RISK MANAGEMENT POLICY

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UNIVERSITY OF ROEHAMPTON

RISK MANAGEMENT POLICY

Purpose of this document

1. This risk management policy (the policy) forms part of the University's internal control and corporate governance arrangements.

2. The policy explains the University's underlying approach to risk management and documents the roles and responsibilities of the Council, the senior management team, and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures.

3. In addition, it describes the process the Council will use to evaluate the effectiveness of the University's internal control procedures.

Underlying approach to risk management

4. The following key principles outline the University's approach to risk management and internal control:
    *   the Council has responsibility for overseeing risk management within the University as a whole
    *   the Council adopts an open and receptive approach to managing and discussing risk with the executive team
    *   the Council approves the University's strategic plan and considers any risks that may arise when monitoring the achievement of the objectives and indicators set out in the plan
    *   the Vice Chancellor and the senior management team supports, advises and implements policies approved by the Council
    *   the University has a conservative and prudent approach towards the financial and non-financial implications of risks, and has an agreed risk appetite statement that sets out our tolerance for particular categories of risk, as an approach by Council.
    *   within academic departments, Heads of Departments in partnership with the Vice-Provost (Planning and Engagement) are responsible for encouraging good risk management practice
    *   within professional service departments, Directors and Heads of Departments are responsible for encouraging good risk management practice
    *   risk indicators will be identified and closely monitored on a regular basis

Role of the Council

5. The Council has a fundamental role to play in the identification and management of risk. Its role is to:
    *   set the tone and influence the culture of risk management within the University including setting the standards and expectations of staff with respect to conduct and probity
    *   approve major decisions affecting the University's risk profile or exposure
    *   monitor the management of high-level risks
    *   satisfy itself that the operational risks are being actively managed, with the appropriate controls in place and working effectively
    *   annually review the University's approach to risk management and approve changes or improvements to key elements of its processes and procedures

Role of the Vice-Chancellor and senior management team

6.   Key roles of the Vice-Chancellor and the senior management team are to:

- implement policies on risk management and internal control
- identify and evaluate the high-level risks faced by the University for consideration by the Council
- provide adequate information in a timely manner to the Council and its 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 Audit Committee and Council

Role of Heads of Academic Departments and Vice-Provost (Planning and Engagement)

7.   The Head of each academic department and the Vice-Provost (Planning and Engagement) are responsible for identifying and managing the risks specific to their areas in accordance with this policy.

Roles of Directors and Heads of Professional Service Departments

8.   The Director/Head of each professional service department is responsible for identifying and managing the risks specific to their areas in accordance with this policy.

Risk management as part of the system of internal control

9.   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 University to respond to a variety of operational, financial, and commercial risks. These elements include:

- *Policies and procedures*
  Attached to high-level risks are a series of policies that underpin the internal control process. The policies are set by the Council and implemented and communicated by senior management to staff. Written procedures support the policies where appropriate.
- *Periodic reporting*

  Comprehensive periodic reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the senior management team, Audit Committee and the Council if appropriate.
- *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. Departmental risks are considered during this process.
- *High-level risk register*

  This register is compiled by the senior management team and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the University. The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

- *Departmental risk registers*

  Directors and Heads of Departments develop and use these registers to ensure that risks in their department are identified, assessed and monitored. The registers are formally appraised annually as part of the departmental annual Business Planning Process, but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly. This is for all departments, both academic and professional services. The Vice-Provost (Planning and Engagement) maintains responsibility, along with the Heads and Directors, for academic departmental risks.

- *Audit Committee*

  The role of the Council set out above is a corporate one for Council and its committees as a whole. However, Audit Committee has a particular responsibility to monitor and review risk management, control and governance arrangements. It is therefore required to report to the Council on internal controls and alert council members 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 Council on the effectiveness of the internal control system, including the University's system for the management of risk.

- *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 adequacy and effectiveness of the internal control system within the organisation.

- *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.

