



UNIVERSITY_{OF}
WINCHESTER

RISK MANAGEMENT POLICY

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Summary: This document defines the University's policy on Risk Management. It outlines key aspects of the risk management process and identifies the principal reporting process.	

RISK MANAGEMENT POLICY

1 Introduction

This risk management policy forms part of the University's internal control and corporate governance arrangements. The policy seeks to explain the University's approach to risk management and to set out the roles and responsibilities of the Board of Governors, the Risk and Audit Committee (RAC), the Executive Leadership Team (ELT) and the University Leadership Team (ULT). It outlines key aspects of the risk management process and identifies the principal reporting processes.

2 Definition

The University uses the following definitions relating to risk and risk management:

- **Risk** is the threat or opportunity that an action or event will adversely or beneficially affect the University's ability to meet its objectives and obligations.
- **Risk management** is the process by which risks are identified, assessed, prioritised and managed to support well informed decision-making and maximise the realisation of opportunities across the University.
- **Risk appetite** is the level of risk that the University is willing to pursue or retain.

3 Objective

3.1 The University recognises that risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens agility in responding to the challenges faced. The University's objective is to be 'risk aware', by ensuring that risk management is an integral part of its governance, planning, management and review processes, including the evaluation of new development opportunities. Effective risk management by the University will:

- Increase the likelihood of delivering objectives
- Enhance and protect reputation
- Deliver financial sustainability
- Improve planning and decision-making
- Strengthen leadership, management and governance
- Protect core business
- Unlock innovation

3.2 The objective of risk management is not simply to avoid risk but to actively support the achievement of the University's agreed objectives as stated in the University Strategic Plan, the enabling strategies and underpinning action plans.

3.3 Control of risk may incur both direct costs and opportunity costs. Risk management seeks to achieve a balance between an acceptable exposure to risk and the cost of mitigating actions.

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

- the management of risk is integral to the day-to-day management of the University and is held as a central feature of good management practice by committees and managers at all levels within the University;
- the Board of Governors has responsibility for overseeing risk management within the University as a whole;
- the RAC is responsible for reviewing the effectiveness of the University's internal control arrangements on an annual basis;
- the approach adopted in addressing risks is an open one, receptive to input at all levels;
- the University recognises the financial and non-financial implications of risks on a prudent basis;
- significant risks will be identified and monitored on a regular basis.

4. Roles and Responsibilities

4.1 The Board of Governors

The Board of Governors has a fundamental role to play in the management of risk.

The Board should:

- set the tone and culture of risk management within the University, including:
 - determining whether the University is "risk taking" or "risk averse" as a whole or on any relevant issue;
 - determining which types of risk are acceptable and which are not
 - approve major decisions affecting the University's risk profile or exposure;
 - monitor the management of the most significant risks;
 - satisfy itself that risks are being actively managed, with appropriate controls in place and working effectively;
 - periodically review the Risk Management Policy to ensure it remains fit for purpose.

The Board's responsibilities in respect of risk management may in part be delegated to its RAC.

4.2 The Risk and Audit Committee

The RAC, having been delegated authority from the Board of Governors, is responsible for annually reviewing the effectiveness of internal control. This review is based on information provided by the Executive Leadership Team (ELT) through the Risk Management Working Group (RMWG) and the Auditors.

For each significant risk identified, the RAC will:

- examine the institution's track record on risk management and internal control over the previous year;
- consider internal and external risk profiles for the coming year;
- consider if current internal control arrangements are likely to be effective.

In so doing, the RAC will, at each committee meeting, consider:

4.2.1 Control environment:

- the University's objectives and both financial and non-financial targets;
- the Institution's approach, capability, culture, resources and structure relating to the management of risk;
- delegation of authority;
- public reporting.

4.2.2 On-going identification and evaluation of significant risks:

- timeliness in identification and assessment of significant risks;
- prioritisation of risks;
- the allocation of resources to address areas of high exposure.

4.2.3 Information and communication:

- the quality and timeliness of information on significant risks;

4.2.4 Monitoring and corrective action:

- the ability of the institution to learn from matters arising;
- the commitment and speed with which corrective actions are implemented.

4.3 The Executive Leadership Team

The role of ELT is to:

- To ensure ULT is effectively managing strategic risks on a daily basis;
- implement policies on risk management;
- identify and evaluate significant risks faced by the University for consideration by the Board and its committees;
- provide adequate information in a timely manner to the Board and its committees on the status of risks and controls.

The Chief Operating Officer (COO) holds administrative responsibility for risk management.

ELT convene regular meetings of the RMWG to review the risk registers, monitor responses to audits, oversee the action tracker, implement risk management policies and identify and evaluate significant risks faced by the University.

4.4 The University Leadership Team

The role of ULT is to:

- To identify, risk rate and report to ELT emerging strategic risks
- To monitor known risks and to escalate to ELT where there is an increase in either likelihood or severity
- To own and manage risk on a daily basis;

5. Risk Management as Part of the System of Internal Control

- 5.1 The system of internal control is designed to firstly eliminate risks where they reasonably can be and secondly to manage those risks which cannot be reasonably eliminated. It is based on an iterative process to identify the principal risks to the achievement of objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.
- 5.2 Reporting arrangements through line management are designed to monitor key risks and controls. Decisions to address matters arising are generally made at University Leadership Team (ULT) meetings, unless they require budget allocation whereby the decisions will be made at ELT meetings. Where appropriate, decisions will be with reference to colleagues beyond ELT and ULT, and the Board of Governors if necessary.
- 5.3 The strategic planning and annual budget-setting processes are used to set objectives, agree action plans and allocate resources. Progress in meeting strategic objectives is formally reported to the Board of Governors at Board meetings.
- 5.4 A Risk Register is compiled by RMWG and received by ULT, and reported to the RAC to facilitate the identification, assessment and monitoring of risks of significant importance to the University.
- 5.5 Each risk is assigned a **Risk Owner**, who is accountable for the risk, and a **Risk Contact**, who is closest to the risk on a day-to-day basis. The Register is formally updated three times each year but emerging risks may be added as required. Component causes, Impacts, Early Warnings, Mitigations and Controls are monitored on an on-going basis through line management structures.
- 5.6 Risk management is addressed on a University-wide basis but individual Faculties and Professional Services have an essential role in the identification, assessment, monitoring and mitigation of risk.
- 5.7 The RAC oversees internal audit, external audit and management in its review of internal controls. The Committee has responsibility, delegated by the Board, for oversight of risk management, ensuring that the Risk Management Policy is appropriately applied, whilst also monitoring strategic risks.
- 5.8 Internal audit is an important element of the internal control environment. In addition to its programme of probity and value for money work, the internal audit function is responsible for aspects of the annual review of the effectiveness of internal control systems. The internal audit plan is guided by the assessment of risks identified through risk management.
- 5.9 The University's External Auditor provides feedback to the RAC on the operation of internal financial controls as part of the annual audit of the University's financial statements.