

# Risk Management Policy



## **1. Purpose**

- 1.1 The purpose of the Risk Management Policy is to provide an overarching framework for the identification, management and mitigation of key risks to the University's strategic and operational objectives. It forms part of Bath Spa University's wider risk and assurance framework, supporting our internal control and corporate governance arrangements. It should be read in conjunction with the University's risk appetite statement (Annex 1).
- 1.2 This policy explains the University's underlying approach to risk management including its key principles of risk management, sets out ownership, roles and responsibilities in relation to risk as well as the function of risk management as part of a wider system of internal control.
- 1.3 This policy sets out how University will effectively identify, manage and mitigate significant risks to its strategic aims and operational effectiveness to best enable it to capitalise on opportunities identified through the robust and effective management of risk.

## **2. Underlying Approach to Risk Management**

### Principles

- 2.1 The core principles supporting the University's approach to risk management are as follows:
- Proactivity: The University will take a proactive approach to identifying and mitigating risk strategically and operationally, and will seek to embed active risk management in its ongoing processes.
  - Risk ownership: Specific roles and responsibilities for risk are set out in this policy, and risk owners will have responsibility for ensuring oversight of their risks, including identified mitigation actions.
  - Risk appetite alignment: The risk and assurance framework will be aligned with the risk appetite statement (see Annex 1), and the risk appetite statement will be reviewed regularly to ensure it accurately reflects the University's overall parameters around risk.
  - Continuous assessment: The University will commit to continuous and ongoing assessment of risks and their mitigations to ensure identified risks, their scoring and management remain accurate and up to date.

### Ownership

- 2.2 The critical areas of ownership of the risk management process are as follows:
- The Board of Governors has responsibility for ensuring that a sound system of internal control is in place which supports the achievement of the University's mission, vision and strategic aims while safeguarding the public and other funds and assets for which it is responsible in accordance with the Instrument and Articles of Government and external

regulatory requirements: the Board of Governors has delegated responsibility for regular oversight of the risk management framework and in particular the Strategic Risk Register to the Audit and Risk Assurance Committee as a committee of the Board. The Board of Governors will also receive the Strategic Risk Register bi-annually and review the risk management framework annually, informed by the recommendations of the Committee.

- The Vice-Chancellor supports, advises and implements the Risk Management Policy and approach approved by the Board of Governors.
- The University Leadership Group will act as the University's risk committee in support of the Vice-Chancellor, with the University Secretary as the institution's risk lead.
- Heads of School and Heads of Professional Services are responsible for consistently identifying and managing risks within their own areas of responsibility.
- The University Secretary will act as the risk lead for the University and will ensure there is an effective system of oversight of the risk management framework.
- The University's Risk and Assurance Manager is responsible for ensuring there is effective oversight and management of the risk management framework, including ensuring the effective implementation of this policy and any supporting procedures, and that risk owners and leads have appropriate support to administer their responsibilities.

2.3 The University's intention is not to eliminate risk from its activities but to enable managers to mitigate and manage risk appropriately, informed by the established risk appetite of the University.

### **3. Roles and Responsibilities**

3.1 The Board of Governors will:

- a. Determine the culture of risk management within the University.
- b. Determine the appropriate risk appetite or level of exposure for the University.
- c. Approve major decisions affecting the University's risk profile or exposure.
- d. Satisfy itself that risks are being actively managed with the appropriate controls in place and working effectively.
- e. Annually review the University's approach to risk management including changes or improvements to key elements of its processes and procedures

- f. Delegate responsibility for regular oversight of the Strategic Risk Register and the risk management framework to the Audit and Risk Assurance Committee, while continuing to review the Strategic Risk Register at least bi-annually, informed by the recommendations of the Committee.
- 3.2 The Vice-Chancellor will:
  - a. Ensure that appropriate systems of internal control are in place.
  - b. Ensure that policies on risk management and internal control are implemented.
  - c. Identify, evaluate, and monitor the significant risks faced by the University as contained in the strategic risk register. The register is owned by the Vice-Chancellor and University Executive, and reportable for scrutiny to the Board of Governors normally twice each year.
  - d. Provide adequate information in a timely manner to the Board of Governors and its committees on the status of risks and controls.
- 3.3 The University Leadership Group will act as the University's risk committee in support of the Vice-Chancellor, with the University Secretary as the institution's risk lead.
- 3.4 The University Secretary will act as the risk lead for the University and will ensure there is effective oversight of the risk management framework, including through annual review of the framework by the Audit and Risk Assurance Committee and the Board.
- 3.5 The Risk and Assurance Manager will act as the University's operational lead on risk management and will be responsible for ensuring a clear and robust framework for the management of risk, including ensuring adequate reporting structures and procedures for risk management are in place. The Risk and Assurance Manager will also be responsible for identifying in liaison with risk owners any specific training needs and providing access to appropriate training and support in relation to risk.
- 3.6 Heads of School and Heads of Professional Services will:
  - a. Actively manage all risks within their areas of responsibility,
  - b. Maintain risk registers for each School and Professional Service, comprehensively reviewing them annually.
  - c. Provide updates on institutional risks to the Risk and Assurance Manager to inform updates to the strategic risk register and regular reporting to the Board of Governors.