- *Third party reports*

  From time to time, the use of external consultants may be necessary. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

Business Continuity Management

10. There is a direct link between Risk Management and Business Continuity Management (BCM). BCM is an established part of the UK's preparations for managing risks faced by organisations, whether from internal system failures or external emergencies such as extreme weather, flooding, terrorism or infectious diseases. It is about identifying parts of an organisation that it cannot afford to lose. It refers to ISO 22301, a standard which outlines the requirement of a management system to protect against, reduce the likelihood of, and ensure your business recovers from disruptive events. Directors and Heads of Departments have reviewed the risks to the services they provide and produced plans to meet those risks.

Health and Safety

11. Directors and Heads of Departments will include risks to health and safety as part of their risk management processes, and will undertake risk assessments for new initiatives, projects and other proposals and revise existing risk assessments as required. Details of all health and safety risk assessments will be maintained within the Department as long as the particular process or activity, to which the assessments refer, is performed. Risk Assessment involving an accident or a claim should be sent to the Health and Safety office for record.

12. The University supports a Health and Safety Office which is responsible for developing and maintaining the University's health and safety management systems, advising on health and safety matters and auditing performance. The Health and Safety Office is part of Legal Services and reports directly to the Head of Legal Services. The Health and Safety Committee of Council considers health and safety matters across the University, including matters within individual colleges, and reports of these meetings are considered by Council.

Implementation

13. Risk must be managed in every aspect of the University's activities using the following procedure:

- *Identification*
  The potential risks which each event or activity poses to the assets, reputation or earning capacity of the University must be determined.

- *Measurement*
  Each risk must be evaluated in terms of:
  - The severity of the potential impact of the risk.
  - The likelihood of the risk occurring.
  - The risk appetite for the risk (the is the amount of risk the University is willing to seek, accept or tolerate in order to achieve its strategic aims and objectives)

  This allows the risk to be evaluated and the relative importance of each risk to be ascertained. Decisions can then be made on priorities for risk management, also considering the Risk Appetite, which is covered in more detail in the Risk Appetite Statement (Appendix 1).

- *Loss Reduction*
  Once each risk has been identified and measured, an action plan must be devised to eliminate or mitigate it. Wherever possible, risk should be removed before it occurs by taking measures to negate it or to reduce the possibility of it occurring. Where this is not possible, risk management must concentrate on control and damage limitation.

  Risk management controls and early warning mechanisms must be identified, documented and monitored, with responsibility for each risk being allocated to a named risk owner.

  In the high-level risk register the controls are considered alongside the severity and likelihood, in order to score the residual risk only.

  The University has appropriate insurance policies in place which are reviewed annually.

- *Non-Insurance Risk Transfer*
  Risks may be mitigated by transferring them contractually to third parties where this is cost-effective and where occurrence of the risk after transfer will not hinder the University's business continuity.

- *Residual Risk*
  It is never possible to remove all risks entirely. The University will therefore have to make judgements as to which risks it is prepared to bear, balanced against the costs of mitigating or transferring them, in accordance with the agreed risk appetite statement.

14. An organisation of the complexity of the University of Roehampton can never centrally manage all risks facing it. At University level only the major high-level risks are identified and prioritised, while it delegates to Departments (and the Vice-Provost (Planning and Engagement) in the case of academic departments) the responsibility for identifying and managing their local risks.

Risk Registers

15. At University level all identified and prioritised risks are contained within the University's High-Level Risk Register. The University High-Level Risk Register is reviewed and updated regularly as detailed in the risk management framework below. It is available on the University Intranet so that it can be accessed readily by those with responsibilities for managing it.

16. All academic and professional service departments are also required to maintain their own risk registers and to review these in accordance with the risk management framework. Departments should use the University's department risk register template when compiling their registers. The Vice-Provost (Planning and Engagement) maintains responsibility, along with the Heads and Directors, for academic departmental risks.

Projects and Other Proposals

17. Risk identification and control are major considerations in planning and budgeting processes at all levels in the University. They must be considered and documented as part of the justification for all new activities (i.e. academic programmes), investments and projects. Each proposal for a new activity will contain a section addressing any risk issues, and all new capital project proposals must address fully any potential risks.

