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**The University of Chichester**

**Risk Management Policy**

**2021**

**Approved by the Board of Governors: 23 March 2021**

**Risk Management Policy**

1. **Purpose of this document**

1.1 The University is accountable to a number of internal and external stakeholders, including the funding councils, students, staff, the public and the Board of Governors. The environment in which the University operates is subject to a wide range of risks, and the need for risk management is a requirement from the Office for Students (OfS) as part of the Terms and Conditions of Funding for Higher Education Institutions between the OfS and the University of Chichester.

1.2 The University works with the broad definition of ‘risk’: **the threat or possibility that an action, inaction or event will adversely affect the University’s ability to achieve its objectives**. The objectives are those published in the University Strategic Plan, and the management of risk is the systematic analysis of policies, practices and procedures to optimise the advantage to the University of Chichester, either by exploiting positive opportunities or mitigating the effects of negative influences.

1.3 Risk management forms an important part of the University’s internal control and corporate governance arrangements and is the responsibility of all staff whatever their role.

1.4 This document explains the University’s underlying approach to risk management and sets out the roles and responsibilities of the Board of Governors, the Governors’ Audit Committee, the Governors’ Finance and Resources Committee, the executive (the Vice Chancellor’s Group), the Heads of Departments, the Risk Management Group and senior managers within the organisation. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

2. **Risk Management**

2.1 Risk management involves:

* Considering the activities of the University as a whole, or within a given area or department;
* Identifying the risks involved (internal and external) in pursuing these activities;
* Assessing the risks for probability and impact;
* Eliminating those risks that can and should be eliminated;
* Where appropriate reducing the likelihood or potential impact of remaining risks;
* Developing contingency plans in case those remaining risks become reality; and
* Considering whether risks may be transferred by insurance or other contract.

2.2 It should also be noted that:

* The level of effort and resource put into managing particular risks should be proportionate to their potential impact on the organisation;
* Risks include lost opportunities;
* It will always be necessary to take risks, but these should be appropriately managed;
* Risk management is a continual, ongoing process, as risks and uncertainties will change over time;
* All staff should contribute to the risk management process;
* Staff should be empowered to implement solutions locally where they can, but to seek help with identified risks when necessary; and
* The culture for discussion of risk should be open, positive and blame free.

2.3 Reasons for adopting risk management procedures:

* Effective risk management is good practice and will improve the effectiveness of the University;
* Regular consideration of risks helps staff in positions of responsibility to avoid problems and to plan;
* An understanding of risk areas is essential in developing University strategies and plans; and
* Regular reports of major risks help the Vice Chancellor’s Group, the Governors’ Finance and Resources Committee and the Board of Governors to understand the external and internal pressures and opportunities/threats that the University faces, and to make appropriate financial and other provision where it is needed.

2.4 The University’s general approach is to minimise its exposure to risk. It will seek to recognise risk and to mitigate the adverse consequences. However, the University recognises that in pursuit of its corporate objectives, it may choose to accept an increased level of risk. It will do so, subject to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

2.5 The Governors’ Finance and Resources Committee assesses the level of risk that the University is prepared to accept and ensures there are adequate resources to manage such risks. This is defined as the ‘risk appetite’. Once this ‘risk appetite’ is established, it is incorporated into the annual strategic plan reporting cycle, and discussed and approved by the Board of Governors.

2.7 The University makes prudent recognition and disclosure of the financial and non-financial implications of risks and complies with its various funding agreements, including those with OfS.

2.8 This Policy applies to the University and its related companies. For these purposes, a related company is defined as any entity where the institution has or exercises a substantial degree of influence over that related company’s activities. This may include companies that are not ‘subsidiary’ companies as defined in accounting terms, but for which the University exercises a degree of control – for example in certain partnerships or joint ventures.

2.9 The University of Chichester Students’ Union (UCSU) is a separate legal entity and the University has no direct management control over its activities. However, there is clearly a reputation and possible financial risk from their activities. The University requires the Students’ Union to have robust risk management procedures in place as a condition of their grant. The University also reserves the right to ask the internal auditors to confirm that the processes within the Students’ Union offer adequate protection to the University. The University works closely with UCSU and has a dedicated link through the Deputy Vice-Chancellor (Student Experience) and holds regular Student Forum meetings.

2.10 The University of Chichester Academy Trust (the Trust) is also a separate legal entity. The University has representation on the Board of Trustees (without exercising formal control) and the Trust has close links with the Institute of Education, Health and Social Sciences. These links allow the University to monitor risk management of the Trust and to work closely with the Trust to ensure the reputations of both entities are protected from risk events.

