

RISK MANAGEMENT POLICY

1. INTRODUCTION

1.1 Purpose

- The purpose of the risk management policy is to explain the University's underlying approach to risk management and to document the roles and responsibilities of Council and its sub-committees, the senior management team and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.
- Risk management informs strategic development through the identification and treatment of risk so that strategic objectives are more likely to be achieved, damaging events are avoided or minimised, and opportunities are maximised. Good risk management increases the probability of success, and reduces the probability of failure and uncertainty of achieving the University's objectives.

1.2 Scope

- This risk management policy forms part of Keele University's governance and internal control arrangements. It applies to institutional, local, project and any subsidiary company risk management. The University Council has ultimate responsibility for risk management. Council is therefore responsible for the approval and review of the Risk Management Policy and for ensuring that it is appropriately managed.

1.3 Definitions

- A frequently used definition of risk is:

“the threat or possibility that an action or event will adversely or beneficially affect an organisation's ability to achieve its strategic objectives”

- At an institutional level, risks can affect either positively or negatively the University's ability to operate as a business and/or deliver its strategic objectives. Risk management is also important in key operational areas in the University, namely Faculties, Directorates and any Subsidiary Companies to ensure that threats and opportunities affecting the successful delivery of operating and commercial plans are appropriately addressed and managed.

2. POLICY

2.1 Risk Identification and Assessment

3 x 3 Matrix

IMPACT	A	A3	A2	A1
	B	B3	B2	B1
	C	C3	C2	C1
		3	2	1
		LIKELIHOOD		

Classifications of high, medium and low impact and likelihood are provided below:

Likelihood	Rating	Criteria	Probability/Frequency
Likely	1	Will likely happen within the next 12 months, or during the duration of the project/activity	Will happen at least once within the next 2 years, or during the project/activity. Greater than 60% chance of this risk happening.
Possible	2	Just as likely to happen as not within the next 12 months, or during the duration of the project/activity	May happen in the next 2-5 years, or during the project/activity. 40%- 60% change of this risk happening
Unlikely	3	Unlikely to happen within the next 12 months, or during the project/activity. It does remain a possibility.	Is unlikely to happen in the next 5 years. Less than 40% change of this happening

Impact	Rating	Criteria/Examples
High	A	This Incident would significantly affect the operation, reputation or strategic direction of the University and/or project/activity. There would be significant financial loss (more than £5m, or greater than 50% of the project/activity finances) either in a single year, or accumulated over multiple years
Medium	B	The incident would affect the whole University to a small extent, or significantly affect the operation, reputation or strategic direction of several schools (or a Faculty), a Directorate or a significant project/activity. There would be a financial cost to the institution of £1m - £5m over one or multiple years, or more than 25% of the project activity/finances)

Low	C	<p>The incident would have an affect on the operation, reputation or strategic direction of a single school or directorate, but would have little to no impact on other areas of the University.</p> <p>The cost would be up to £1m or 25% of the project/activity finances, over one or multiple years</p>
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2.2 Gross, Net and Target Risk Rating

- In identifying and assessing risk, three types of risk are recorded on risk registers:
 - **Gross Risk** refers to the initial assessment of a risk without any controls or response from the University to help mitigate either the likelihood of the risk occurring and/or the impact on the operation of the University
 - **Net Risk** is the risk rating remaining after the implementation of current controls which are recorded in the risk register.

2.3 Risk Reporting

- Risks are recorded on Risk Registers which are in place across the following operational areas:
 - **University Risk Register:** The University Risk Register is intrinsically linked to the University's Strategic Plan and KPI Framework. It identifies risks that have a fundamental impact on the University's ability to operate as a business and/or deliver against its Strategic Plan and related KPIs. Risk management is incorporated into the strategic planning process to ensure that the University is able to monitor risks to achieving the University's objectives and determine which risks have the most significant impact. The University Risk Register is updated and reviewed by Risk and Compliance Group (RCG) and the University Executive Committee (UEC) on a monthly basis. The University Risk Register is then reported onwards to each meeting of Audit & Risk Committee and then to Council.
 - **Local Risk Registers:** The risks identified in the University Risk Register are underpinned and informed by Risk Registers managed at the local operational level: these local registers identify risks that impact upon and are managed by operational areas or subsidiary companies:
 - Thematic Risk Registers: Risk areas identified on the University Risk Register are supported by detailed thematic risk registers which are nested underneath each University risk area.
 - Subsidiary Company Risk Registers
 - Project and initiative Risk Registers: which are drawn up for major University projects and initiatives (for example compliance with the Prevent Duty).

2.4 Risk Reporting

The criteria included in the University Risk Register are set out in the table below. Wherever appropriate, local risk registers will adopt the same criteria in order to ensure a consistent approach to risk identification and risk management across all areas.