Risk Management Framework

18. The senior management team will review the risks recorded in the High-Level Risk Register, with particular emphasis on the substantive risks at least 3 times a year.

19. As part of the Annual Assurance Exercise the senior management team will receive updates on professional service and academic department risks.

20. These reports will include:
    - The outcomes of discussions on risk management at department level or among the academic departments as a whole.
    - New risks identified and a summary of the actions planned to address them at department level or among the academic departments as a whole.
    - Whether or not identified risks should be escalated to the High-Level Risk Register. These risks are those assessed as being likely to impact upon the delivery of the University's strategic objectives.

21. The outcome of discussions by the senior management team will be regularly and promptly reported to the Audit Committee and Council.

Reports from Council Committees to Audit Committee

22. As and when appropriate, the chairs of Council committees will inform the Audit Committee of any additional risks or amendments to existing risks which in their judgement should be brought to the attention of the Audit Committee and/or Council.

Annual review of effectiveness

23. The Council is responsible for reviewing the effectiveness of internal control of the University, based on information provided by the senior management team. Its approach is outlined below.

24. For each high-level risk identified, the Council will:
    - review the previous year and examine the University'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

25. In making its decision the Council will consider the following aspects:

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

    On-going identification and evaluation of high-level risks
    - timely identification and assessment of high-level risks
    - prioritisation of risks and the allocation of resources to address areas of high exposure

    Information and communication
    - quality and timeliness of information on high-level risks
    - time it takes for control breakdowns to be recognised or new risks to be identified

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

26. The senior management team will prepare a report of its review of the effectiveness of the internal control system annually for consideration by Audit Committee and Council.

Last Updated: September 2020

APPENDIX 1

RISK APPETITE STATEMENT[1]

Risk Appetite Statement

1. Introduction

The University of Roehampton takes a responsible and pragmatic approach to risk management and managing its exposure to risk. The University considers it appropriate that it will have a different level of appetite for particular categories of risk in pursuit of the objectives and targets set out in the Enabling Strategies 2019 – 2025[2].

This statement sets out the University's risk appetite. Risk appetite can be defined as '*the University's willingness to accept risk in pursuit of its objectives before action is necessary to reduce the risk'*.

2. Scope of Statement

The Risk Appetite Statement sets out the University's risk appetite. Risk appetite can be defined as '*the University's willingness to accept risk in pursuit of its objectives before action is necessary to reduce the risk'*.

The statement is intended to establish the scope within which risk will be considered when decisions are made and the approach that will be considered in developing risk mitigations. The statement applies to all risk management across the University, including in the production and review of risk management documentation and in the day-to-day operation of risk control and mitigation.

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[1] Please note that at the time of writing, the Risk Appetite Statement has been seen by Audit Committee but it has not yet gone to Council as Audit Committee wanted more information on how this would be operationalised. To discuss receiving the document in an alternative format, please contact governance@roehampton.ac.uk.
[2]

https://portal.roehampton.ac.uk/information/strategies/Documents/EXE121219JK%20(Enabling%20Strategies)_FINAL%20(2).pdf.

The University must take risks in order to deliver on the objectives set out in the Enabling Strategies. Each objective presents a potential set of risks, but when reviewed and delivered with the necessary mitigations can allow for significant opportunity.

3.   Responsibilities

The University's Risk Appetite Statement is part of a broader set of controls that form the basis for the approach to risk management and mitigation.

The University Council is the governing body of the University which carries responsibility for ensuring the effective strategic management of the University and for planning its future development. Council is also ultimately responsible for the management and mitigation of risk, and delegates this responsibility in part to Audit Committee. Audit Committee receive an update on progress against actions to mitigate risks in the University's risk register at each meeting.

Day-to-day, risk is overseen by the Vice-Chancellor and delegated to the Pro Vice-Chancellor and Chief Operating Officer and operationalised by colleagues across the University.

