;

   v) Heads of School and Heads of Service are responsible for encouraging good risk management practice within their areas of responsibility, and for identifying individuals with responsibility for activities with a perceived higher than usual risk;

   vi) key risk indicators are identified and monitored closely on a regular basis.

Role of Council and Strategy and Finance Committee

4. Council, both directly and via Strategy and Finance Committee, has a fundamental role to play in the management of risk. Its role is to:

   i) set the tone and influence the risk culture within the University. This includes:

      a) determining the degree of risk the University is prepared to take in general, and on any relevant individual issue;

      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;

ii) determining the appropriate level of risk exposure for the University;

iii) approving major decisions affecting the University’s risk profile or exposure;

iv) monitoring the management of significant risks;

v) satisfying itself that less significant risks are being actively managed, with the appropriate controls in place and working effectively;

vi) reviewing annually the University’s approach to risk management and approving changes or improvements to key elements of its processes and procedures.

5. Council has agreed that these responsibilities will be exercised on its behalf by Strategy and Finance Committee, which will prepare an annual review on risk management for consideration by Council.

Role of University Executive Board

6. The key roles of the University Executive Board are to:

i) implement policies on risk management and internal control;

ii) identify and evaluate the significant risks faced by the University for consideration by Strategy and Finance Committee and Council;

iii) provide appropriate information in a timely manner to Strategy and Finance Committee, and Council on the status of risks and controls and, for the purposes of review, to the Audit Committee;

iv) undertake an annual review of the system of internal control and report to Strategy and Finance Committee and Council.

The University Executive Board is responsible for identifying and evaluating risks faced by the University and for overseeing the preparation by the University Secretary of the annual review and report on internal control for Strategy and Finance Committee and Council. A Risk Management Group has been established to deal with these matters on its behalf, together with major incident and business continuity planning. The Risk Management Group reports by exception to the University Executive Board.

Risk Management and Internal Control

7. The University’s system of internal control incorporates risk management. This system encompasses a number of elements that together enable the University to respond to a variety of operational, financial and business risks. These elements include:
i)  **Policies and Procedures**

The internal control process is underpinned by a series of University policies. These policies are set by Council. Written procedures support the policies when appropriate.

ii)  **Third Parties**

From time to time the University makes use of external consultants. The use of specialist third parties for consulting and reporting increases the reliability of the internal control system.

**Annual Review of Effectiveness**

8. Council, through Strategy and Finance Committee, is responsible for reviewing the effectiveness of the internal controls of the University, based upon information provided by the University Executive Board. The approach taken for the annual review is set out below.

9. For each significant risk identified, Strategy and Finance Committee will:

   i)  review the previous year and examine the University's track record on risk management and internal control;
   
   ii) consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

10. In making its decision Strategy and Finance Committee will consider the following aspects:

   i)  **Control environment**

       a)  the University's objectives and its financial and non-financial targets;
       b)  the organisational structure and calibre of the University senior management;
       c)  the culture, approach, and resources with respect to the management of risk;
       d)  delegation of authority;
       e)  internal and public reporting.

   ii)  **On-going identification and evaluation of significant risks**

       a)  timely identification and assessment of significant risks;
       b)  prioritisation of risks and the allocation of resources to address areas of high exposure.
iii) **Information and communication**

a) quality and timeliness of information on significant risks;
b) time it takes for control breakdowns to be recognised or new risks to be identified.

iv) **Regular Reporting**

Comprehensive reporting is designed to monitor key risks and their controls as identified by the University Executive Board and endorsed by Strategy and Finance Committee. Decisions to make changes to rectify perceived deficiencies are made at the University Executive Board, Strategy and Finance Committee and Council as appropriate, and implemented accordingly.

v) **Corporate Plan and Budget**

The corporate planning and budgetary process and, in particular, the Three-Year Planning Process is used to set objectives, agree action plans and allocate resources. Progress towards meeting corporate plan objectives is monitored regularly by Strategy and Finance Committee.

vi) **Risk Register**

This register is compiled by the Risk Management Group on behalf of the University Executive Board and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the University. The register is reviewed annually, although emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

vii) **Audit Committee**

The Audit Committee is required to report to Council on internal control and will alert Strategy and Finance Committee and Council to any emerging issues. In preparing this report the Audit Committee will receive an annual review by the University Secretary on the system of internal control.

viii) **Internal Audit Services**

Internal audit is an important element of the internal control process. Apart from their regular programme of work, Internal Audit Services is also responsible for aspects of the annual review of the effectiveness of the internal control system in the University.
ix) **External Audit**

The University’s external auditors provide feedback to the Audit Committee and Council on the operation of the internal financial controls reviewed as part of the annual audit.

x) **Monitoring and corrective action**

a) the ability of the University to learn from its problems;
b) the commitment and speed with which corrective actions are implemented.

11. The University Executive Board will prepare a report of its review of the effectiveness of the internal control system annually for consideration by Strategy and Finance Committee and for reporting on to Council. It is expected that a copy of this report will be made available to the Audit Committee.

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