CRITERIA	DETAIL
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Risk Name	Identifies the overall Strategic Risk for the Institution
Risk Component	Provides the detailed component of the risk to be managed
Risk Owner	Assigns ownership of the risk to relevant member of the Senior Management Team
Co-Owner	Identifies key co-owners in the management of the risk
Gross Risk	Initial rating of a risk without any controls or response
Control	Describes control point by which the University monitors (and intervenes) when the risk is moving
Mitigation	Describes the current mitigation in-place to manage the risk
Net Risk	The rating of a risk after the implementation of existing controls and mitigation
Direction of Travel	An indication of whether the risk is seen as stable, increasing or decreasing and the rationale for why.
Planned Mitigation	Describes planned actions or controls that are in the process of being implemented, and notes any contingency plans in place or planned should the risk materialise.
Delivery	Sets the timescale for delivery of planned mitigation
Appetite	Establishes the University's Appetite for this risk area. Appetite is a function of how willing the University is to tolerate risk in this area, either because of the nature of the risk itself, or due to the University seeking opportunity in this area and therefore willing to tolerate a higher level of risk.
KPI	Establishes which KPIs give an indication if they risk is being managed effectively.
Assurance	Links to relevant committees and reports that actively monitor the risk and to any other sources of assurance (e.g. internal audits).

3. ROLES AND RESPONSIBILITIES

3.1 Internal Audit, Risk and Compliance Group (IARCG)

- Led by the Chief Operating Officer (COO), the Internal Audit, Risk and Compliance Group is responsible for ensuring the risk management processes are effective and gain assurance that risks at all levels of the institution are being managed.
- IARCG will seek further assurance, through the provision of localised, detailed risk registers on a thematic basis for key risk areas.
- IARCG will make recommendations to UEC on the assurance levels for all identified risk areas.

3.2 University Executive Committee (UEC)

- Led by the Vice-Chancellor, the University's senior management team are responsible for effective risk management in their areas of responsibility and strategically for the whole institution. Key roles of the senior management team are to:
 - Implement policies on risk management and internal control
 - Identify and evaluate the significant risks faced by the University in the University Risk Register for consideration by Council and Audit & Risk Committee
 - Provide adequate information in a timely manner to Council and its Committees on the status of risks and controls
 - To undertake training and development activities associated with risk management

- UEC members are required to undertake regular reviews and assessment of key risks within their areas of operation as part of routine management arrangements. This will allow for the escalation of any risks that are identified at a local level, onto the University Risk Register where relevant and appropriate.
- UEC members are also responsible for risk management as part of their role as project leaders for major institutional projects.
- University Executive Committee are responsible for the operational management of risk. Risk is considered on a regular basis at UEC, as the University Risk Register is discussed and reviewed by UEC before it is submitted to the Audit & Risk Committee. In addition, risk is frequently a consideration for UEC discussions about strategy, KPIs and emerging sector and institutional issues. Any risks or changes to risks identified in the discussion are captured and included in the University Risk Register after the meeting.

3.3 Council

- Council's role is to determine the overall policy for risk management within the University. This includes:
 - Approval of major decisions affecting the University's risk profile or exposure
 - Overseeing the University's approach to risk management and approve changes or improvements to key elements of its processes and procedures
 - Receiving a summary report of changes to the University Risk Register and agreeing any changes to the risk descriptors and risk ratings, as part of the Strategy, Performance and Risk update report at each meeting.

3.4 Audit & Risk Committee

- Audit & Risk Committee are responsible for ensuring that the University has a robust process of Risk Management in place. It monitors, on behalf of Council, the management of institutional and local risks and authorises remedial action where necessary. It is also required to report to Council on internal controls and alert members to any emerging issues. Audit & Risk Committee receives the full University Risk Register at each of its meetings. It also receives an annual report on local risk management.

3.5 Health & Safety

- Health and Safety monitoring is undertaken through specific governance arrangements in the form of the University Health and Safety Committee which meets on a regular basis. This Committee is a sub-Committee of UEC and reports to UEC and ARC periodically.

3.6 Internal Audit

- Internal audit is an important part of the internal control process for risk. The University's internal auditors use a risk-based methodology, which is informed by the risks included in then university risk register. Reviews of the University's approach to risk management (including the benefits that are derived) are undertaken on an annual basis.

3.7 External Audit

- External audit provides feedback to the Audit & Risk Committee on the operation of the risk management process.

4. RELATED POLICIES AND PROCEDURES

- Risk Management Procedure
- Risk Appetite Framework
- Template Risk Register

An online version of this document and further information is available at:

<https://www.keele.ac.uk/sas/academicservices/legalgovernance/governance/corporateriskmanagement/>

All related University Legal and Governance policies are available on the Policy Zone at:

<https://www.keele.ac.uk/policyzone/>

5. REVIEW, APPROVAL & PUBLICATION

- This policy will be reviewed at least once every three years.
- This policy will be approved by Council following consultation with Internal Audit, Risk and Compliance Group, University Executive Committee and Audit & Risk Committee.
- This policy will be published on the University Policy Zone and the University's Risk Management pages.

6. DOCUMENT CONTROL INFORMATION

Document Name	Risk Management Policy
Owner	Chief Operating Officer
Version Number	8.0
Equality Analysis Form Submission Date	N/A
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Related University Policy Documents	Risk Management Procedure Risk Appetite Framework Risk Register Template
<i>For Office Use – Keywords for search function</i>	