The Risk Appetite Statement is part of a number of governing documents including:

- Risk Management Policy
- High-level Risk Register (Overview and Detailed)
- Department, activity and location specific risk registers
- Internal and external audit, assurance and internal control
- Document Control Policy
- Business planning and budgeting
- Business continuity planning.

4.   Definitions

The University's risk appetite is varied based upon the specific area of activity and can increase or decrease for a range of environmental reasons. The definitions of appetite are set out in table 1.

In making decisions on the approach to risk, Council and all other committees and individuals consider:

- Level of control
- Change in the environment
- Information and communications
- Monitoring and corrective actions available.

Table 1: Definitions of risk appetite

Risk appetite	Description
1	Very low level risk is acceptable.
2	Low level risk is acceptable.
3	Balanced risks are acceptable.
4	Moderate risks are acceptable.
5	Significant risk is acceptable.

5.   Risk Appetite for Risk Categories

The University's risk register sets out eight risk categories of risk:

- Academic
- External
- Financial
- Governance
- Reputation
- Facilities
- Research
- Systems.

Table 2 sets this out the risk appetite in relation to each of these categories.

Table 2: Risk Appetite for Risk Categories Summary

Risk category	Risk appetite level	Further information
Academic	2	The University is committed to developing new courses, new entry points and new delivery modes that are designed to meet the needs of prospective students and wider society and balance the expertise of academic staff. To ensure that this is met, the University is open to developing actions with some associated risks that are well assessed and considered to be on balance at a low level and that will deliver high levels of return.
External	2	The external environment in which the University operates is largely out of the University's control. However, by working with local, national, and international agencies and by implementing robust governance and planning structures the University is able to assure that only low-level risks are taken in the approach to the external environment.
Financial	2	The University has an excellent track record of treasury management throughout its history, including when faced with challenging external environments. This approach is underpinned by careful budget management and expenditure. The University is committed to delivering an outstanding student experience and as such will only accept low level financial risks that are mitigated with appropriate plans.
Governance	1	The University is committed to delivering in full on its regulatory obligations and meeting the contractual and moral obligations it has with its students, staff and wider society. This includes ensuring that no ethical, professional, health and safety or moral standards are breached and working with the recognised regulatory and government bodies. The University keeps all and regulatory governance risks under constant review to ensure that they are mitigated to an acceptable threshold and that only very low risks are taken.

Risk category	Risk appetite level	Further information
Reputation	2	The University has developed an excellent reputation over 175 years following the inception of its first college. The reputation of the University is essential to attract prospective students, outstanding staff, research funding and collaboration opportunities. The University therefore has a low appetite for reputational risk. The delivery of core university activity may at times require additional reputational risks to be considered, including where organisational change is required. Where these are essential to deliver on the University's objectives, appropriate mitigations will be put in place to manage risk.
Facilities	3	The University maintains a legacy estate that for the most part is owned by the providing bodies of the institution, whilst also having made significant investment in new buildings including student accommodation and the Library.

Recent investments have been award winning and have delivered outstanding student experience benefits. The University is prepared to take balanced risks in the delivery of facilities that meet the needs of our diverse staff and student body and deliver high level returns.

However, it should be noted that there is a very low level to no appetite for any risk related to health and safety compliance. |
| Research | 4 | The University has performed well in recent research assessment exercises and has significant plans to reach further in the future.

Investment in research is at the heart of this commitment, to support winning on bids and helping staff to actively curate research that has a positive impact on the world around them. To achieve this, the University is prepared to take moderate risks in order to pursue research that delivers high levels of return for society, teaching activity and to further fund research provision. |
| Systems | 2 | The ability for the University to gather, process and make use of its systems effectively is essential in the delivery of major programmes of work, improvements to processes and delivery of the objectives set out in the enabling strategies. Simultaneously, the systems employed must be robust, efficient, and effective and safe. Therefore, the University is only prepared to take low level risks with systems that are appropriately mitigated. |