3. **Roles and Responsibilities**

 To be read in conjunction with the diagram at **Annex 1**.

3.1 **Role of the Board of Governors in the management of risk**

The Board of Governors is ultimately responsible for the system of risk management and internal control. In carrying out this role, the Board will consider the:

* nature and extent of the risks facing the University;
* extent and categories of risk it regards as acceptable for the institution to bear;
* likelihood of risks materialising;
* institution’s ability to reduce the incidence and impact of materialised risk; and
* cost of control relevant to the benefit obtained in managing the related risks.

The Board has designated the Vice Chancellor to take overall responsibility for risk management and will monitor effectiveness through the Governors’ Audit Committee.

The Board will receive an updated Critical Risk Register for the University at least once a year at its June/July meeting. This will ensure that the budget and revised corporate objectives for the coming year are informed by the risk environment in which the University is operating. The Board will also be asked at this meeting to confirm or approve changes to the University’s “risk appetite”.

In the interim meetings, the Board will receive assurance on risk management through the minutes of the Governors’ Audit Committee. At its November meeting, the Board will receive an annual report on risk management presented as part of the Governors’ Audit Committee’s Annual Report.

3.2 **Role of the Governors’ Audit Committee in the management of risk**

The role of the Governors’ Audit Committee is to provide an opinion to the Board of Governors of the adequacy and effectiveness of the institution’s arrangements for the following:

* Risk management, control and governance (the risk element includes the accuracy of the statement of internal control included with the annual statement of accounts);
* Data assurance; and
* Sustainability, economy, efficiency and effectiveness (value for money).

In order to do this, the Governors’ Audit Committee’s terms of reference include, *inter alia,* the responsibility to:

* Review the internal auditors’ risk assessment, strategy and programme; and
* Keep under review the effectiveness of the risk management, control and governance arrangements and, in particular, review the external auditors’ management letter, the internal auditors’ annual report and management responses.

The Committee will receive a report from the Risk Management Group twice a year, in June and February. The Committee will receive the full Critical Risk Register once a year at its meeting in June. The February report will include an update on any changes to the Critical Risk Register and information on any new or emerging risks, and any further information on the risk management process within the University that the Committee should be aware of.

In addition, further reports on a ‘by exception’ basis will be brought to other meetings as required.

3.3 **Role of the Governors’ Finance & Resources Committee**

The Board of Governors has devolved responsibility for establishing the risk appetite and for ensuring adequate resources are allocated to managing risks to the Governors’ Finance and Resources Committee.

The Committee’s duties include the responsibility to oversee the arrangements put in place to mitigate or reduce the probability and/or impact of identified risks. At its June meeting, the Committee will receive the Critical Risk Register and agree any recommendations to the Board of Governors that risks should be added or removed from the Risk Register.

3.4 **Role of the Vice Chancellor and the Vice Chancellor’s Group**

The Vice Chancellor is the ‘Accountable Officer’ under the Terms and Conditions of Funding for Higher Education Institutions between the OfS and the University.

Under the leadership of the Vice Chancellor, the Vice Chancellor’s Group takes responsibility for the overall risk management of the University and will collectively take mitigating actions where necessary to ensure the overall stability of the institution. The Vice Chancellor’s Group is responsible for:

* implementing the Risk Management Policy approved by the Board of Governors;
* co-ordinating and promoting risk management throughout the University;
* ensuring that risk management is included in the annual planning process and considered within departmental plans;
* receiving reports on risk and escalating complaints, including complaints which have elevated to an external body;
* monitoring the management of critical risks and ensuring that actions to remedy control weaknesses are implemented;
* agreeing policy statements in relation to specific areas of risk and ensuring action is taken, compliance assured and good practice maintained;
* identifying new or emerging risks within academic and professional services, and agreeing policy and procedures to manage these risks;
* approving the removal of critical risks which are no longer current or appropriate;
* holding overall responsibility for the business recovery processes of the University; and
* ensuring that appropriate training is provided for those with responsibility for risk management.

3.5 **Role of the Heads of Departments**

Heads of Departments (both academic and professional services) are tasked with taking a strategic view of risk management. Heads of Departments must ensure they have an understanding of the University’s critical risks to fulfil their role.

3.6 **Role of the Risk Management Group, Risk Owners and Risk Managers**

Day-to-day management of each identified risk is delegated by the Vice Chancellor’s Group to the Risk Management Group. The Group is led by the Chief Operating Officer and includes representation from the legal team. For each risk on the Critical Risk Register, the Group will assign a member of the Vice Chancellor’s Group as the risk owner having principle responsibility for the risk. The Group will also assign a risk manager, to support the risk owner and be responsible for operational management of the risk.

