RISK MANAGEMENT POLICY

Approved by Board of Governors 25 June 2014 (with minor amendments 11 November 2015)
Review due November 2018 or following internal audit scheduled for 2017-18
Owned by: Vice-Provost (Learning and Teaching Quality)

Purpose of this document

1.1   This risk management policy forms part of the university's internal control and corporate governance arrangements. It should be read in conjunction with the university's risk appetite statement (Annex 2).

1.2   The policy explains the university's underlying approach to risk management, and documents the roles and responsibilities of the Board of Governors, the Vice-Chancellor, Deans and heads of professional services.   It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

1.3   In addition, it describes the process used to evaluate the effectiveness of the University's internal control procedures.

Underlying approach to risk management

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

   a.   The Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible in accordance with the Articles of Governance of the University and the Financial Memorandum with HEFCE.

   b.   The Vice-Chancellor supports, advises and implements risk management policies approved by the Board of Governors.

   c.   The University makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.

   d.   Deans and heads of professional services are responsible for consistently identifying and managing risks within their own areas of responsibility.

   e.   Key risk indicators will be identified and closely monitored on a regular basis.

Roles and Responsibilities

1.5   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.

1.6   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.
   d. Provide adequate information in a timely manner to the Board of Governors and its committees on the status of risks and controls.
   e. Undertake an annual review of effectiveness of the system of internal control and provide a report to the Board of Governors.

   The Vice-Chancellor's Advisory Group will act as the University's risk committee in support of the Vice-Chancellor, with the Vice-Provost (Learning and Teaching Quality) as the lead manager.

1.7   Deans 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 inform regular reporting to the Board of Governors.

1.8   The Head of Quality will provide support to the Vice-Provost (Learning and Teaching Quality) with respect to the oversight of risk management.

Risk management as part of the system of internal control

1.9   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 1.10-18 below.

1.10   *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
- Staff Handbook
- Health & Safety Procedures
- Code of Conduct
- Anti-Fraud and Anti-Corruption Strategy
- Treasury Management Policy

1.11   *Regular reporting.* Comprehensive 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.

1.12   *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.

1.13   *Strategic risk register.* This institutional register is determined by the Vice-Chancellor and the Vice-Chancellor's Advisory Group, with input from Schools and professional services. The institutional risk register ensures the identification, assessment and ongoing monitoring of risks significant to the University.   The document is formally appraised annually. Emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

1.14   *School and Professional Services risk registers.* Deans and Heads of professional services ensure that significant risks in their areas of responsibility are identified, assessed and monitored by compiling a School/Professional Service risk register annually.   The document is formally appraised annually in the context of the annual planning round. Emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

1.15   *Audit Committee.* The Audit 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.

1.16   *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.

1.17   *External audit.* External audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit.

1.18   *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.

Annual review of effectiveness

1.19   The Vice-Chancellor will prepare annually a report of the effectiveness of the internal control system for consideration by the Board of Governors.

1.20   In reviewing effectiveness of internal control the Board will consider the following:

   a. Control environment:
   - the University's objectives and its financial and non-financial targets
   - organisational structure and calibre of the senior departmental managers
   - culture, approach, and resources with respect to the management of risk
   - delegation of authority
   - public reporting

   b. On-going identification and evaluation of significant risks:
   - timely identification and assessment of significant risks
   - 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
   - the time it takes for control breakdowns to be recognised or new risks to be identified

   d. Monitoring and corrective action:
   - ability of the university to learn from its problems
   - commitment and speed with which corrective actions are implemented