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**Risk Management Policy**

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| **Board of Governors Approval** | 11.03.2021 |
| **Lead:** | Risk and Compliance Analyst |
| **Date of next review:** | Spring 2024 |

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| **Amendment History** |
| Version | Amendments | Reason |
| 1 | Change of name of Management Board  | Amendments to governance arrangements |
| 1 | Additional role of Level 2 managers | VCEG have an enhanced role in the scrutiny of Corporate Risks |
| 1 | Additional role of Audit Committee | Deep dive arrangements approved by Audit Committee |
| 1 | Risk appetite and tolerance included within the policy document  | In line with BoG Workshop and practice elsewhere |
| 1 | Re-organisation and re-wording  | To aid understanding |
| 1 | Amendment to presentation of Appendix 1 | Following discussion at VCEG on 23/2/21 |
| 2 | Risk Appetite Statement at Appendix 1 | Following discussion and agreement at the Board of Governors |

# Purpose

* 1. The attainment of Cardiff Metropolitan University’s objectives, as in all organisations, is surrounded by uncertainty. This uncertainty of outcome results from the potential of events and actions, both internal and external to the University, to have an impact on the University’s success and ambitions.
	2. Impact on objectives may be positive or negative; in either instance, it is necessary to undertake a process of identifying and anticipating such risks, and to then aim to manage and respond to them in such a way that any negative impacts are minimised, and any opportunities maximised.
	3. This Policy details the University’s approach and mechanisms for achieving this aim.

# Scope

* 1. This Policy details the University’s approach to managing its organisational risks. The approach described herein applies throughout the University and its subsidiary companies. It includes the organisational risk management activities that stem from the pursuit of the University’s strategic goals, and its sustainability.

2.2 The University, with the aim of achieving a high standard of health and safety on all University premises, will maintain, in accordance with Section 2(3) of the Health and Safety at Work Act 1974, a separate University Health and Safety Policy. All risk management activity, protocols, processes, procedures and structures required to manage risks relating to health, safety and wellbeing within the workplace are detailed within the University Health and Safety Policy.

2.3 This Policy does not apply to Cardiff Met Students’ Union.

# Definitions

* *Organisational Risk* - The combination of the likelihood and impact of an event which, should it occur, would have an effect on the achievement of Cardiff Met’s academic and business objectives or operations.
* *Risk Appetite* – The amount and nature of risk, in a broad strategic sense, that Cardiff Met is prepared to seek, be exposed to or tolerate.
* *Risk Tolerance* – The threshold levels of risk exposure which, with appropriate approvals, can be exceeded, but which when exceeded will trigger some form of response.[[1]](#footnote-1)

**4**  **Policy Statement**

* 1. In successful universities, risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. Risk management is an integral part of the management of the University, its Schools, professional services, and the projects run at all levels across the institution helping to meet objectives, improve service delivery and achieve value for money.
	2. The Board of Governors, working collectively with the Executive, has ultimate responsibility for the University’s management of risk. It acknowledges that risk can never be eliminated and recognises the value for Cardiff Met in pursuing innovative and ambitious goals which have high potential rewards, but which must often necessarily entail a greater exposure to inherent risk.
	3. The University is committed to ensuring that there is a proactive and effective system for managing and monitoring the organisational risks it faces in delivering its ambitions.
	4. The University, in laying out its strategic aims and objectives, will ensure that these are appropriately and responsibly aligned with, and balanced against, the Governors stated Risk Appetite and corporate level Risk Tolerances. The University will also monitor the implementation of its aims and objectives to ensure that they are being delivered in accordance with the University’s Risk Appetite and corporate level Risk Tolerances.
	5. This Policy complies with the Governance Code of Practice and General Principles established by the Committee of University Chairs, and the requirements specified by HEFCW its Financial Memorandum and Financial Management Code.

# Approach

5.1 The following principles underpin the University’s approach to organisational risk management:

1. *Integration*: Risk management processes will be appropriately integrated with the University’s strategic planning processes and the University Risk Appetite and Tolerance Statement.
2. *Alignment with Objectives*: Organisational risk management will be appropriately and demonstrably aligned with the University’s strategic objectives and the University’s Risk Appetite and Tolerance Statement.
3. *Risk Imagination*: Managers will have the discretion to define organisational risks, thereby helping to ensure a broad organisational ‘risk imagination’.
4. *Risk Ownership*: Organisational risks will each have an individual, named, Risk Owner.
5. *Indicators*: Valid and reliable data will be utilised to provide early indications of changes in the institution’s risk exposure.
6. A living document: Risk registers are a living document and shape decision making.

