

**Title:** Risk Management Policy

**Executive  
Member:** Stuart Tinsley, Director of Finance and Planning

**Date:** 12 October 2020

**Version:** 1.0

**Circulation:** Directors – 27 October 2020

**Status:** Published

---

### **Issue**

The Risk Management Policy has recently been approved by the Audit and Risk Committee.

As part of the Governance Effectiveness Review it was suggested that it would be good practice for the risk management policy to be published on the University's website.

### **Recommendation**

The Board is invited to note and receive the policy and approve its publication on the website.

## **University of Suffolk Risk Management Policy**

### **Introduction**

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

The policy explains the University's underlying approach to risk management and details the roles and responsibilities of the Board, the Audit and Risk Committee, the Executive and wider senior management teams. It also outlines key aspects of the risk management process and identifies the main reporting procedures.

**Risk** is the threat or possibility that an action or event will adversely or beneficially affect our ability to achieve strategic and operational objectives. **Risk management** is the planned and systematic approach to identify, assess and mitigate the impact of those risks.

The potential benefits of embedding risk management include the following:

- a) supports strategic and business planning;
- b) allows new opportunities to be appropriately evaluated;
- c) supports effective use of resources;
- d) helps to focus the internal audit programme;
- e) reassures stakeholders.

### **Underlying approach to risk management**

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

- a) the Audit and Risk Committee has responsibility for overseeing risk management within the institution as a whole and reporting all aspects of risk management to the Board;
- b) maintenance of a receptive environment where issues can be raised and discussed openly between management and the Audit and Risk Committee;
- c) the University takes full account of, and discloses as appropriate, the financial and non-financial implications of risks;
- d) key risk indicators are identified and monitored closely on a regular basis;
- e) risk is considered as an embedded part of every key project.

### **Role of the Board**

- a) Determines and monitors the risk appetite of the institution through its decision making process;
- b) Ensures that sound systems of risk management and internal control are in place;

- c) Reviews the effectiveness of the risk and control processes in support of its strategies.

### **Role of the Audit and Risk Committee**

To advise the Board on Risk Management through:

- a) familiarisation with the concept and requirements of risk management;
- b) review of the Risk Register at least annually and reporting to each Board on any changes to existing risks, impact, likelihood and mitigation;
- c) acting as a catalyst for risk management activity across the institution;
- d) identifying any new (urgent or critical) risks through appropriate reporting mechanisms;
- e) ensuring appropriate audit work on risk management is performed;
- f) collecting information on risks and risk management.
- g) receipt of reports from internal and external auditors

### **Role of the Vice-Chancellor and Executive Committee**

- a) Implements the Risk Management Policy and internal control;
- b) Identifies and evaluates the significant risks faced by the University for consideration by Audit and Risk Committee;
- c) Provides adequate information in a timely manner to the Audit and Risk Committee on the status of risks and controls;
- d) Embeds Risk Management as part of the system of internal control within all departments and directorates and for all key projects.

### **Role of Risk Owners**

- a) Implement the Risk Management Policy and internal control;
- b) Identify and evaluate the significant risks faced by the departments and directorates;
- c) Identify local risks that need inclusion in the institutional register;
- d) Provide adequate information in a timely manner to the Executive Committee on the status of risks and controls.

### **Role of the Director of Finance and Planning**

- a) Provides an advisory role to risk owners in the identification and evaluation of risks;
- b) Co-ordinates the reporting of the risk register to Executive Committee;
- c) Reports the institutional risk register to the Audit and Risk Committee.

## **Risk Appetite**

Risk appetite is the amount of risk that an organisation is willing to seek or accept in the pursuit of its long-term objectives. Risk appetite is determined by the Board, and its application will be monitored by the Audit and Risk Committee.

The University's approach to risk taking will be managed within our established risk management policy, framework, and process.

The University's approach is to minimise its exposure to reputational, compliance and excessive financial risk (risk hesitant) whilst accepting and encouraging more risk in pursuit of its mission and objectives (risk open).

Higher levels of risk may need to be accepted in order to deliver upon our strategic aims, objectives and targets but will be subject to robust opportunity appraisal i.e. based on a comprehensive understanding of the exposures involved, potential benefits arising and subject to appropriate mitigation, control responses, and approval arrangements being in place.

## **Upside Risk**

Some risks considered may also have upside risk, this is to say that the over performance in areas of the businesses may give rises to risks that have not been considered. This in most cases are such things as over stretching the institutions resources due to quicker than expected growth in specific areas. These risks are to be considered as part of the fuller risk register.

## **Risk Management as part of the system of Internal Control**

The system of internal control incorporates risk management and the Vice-Chancellor, and the Executive is responsible for reviewing the effectiveness of these internal controls. Elements include:

- a) Policies and procedures
- b) Control environment
- c) Monthly reporting – financial and key projects
- d) Institutional Risk Register
- e) Department and Directorate Risk Registers
- f) Internal audit programme
- g) External audit

## **Director of Finance and Planning**

05 September 2020

Audit & Risk Committee review: 16 September 2020

Board approval: 27 October 2020

## Risk Scoring

All risks are scored with a numerical system, considering impact and likelihood

	Impact		Likelihood
5	The organisation would certainly not survive, or if it did there would be grave damage <b>(Fatal)</b>	5	Certain <b>(80% and over)</b>
4	Major impact on the achievement of the organisations business plan and the quality of its overall services <b>(Major)</b>	4	Probable <b>(60 - 79%)</b>
3	Significant impact on the success of the business and quality of its services <b>(Significant)</b>	3	Possible <b>(40 - 59%)</b>
2	Some impact on the organisations staff and minor effect on students <b>(Minor)</b>	2	Unlikely <b>(20 - 39%)</b>
1	Insignificant or minor impact on the organisations staff and no effect on students <b>(Insignificant)</b>	1	Remote <b>(less than 20%)</b>

The score for the risk before any control measures are introduced is the gross risk. Measurement of risk using the numerical system above is impact multiplied by likelihood.

The net risk is the risk assessed after those controls which are assessed as effective, have been taken into account. Controls i.e. mitigating actions will be classed as either current or future; only the former will be taken into account when determining net risk.

The gross and net risk scores will fall in the table below. Any in the green region are usually monitored locally and unless there are any changes that could increase the risk, will not be considered by the Audit and Risk Committee. Risks that are in the amber region will be considered by Executive and dependant on risk appetite the Audit and Risk Committee may choose to consider these risks. All risks that fall into the red shaded areas are above the risk appetite of the University and must be considered by the Audit and Risk Committee

			Likelihood				
			1	2	3	4	5
			Remote	Unlikely	Possible	Probable	Certain
	1	Insignificant	1	2	3	4	5
	2	Minor	2	4	6	8	10
Impact	3	Significant	3	6	9	12	15
	4	Major	4	8	12	16	20
	5	Fatal	5	10	15	20	25