

Risk Management Policy

Author	Deputy Chief Executive
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Person Responsible	Deputy Chief Executive
Approval/ review bodies	SLT/ Audit Committee / Corporate Board
Frequency of Review*	36 months

* Policies will be reviewed more frequently if legal changes or good practice require

Review History:		
Date	Reviewed by	Reason for review
Jun 03	Corporate Secretary	-
May 10	Principal	Change of roles
Jan 11	Compliance and Policy Manager	Title change of Person Responsible
Feb 12	Director of Estates and Risk Champion	Title change of Person Responsible plus updates
Sept 13	Executive Director of Estates	Title change of Person Responsible plus updates
Oct 14	Vice Principal Finance and Resources	Change of Personal Responsible and updates
Mar 20	Deputy Principal Finance and Resources	Change of Personal Responsible and updates
Mar 23	Deputy Chief Executive	Change of Personal Responsible and updates

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Related policies/documents:

Risk Register and Risk Reduction Plan.

1. Statement

The Corporation is committed to the integration of risk management within the culture of the College. It aims to manage risk in accordance with recommended best practice and establish legal compliance as a minimum standard. It will charge the Senior Leadership Team (“SLT”) with the task of continually raising awareness, amongst all employees, of the need for the management of business risk.

2. Objectives

2.1. This Risk Management Policy forms part of the College’s internal control and Corporate Governance arrangements.

2.2. The policy explains the College’s underlying approach to risk management and documents the roles and responsibilities of the Corporate Board, the SLT and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures.

2.3. In addition, it describes the process the Corporate Board will use to evaluate the effectiveness of the College’s internal control procedures.

2.4. Underlying Approach to Risk Management

2.4.1. The following key principles outline the College’s approach to risk management and internal control:

2.4.1.1. the Corporate Board has responsibility for overseeing risk management within the College as a whole;

2.4.1.2. an open and receptive approach to solving risk problems is adopted by the Corporate Board;

2.4.1.3. the Principal and the SLT supports, advises and implements policies approved by the board of Governors;

2.4.1.4. the College makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;

2.4.1.5. Senior and Operational Managers are responsible for encouraging good risk management practice within their designated managed area; and

2.4.1.6. key risk indicators will be identified and closely monitored on a regular basis.

3. Definitions

3.1. Risk can be defined as real or potential events, which reduce the likelihood of achieving business objectives; or, put another way, uncertainty as to the benefits. The term includes both potential for gain and exposure to loss.

3.2. Internal control is one of the principal means by which risk is managed. Other activities used to manage risk include: the transfer of risk to third parties; sharing risks; contingency planning; and withdrawal from unacceptably risky activities.

3.3. Risk management is not the management of insurable risks. Insurance is an important way of transferring risk but most risks will be managed by other means. Good risk management provides upwards insurance from business activities and administrative functions, Curriculum Managers (“CMs”) to the SLT and ultimately to the Corporate Board.

4. Responsibilities

4.1. Role of the Corporate Board

The Corporate Board’s role in the management of risk is to:

4.1.1. set the tone and influences the culture of risk management within the College, including:

4.1.1.1. determining whether the College is “risk taking” or “risk averse” as a whole or on any relevant individual issue;

4.1.1.2. determining what types of risk are acceptable and which are not, and the setting the standards and expectations of staff with respect to conduct and probity;

- 4.1.1.3. approve major decisions affecting the College's risk profile or exposure;
- 4.1.1.4. monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact;
- 4.1.1.5. satisfy it that the less significant risks are being actively managed, with the appropriate controls in place and working effectively; and
- 4.1.1.6. annually review the College's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

4.2. Role of SLT

Key roles of the SLT are to:

- 4.2.1. take overall responsibility for the administration and implementation of the risk management process;
- 4.2.2. identify and evaluate the significant risks faced by the College for consideration by the Corporate Board;
- 4.2.3. provide adequate information in a timely manner to the Corporate Board and its Audit Committee on the status of risks and controls; and
- 4.2.4. report on the "Risk Register" to the Audit Committee each term. Undertake an annual review of effectiveness of the system of internal control and provide a summary report to the Corporate Board at its second meeting of the Autumn Term following the year completed.

5. Procedure

5.1. 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 College to respond to a variety of operational, financial and commercial risks. These elements include:

5.1.1. Policies and Procedures

Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the Corporate Board and implemented and communicated by Senior Management to staff. Written procedures support the policies where appropriate.

5.1.2. Termly Reporting

Termly reporting of amendments to the “Risk Register” to the Audit Committee, is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the SLT and fed back to the Corporate Board if appropriate.

5.1.3. Business Planning and Budgeting

The business planning and budgeting process is used to set objectives, agree action plans and allocate resources. Progress towards meeting business plan objectives is monitored regularly by the Corporate Board.

5.1.4. Risk Register and Risk Reduction Plan

The “Risk Register and Risk Reduction Plan” is compiled by the SLT and helps to facilitate the identification, assessment and ongoing monitoring of risks to the College. The document is formally appraised by SLT each term. Any significant risks identified are reported to the Audit Committee to ensure the controls in place to reduce the risk are appropriate.

5.1.5. Audit Committee

The Audit Committee members are part of the Corporate Board and aware of any emerging issues identified by the “Risk Register”. In addition, the Committee oversees Internal Audit, External Audit and management as required in its review of internal controls. The Committee is, therefore, well-placed to provide advice to the Board on the effectiveness of the internal control system, including the College’s system for the management of risk.

5.1.6. Internal Audit Programme

This is arranged by the Deputy Chief Executive (“DCE”). Internal audit is an important quality assessment responsible for giving assurance to the Chief Executive and Executive Principal and the Corporate Board on the effectiveness of all financial and other controls and for assisting managers, by evaluating and reporting to them, on the effectiveness of the controls for which they are responsible.

5.1.7. External Audit

This is arranged by the DCE. External audit provides feedback to the Audit Committee and Corporate Board on the trueness and fairness of the College’s annual financial statement in the period under its review and its financial position at the date of the balance sheet. External Audit may be asked to audit other control systems as required.

5.1.8. Third Party Reports

From time to time, the use of external consultants will be necessary in areas such as Health and Safety and Human Resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system. This will be instigated by the DCE in discussion with the Head of Estates Risk Management and DPO for Health and Safety.

5.1.9. Annual Review of Effectiveness

The Corporate Board is responsible for reviewing the effectiveness of internal control of the College, based on information provided by the Audit Committee and SLT. Its approach is outlined below:

5.1.9.1. for each significant risk identified, the Corporate Board will:

5.1.9.1.1. review the previous year and examine the College’s track record on Risk Management and internal control; and

- 5.1.9.1.2. consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

5.1.10. In making its decision the Board will consider the following aspects:

- 5.1.10.1. control environment;
- 5.1.10.2. the College's objectives and its financial and non-financial targets;
- 5.1.10.3. organisational structure and calibre of the SLT;
- 5.1.10.4. culture, approach, and resources with respect to the management of risk; and
- 5.1.10.5. delegation of authority; and public reporting.

5.1.11. On-going Identification and Evaluation of Significant Risks

Timely identification and assessment of significant risks and prioritisation of risks, and the allocation of resources to address areas of high exposure will be undertaken every term by the SLT.

5.1.12. Information and Communication

Quality and timeliness of information on significant risks and time it takes for control breakdowns to be recognised or new risk to be identified will be reviewed by the SLT each term.

5.1.13. Monitoring and Corrective Action

The DCE will prepare a report of its review of the effectiveness of risk management annually, for consideration by the Audit Committee and Corporate Board at the first meetings of the Autumn Term.