5.2 There are significant advantages to be gained from engaging organisational risk management as part of a holistic approach which integrates with strategic planning and performance management. In taking this approach we aim to:

1. Protect value by minimising losses, adverse events and reputational damage;
2. Protect and enhance value by strengthening strategy formulation and objective setting, thereby increasing the likelihood of their achievement;
3. Protect and enhance value by strengthening strategy implementation and providing a more reliable basis for proactive decision-making and resource allocation;
4. Enhance corporate governance.
	1. The mechanisms through which the University will manage its risks include:
5. Ensuring that an organisational risk assessment is included as part of its normal due diligence processes where decisions have a significant reputational or financial risk.
6. Maintaining a corporate University Risk Register and local divisional Risk Registers (i.e. at the level of individual Schools and Professional Services).
7. Resource and field risk management software which provides risk and control libraries, inherent and residual risk scoring, automated risk evaluation, the ability to classify and record risks, assign and track risk and control review actions, and a dedicated and versatile reporting / dashboard capability.

## Risk Appetite and Tolerance

* 1. On an annual basis the University will define the amount and nature of the risks which, in a broad strategic sense, it has an appetite to seek, be exposed to or tolerate in the pursuit of its aims.
	2. This will be articulated within a University Risk Appetite and Tolerance Statement agreed annually at the beginning of each academic year by the Board of Governors. The Statement will include:
1. The assignment of a Risk Appetite classification to Key Risk Areas. Key Risk Areas will be determined on an annual basis and will be aligned with the University’s aims and desired future state or direction.
2. The specification of corporate level Risk Tolerances which will include both quantitative and observable qualitative tolerances.

* 1. When setting the Risk Appetite, the University will assign one of the following classifications to each Key Risk Area:
1. *Averse* – avoidance of risk and uncertainty is key.
2. *Cautious* – preference for safer options that have a low degree of inherent risk and may only have limited potential for reward.
3. *Open* – willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money.
4. *Hungry* – eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.

6.4 The University’s Risk Appetite:

* is related to the pursuit of University objectives and its strategic direction as outlined within the Strategic Plan;
* is a fundamental part of the University’s overall governance arrangements;
* guides the allocation of resources at a strategic level;
* influences managers’ attitudes to risk and their objectives; and
* drives the management of the University’s risks.
	1. The University makes a clear distinction between having an appetite to consider and
	adopt different options to achieve its objectives, and the level of risk appetite that is acceptable when it is implementing any chosen option. For example, where it has been decided to implement a strategic change project as part of its hungry Risk Appetite for change, the risks associated with the delivery of that project will be managed down to a cautious Risk Appetite.
	2. The Board of Governors may agree specific Risk Tolerances. These represent an acceptable level of variation relative to the achievement of a specific objective.

## 7 Risk Management Plan

7.1 The University will maintain a regularly updated Risk Management Plan which will outline the means by which organisational risks will be managed. In particular, the Plan will:

1. Describe the University’s Organisational Risk Management Process;
2. Define the criteria by which organisational risks will be analysed and evaluated as part of that Process;
3. Outline how the Process is integrated with the University’s strategic planning processes;
4. Define the University’s risk classification system and how Organisational Risk Management will be administered;
5. Detail the means by which the systematic communication, escalation and reporting of organisational risks to all stakeholders, including the Board of Governors, will be achieved.

# 8 Roles and Responsibilities

## Board of Governors

8.1 The Board of Governors is responsible for determining the overall direction for the management of risk within the University and having oversight of risk management activity and the risk management systems. This includes:

1. Approving the Risk Management Policy.
2. Determining and reviewing the University’s Risk Appetite and corporate level Risk Tolerances.
3. Ensuring that both the University’s long-term academic and business plans, and its actions in attaining or delivering those plans, are in line with the approved Risk Appetite and Tolerances.
4. Approving major decisions affecting the University’s risk profile or exposure, particularly those that may risk the good name and values of the University and its sustainability.
5. Receiving and challenging reports on matters of institutional risk and the management thereof.

## Audit Committee

8.2 The Audit Committee is responsible for keeping under review and evaluating the effectiveness of the management of risk within the University and the effectiveness of its risk management system. This includes:

1. Considering revisions to the Risk Management Policy prior to seeking the approval of the Board of Governors.
2. Ensuring that risk management is being carried out effectively at all levels of the University.

1. Receiving and evaluating updates of Divisional level risks and the University Risk Register to enable it to assure itself that there are appropriate linkages between the University’s organisational risks and its assurance activities, including internal audit.

1. Receiving and evaluating feedback from assurance bodies, including from external auditors, on the operation and effectiveness of the University’s management of risk.
2. Receiving and considering an Annual Report on Risk from the University Risk Manager.
3. Conducting deep dives into the management of risks in specific areas as deemed appropriate.