The risk manager oversees the management of the risk, ensuring that sufficient controls are in place and that appropriate additional actions are identified and taken within reasonable time scales.

 The risk owner is responsible for ensuring that those managers or staff who are operationally responsible for ensuring that the appropriate controls are in place or mitigating action is taken are recognised, are aware of this duty and that they are carrying it out adequately. The risk owner is also responsible for reporting of the risk and adequacy of the controls in place. This may be delegated if appropriate; any delegation of this responsibility must be notified formally to the Risk Management Group, which will include a list of such delegated authorities in its reports to the Vice Chancellor’s Group, the Governors’ Finance and Resources Committee and the Governors’ Audit Committee. The Vice Chancellor’s Group should review all such delegations on at least an annual basis to ensure that they remain appropriate.

Risk managers, supported by their respective risk owners, will:

* Continually assess their areas of responsibility to ensure that current and new risks are identified, are entered onto the appropriate risk registers, and that controls/mitigating actions appropriate to the level of the risk are in place. For significant risks, this will mean having contingency plans in place;
* In accordance with the University’s risk review cycle, formally update their individual risk on at least an annual basis;
* Submit all updated risk reports to the Group at least once a year;
* Review individual risks and control actions identified in line with the Risk Matrix (see section 4.8) to be reviewed by the Group;
* Consult with staff on a frequent basis about risks within their area. This may be through team meetings or performance review and development plan (PRDP) discussions with staff;
* With relevant members of staff, consider how to reduce the risks, in terms of both their likelihood and their impact; and
* When preparing plans explicitly consider the risks involved in what is planned and how to deal with them.

Risk owners may be asked to present to the Vice Chancellor’s Group, the Governors’ Finance and Resources Committee and/or the Governors’ Audit Committee to demonstrate that the processes supporting their management of risks are robust.

3.7 **Risk Management as part of the system of internal control**

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 broad range of risks. These elements include:

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| *The control environment* | The University’s discipline and structure, including the integrity, ethical values and competence of the institution’s staff; the operating style of management; the methods for assigning responsibility and the attention and direction of the Board of Governors. |
| *Risk framework* | The framework and policy documents owned by the Vice Chancellor’s Group helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the achievement of the University’s strategic objectives |
| *Critical Risk Register* | The Critical Risk Register captures key risks to the University and ensures proactive management. It is formally appraised annually but emerging risks and significant changes to current risks are added as required, and improvement actions and risk indicators are monitored regularly. |
| *Risk Detail Documents* | Each risk in the Critical Risk Register is supported by a Risk Detail Document (see Annex 3). |
| *Unit-level risk registers*  | University departments and managers of major projects may develop and use the risk framework to ensure that significant risks in their areas are identified, assessed and monitored as appropriate.  |
| *Policies and procedures* | Attached to significant risks are a series of policies and (where appropriate) procedures that underpin the internal control process. These policies are established by the Vice Chancellor’s Group, Academic Board or the Board of Governors and are implemented and communicated by senior management to all staff. |
| *Reporting* | Regular reporting is designed to monitor critical risks and their controls. Reports will also identify emerging risks and bring forward recommendations to improve and enhance internal controls. |
| *Academic and business planning* | The University has developed an academic planning process to inform the overall Strategic Plan and to assist in the setting of overall objectives and the agreement of plans and policies to achieve those objectives. Risk assessment and management is part of this ongoing process and will assist the University in achieving those objectives. |

The processes for monitoring the effectiveness of the internal controls are assessed through regular assessment and evaluation, including by the Internal Audit Service.

3.8 **Role of Internal and External Audit**

Although risk management and internal control are the responsibility of management, the Internal Audit Service has an interest in effective internal control and will assess the University’s approach to risk management on an ongoing basis.

The External Audit service provides feedback to the Vice Chancellor’s Group and the Governors’ Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit completed for the University and related companies.

3.9 **Other Independent Reports**

To increase the reliability of the internal control system, from time to time the use of external consultants may be necessary in areas of high risk.

 The University is subject to periodic inspections and assessments for its academic provision by the Quality Assurance Agency for Higher Education (QAA), the Office for Standards in Education (Ofsted), the General Social Care Council (GSSC) and the British Council. In accordance with the University’s Articles of Association, the Academic Board takes responsibility for the academic provisions and such reports will be made available to the Board of Governors with the relevant action plans to address recommendations for improvement.

