

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, Audit 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:
 - a) Council has responsibility for overseeing risk management within the University;
 - b) an open and receptive approach to solving risk problems is adopted by Council;
 - c) the Vice-Chancellor and other senior colleagues support, advise and implement policies adopted by Council;
 - d) in making decisions the University takes full account of, and discloses as appropriate, the financial and non-financial implications of risks;
 - e) Heads of School and Heads of Function 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;
 - f) the Audit Committee keeps under review the effectiveness of risk management;
 - g) Key risk indicators are identified and monitored closely on a regular basis by the Risk Management Group.

Role of Council and the Audit Committee

4. Council, both directly and via Audit Committee, has a fundamental role to play in the management of risk. Its role is to:
 - a) set the tone and influence the risk culture within the University. This includes:
 - i) determining the degree of risk the University is prepared to take in general, and on any relevant individual issue;
 - ii) determining what types of risk are acceptable and which are not;
 - iii) setting the standards and expectations of staff with respect to conduct and probity;
 - b) determining the appropriate level of risk exposure for the University;
 - c) approving major decisions affecting the University's risk profile or exposure;

- d) monitoring the management of significant risks;
 - e) satisfying itself that less significant risks are being actively managed, with the appropriate controls in place and working effectively;
 - f) 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 Audit Committee, which will prepare an annual review on risk management for consideration by Council. Audit Committee will ensure that a proper process is in place for identifying and managing risks.

Role of University Executive Board

6. The key roles of the University Executive Board are to:
- a) implement policies on risk management and internal control;
 - b) identify and evaluate the significant risks faced by the University for consideration by Audit Committee and Council;
 - c) provide appropriate information in a timely manner to Audit Committee, and Council on the status of risks and controls and;
 - d) undertake an annual review of the system of internal control and report to Audit Committee and Council.
 - e) to undertake an annual Horizon Scanning exercise that identifies key risks and potential failure to exploit opportunities.
 - f) to oversee the generation of the Corporate Risk Register by Risk Management Group
 - g) to oversee the preparation by the Chair of the Risk Management Group the annual review and report on internal control for Audit 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.

Role of Risk Management Group

7. The Risk Management Group will:
- a) act as a focal point for risk management activities within the University;
 - b) will prepare the Corporate Risk Register on behalf of UEB annually
 - c) will Monitor updates made to the risk register by the corporate risk owners
 - d) will (mid year) identify new risks that should be added and suggest risks that are no longer relevant deleted;
 - e) will monitor the mitigating action taken for each risk and that residual risk is managed;
 - f) will keep under revision the production of School and Function risk registers;
 - g) will prepare the annual review of risk management for Council (via the University Executive Board and Audit Committee)

- h) Keep under active review the University's major incident planning arrangement and modify these as necessary;
- i) Keep under active review the University's major business continuity planning arrangements and modify these as necessary.
- j) Keep under active review the University's insurance arrangements and modify these as necessary.
- k) To report to the University Executive Board as necessary.
- l) To receive from the Director of Internal Audit Services:
 - i) Copies of reports where the resultant audit opinion is 'of limited effectiveness', 'weak' or 'unacceptable' (Grade 1 recommendations);
 - ii) Copies of reports which may not contain grade one recommendations, but where significant inconsistencies in approach across Schools/Functions have been identified;
 - iii) Copies of audits scoped at high/strategic level where recommendations may lead to a revision of entries within the University Risk Register.

Corporate Risk Owners

8. Owners of risks within the Corporate Risk register have the following role:

- a) to review (as frequently as required by the risk guidance) and update risks within the Corporate Risk Register that they are responsible for.
- b) to provide updates on their corporate risks to the Risk Management Group as requested.

Risk Management and Heads of School/Function

9. Heads of School/Function have the following role:

- a) Preparation & Maintenance of a risk register that captures the significant risks for the School / Function area;
- b) Review the risk register as part of the annual planning process and have clear links with local objectives and subsequent periodic reviews;
- c) Monitoring the management of significant risks;
- d) Conduct horizon scanning to identify medium to long-term threats/ opportunities that could potentially impact on the School/ Function areas objectives.

Risk Management and Internal Control

10. 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:

a) *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.

b) *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

11. Council, through Audit 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.
12. For each significant risk identified, Audit Committee will:
 - a) review the previous year and examine the University's track record on risk management and internal control;
 - b) consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.
13. In making its decision Audit Committee will consider the following aspects:
 - a) *Control environment*
 - i) the University's objectives and its financial and non-financial targets;
 - ii) the organisational structure and calibre of the University senior management;
 - iii) the culture, approach, and resources with respect to the management of risk;
 - iv) delegation of authority;
 - v) internal and public reporting.
 - b) *On-going identification and evaluation of significant risks*
 - i) timely identification and assessment of significant risks;
 - ii) prioritisation of risks and the allocation of resources to address areas of high exposure.
 - c) *Information and communication*
 - i) quality and timeliness of information on significant risks;
 - ii) time it takes for control breakdowns to be recognised or new risks to be identified.
 - d) *Regular Reporting*

Comprehensive reporting is designed to monitor key risks and their controls as identified by the University Executive Board and endorsed by Audit Committee. Decisions to make changes to rectify perceived deficiencies are made at the University Executive Board, Audit Committee and Council as appropriate, and implemented accordingly.
 - e) *Corporate Plan and Budget*

The corporate planning and budgetary process and, in particular, the Five Year Planning Process is used to set objectives, agree action plans and allocate resources.

Progress towards meeting corporate plan objectives is monitored regularly by the Council.

- f) *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 termly, emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.
- g) *Audit Committee*
The Audit Committee is required to report to Council on internal control and will alert Council to any emerging issues. In preparing this report the Audit Committee will receive an annual review by the Chair of the Risk Management Group.
- h) *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.
- i) *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.
- j) *Monitoring and corrective action*
 - i) the ability of the University to learn from its problems;
 - ii) the commitment and speed with which corrective actions are implemented.

14. The University Executive Board will prepare a report of its review of the effectiveness of the internal control system annually for consideration by Audit Committee and for reporting on to Council.

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