## Combined Academic Board or Management Board

* 1. Combined Academic Board acts as the University’s Risk Management Committee and as such is responsible for ensuring the effective implementation of the University’s Risk Management Policy and associated Risk Management Plan. This includes:
1. Ensuring that there is a co-ordinated approach between the management of risk and the University’s strategic decision-making and planning, and that these are consistent with the University’s Risk Appetite and Tolerance Statement.

1. Reviewing University level risks on a termly basis and, where required, making recommendations to ensure their effective management.
2. Reviewing Divisional level risks on a termly basis and, where required, making recommendations to ensure the effective management of any risks that are in breach of the Risk Appetite and corporate level Risk Tolerances.
3. Identifying any Divisional level risks that may be promoted to Institutional level corporate risks.
4. Approving material amendments to the Risk Management Plan.

## Level 2 Staff

* 1. Led by the Vice-Chancellor, Level 2 staff are responsible for:
1. Raising the profile of and providing leadership on organisational risk management best practice within their portfolio and across the University.
2. Ensuring that objectives are set, and that their delivery is conducted, in accordance with the University’s Risk Appetite and Risk Tolerances.
3. Reviewing any Divisional level risks escalated to them and making recommendations for their management where necessary, and/or ensuring that mitigating action is undertaken.
4. Scrutinising the University Risk Register prior to Combined Academic Board consideration.
5. Allocating sufficient resources within their portfolio to adequately manage organisational risks and ensure managers are managing risks in accordance with the Risk Management Policy and Risk Management Plan.
6. Undertaking training and development activities associated with organisational risk management.
7. Where required, acting as Risk Owners for Organisational Risks taking on the responsibilities listed in paragraph 8.7.

## University Risk Manager

* 1. The University Risk Manager[[2]](#footnote-2) is responsible for:
1. Leading on the development, communication, implementation and review of the University’s Risk Management Policy and associated Risk Management Plan.
2. Leading on the co-ordination of organisational risk management activities.
3. Preparing reports for boards and committees on organisational risk management matters and institutional level risks.
4. Facilitating communication on risk management matters between Combined Academic Board, Audit Committee, the Board of Governors and its other relevant Committees, the Executive and other stakeholders.
5. Leading on the operation of the Risk Management Software.
6. Conducting regular “top-down” reviews of organisational risks as deemed necessary, with an emphasis on reviewing the effectiveness of the mitigating controls for institutional level risks.
7. Developing and delivering specialist organisational risk management training, support and guidance to University staff.

## Risk Division Managers

* 1. Risk Division Managers, i.e. Deans of School, Corporate Deans, Directors/Heads of Professional Services, Project and Programme Managers, Secretaries of Subsidiary Companies are responsible for:
1. Raising the profile of, and providing leadership for, organisational risk management for those staff within their management remit.
2. Ensuring that objectives are set, and that their delivery is conducted in accordance with, the University’s Risk Appetite and Risk Tolerances.
3. Where required, acting as Risk Owners for organisational risks taking on the responsibilities listed in para. 8.7, including acting as Risk Owners for cross-cutting risks shared across Risk Divisions.
4. Allocating sufficient resources to manage any organisational risks as required, and ensuring staff are operating in accordance with the Risk Management Policy and Risk Management Plan
5. Providing adequate information in a timely manner to the University Risk Manager in relation to risk management.
6. Undertaking and engaging with training and development activities associated with organisational risk management.

## Risk Owners

* 1. In relation to each risk they are assigned, the Risk Owner is responsible for:
1. Determining an effective and proportional management or treatment plan, including control measures, to manage the likelihood and/or impact of the assigned risk being realised, to at least within the University’s Risk Appetite and Risk Tolerances.
2. Reviewing each assigned risk on a termly basis.
3. Monitoring the implementation and/or effectiveness of all management or treatment plans, including their control measures, on an on-going basis.
4. Reporting to the University Risk Manager on the management of their assigned risk where required to do so.
5. Receiving and giving due consideration to reports from the University Risk Manager or assurance providers on the management of their assigned risk.

# Contacts

Queries regarding this Risk Management Policy should be directed to the Risk and Compliance Analyst in the Secretariat

10 **Review**

This Policy will be reviewed every three years. The University Risk Appetite and Tolerance Statement will be reviewed annually by the Board of Governors.

1. Management of Risk: Guidance for Practitioners 2007 [↑](#footnote-ref-1)
2. The Risk Manager is the post or position where responsibility for risk management lies, [↑](#footnote-ref-2)