**4. Identifying and scoring risks and the Critical Risk Register**

4.1 All significant risks must be captured on the University’s Critical Risk Register to ensure that they are properly identified and evaluated. The Critical Risk Register is reviewed and updated on an ongoing basis. A sample of the Critical Risk Register’s structure appears at **Annex 2**.

4.3 The risks included on the Critical Risk Register are those that are most likely to impact on the strategic aims of the University. They should therefore reflect the priorities and strands outlined in the University’s Strategic Plan.

4.4 In addition to the Critical Risk Register, other business units within the University may maintain their own risk registers for significant risks within their areas. For certain University projects there may also need to be separate detailed risk registers, in particular to support major capital projects.

 These Risk Registers will identify risk owners and managers at the appropriate level within the organisation. The risk registers should make the risk owner clear, and the Vice Chancellor’s Group should assess whether the risk is being owned and managed at an appropriate level within the organisation.

In addition, all business cases presented to the Vice Chancellor’s Group must include a risk assessment and a list of significant risks and mitigating actions or controls, wherever possible following the format of the Critical Risk Register.

4.6 **Assessment of Probability and Impact**

 Once risks have been identified, an assessment of the **probability** and the **impact** of the risk occurring needs to be made which together provide an overview of the criticality of the risk.For all risk assessments within the University, each element is scored on a scale of 1 – 10; 1 illustrating low probability or impact and 10 illustrating high probability or impact.

 When scoring impact, the following criteria should be considered: financial impact, reputational damage, and loss of property/function. In addition, the risk to life as outlined in Health and Safety Guidance should be taken into account where appropriate.

4.7 **Function, Failure mode(s), Failure effect(s), Cause(s), Controls, Assurance**

For each risk, consideration must be given to five key areas:

* **Function:** those events or actions which support the proper management of the risk;
* **Failure mode(s)**: what would lead to a failure of the function;
* **Failure effect(s)**: the effects resulting from the failure mode;
* **Cause(s)**: the events or actions that would lead to the failure mode;
* **Controls**: actions being taken to mitigate the causes of the failure mode;
* **Assurance**: ways in which the controls are being monitored.

The risk owner is responsible for ensuring that these elements are considered and captured within a risk detail document (see **Annex 3**).

5. **Review, Monitoring and Reporting Procedures**

 In order to ensure that these risk management arrangements continue to be effective, there is an ongoing need for review, monitoring and reporting, including:

* A regular review and update of the University’s Critical Risk Register;
* Adequate ongoing monitoring arrangements including the effectiveness of early warning triggers/indicators;
* Regular reporting to appropriate management;
* Integration of risk management with the University business planning procedures;
* Personal objectives and the PRDP process including a link to the management of certain risks;
* Focusing of Internal Audit to critical risks identified in the risk management process;
* Reporting annually from the Risk Management Group to the Governors’ Audit Committee;
* Assurance provided annually from Internal Audit to the Governors’ Audit Committee as to the effectiveness of risk management arrangements; and
* Assurance provided by the Governors’ Audit Committee to the Board of Governors on the effectiveness of risk management arrangements through the Committee’s Annual Report.

6. **Annual Review**

6.1 The risks facing the University will change from year to year and there is therefore a need to review formally the content of the Critical Risk Register and other risk registers, the effectiveness of the controls in place and the need for alternatives and improvements on at least an annual basis.

6.2 The annual review should therefore include:

* Review of the management of significant risks during the previous year including the effectiveness of the controls in place;
* Changes to the external environment that will change the risk profile and require amendments to the risk registers;
* Changes to the internal environment requiring amendments to the risk registers;
* Identification of emerging risks;
* Identification of new controls required; and
* Changes or improvements to the risk management process.

6.3 The Vice Chancellor’s Group will undertake the annual review and its results will be reported to the Governors’ Audit Committee. The process will inform the statement on corporate governance within the annual accounts.

6.4 In addition to the annual review undertaken by the Vice Chancellor’s Group, there is a need for the Board of Governors (through the Governors’ Audit Committee) to be assured that the risk management and internal control systems are working effectively. Internal audit will provide an independent assessment of the effectiveness of internal control and will be informed by their ongoing programme of audit and by other independent assessments of the University.

6.5 Details of the University’s critical risks will also be communicated to the Governors’ Finance and Resources Committee and the Board of Governors on an annual basis, or more frequently when there has been a significant change in the University’s risk profile.

**Annex 1: Risk Management Responsibility Chart**



**Annex 2: Critical Risk Register Sample Page (Excerpt)**



**Annex 3 – Sample Individual Risk Report (Excerpt)**



**Annex 4 – Risk Management Process Diagrams**

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