#### **4. Risk management as part of the system of internal control**

4.1 The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient risk management operation, enabling the University to respond to a variety of operational, financial and commercial risks. These elements include the following aspects as set out in paragraphs 4.2-4.10 below.

4.2 Policies and procedures. Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the Board of Governors and implemented and communicated by the Vice-Chancellor to staff. Written procedures support the policies where appropriate. These include:

- Financial Regulations
- Financial & Accounts Procedures
- Human Resources Policies and Procedures
- Health & Safety Procedures
- Data Protection Policies
- Regulations for the Use of Computer Facilities
- Cyber Security Procedures
- Code of Conduct
- Anti-Fraud, Anti-Bribery and Anti-Corruption Policy
- Treasury Management Policy
- Sustainability Policy

All staff with management responsibility are expected to have an understanding of the nature of risk associated with their area of responsibility, appropriate escalation procedures and the policies which underpin those.

4.3 Regular reporting. Reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made by the Vice-Chancellor or, through delegation, by senior managers.

4.4 Strategic planning and budgeting. The strategic planning and budgeting process is used to set objectives, agree action plans and allocate resources. Progress towards meeting strategic plan objectives is monitored regularly. Risk management is aligned with strategic planning and budgeting.

4.5 Strategic Risk Register. This institution-wide register is owned by the Vice-Chancellor and the University Leadership Group, with input from the risk owners in Schools and Professional Services. The Strategic Risk Register ensures the identification, management and mitigation of risks significant to the University's strategic ambitions. It is formally appraised tri-annually by

the University Leadership Group and the Audit and Risk Assurance Committee, and bi-annually by the Board of Governors. Emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

- 4.6 School and Professional Services risk registers. Heads of School and Heads of Professional Services ensure that significant risks in their areas of responsibility are identified, assessed and monitored by compiling and maintaining a School/Professional Service risk register. The document is formally appraised annually, normally in the context of the annual planning round. Emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.
- 4.7 Audit and Risk Assurance Committee. The Audit and Risk Committee is required to report to the Board of Governors on internal controls and alert the Board to any emerging issues. In addition, the committee oversees internal audit, external audit and management as required in its review of internal controls. The committee is therefore well placed to provide advice to the Board on the effectiveness of the internal control system, including the University's system for the management of risk.
- 4.8 Internal audit programme. Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation. The internal audit programme is determined in the context (among other factors) of identified areas of risk, to ensure the close alignment of risk management and internal audit, and to ensure that there are appropriate mechanisms of assurance for key areas of identified risk.
- 4.9 External audit. External audit provides feedback to the Audit and Risk Committee on the operation of the internal financial controls reviewed as part of the annual audit.
- 4.10 Third party reports. 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

## **5 Annual Review of effectiveness**

- 5.1 An annual report of the effectiveness of the internal control system of identified risks will be prepared for consideration by the Board of Governors, as part of the annual report of the Audit Committee. This is to provide assurance to the Board that the design of operating controls and early warning mechanisms are effective, and reporting where they have been found not to be so, and the actions taken.

- 5.2 In reviewing effectiveness of internal control the Board will consider the following:
- a. The control environment, including the effectiveness of management and culture and approach with respect to risk management;
  - b. On-going identification and evaluation of significant risks and the resources required to address areas of high exposure;
  - c. Information and communication, including the quality and timeliness of information on significant risks and the time it takes for control breakdowns to be recognised or new risks to be identified;
  - d. Monitoring and corrective action, including the ability of the University to learn from its problems and the commitment and speed with which corrective actions are implemented.

## Document Details

**Responsible Office:** Governance, Legal and Compliance

**Responsible Officer:** University Secretary

**Approving Authority:** Board of Governors

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**Related Policies and Procedures:** Risk Appetite Statement

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