



University of the Highlands and Islands

# Risk Management Policy

POL063

Lead Officer (Post):	Chief Operating Officer and Secretary
Responsible Office/ Department:	Principal and Secretary's Office
Responsible Committee:	Finance and General Purposes Committee
Review Officer (Post):	Head of Governance and Records Management
Date policy approved:	16/12/2015
Date policy last reviewed and updated:	20/09/2017
Date policy due for review:	20/09/2019
Date of Equality Impact Assessment:	13/02/2017
Date of Privacy Impact Assessment:	Not required.

Accessible versions of this policy are available upon request. Please contact the Governance and Policy Officer on 01463 279000.

## Policy Summary

<b>Overview</b>	<p>Risk is inherent in all activity. Risk management is important to ensure that all significant, relevant risks are understood and prioritised as part of normal management practices. Information on risk must be organised in a way that is useful for management purposes and enables decisions to be taken based on the knowledge of risk versus reward.</p> <p>Identification and management of risk on a consistent, appropriate and timeous basis is a requirement of SFC.</p>
<b>Purpose</b>	This policy forms part of the University of the Highlands and Islands' governance arrangements. A review of the implementation of the policy will inform the planning of internal audit work on an annual basis.
<b>Scope</b>	The recognition and management of risk is the responsibility of everyone who allocates and/or uses resources so all members of staff should have an awareness of the risks of the organisation and each department should maintain their own risk register in which risks are recorded in accordance with the risk register template and evaluated in accordance with the criteria for determining likelihood and impact as set in Appendix 1.
<b>Consultation</b>	The revised policy will initially be reviewed by the university's Risk Review Group prior to consideration by the Finance & General Purposes Committee and approval being sought from the University Court.
<b>Implementation &amp; Monitoring</b>	The policy will be implemented through the Senior Management Team of the University and the University's Risk Review Group. A report comprising the corporate/high level risk register will be presented to the Finance and General Purposes Committee and the University Court for review and monitoring at each meeting.
<b>Risk Implications</b>	None
<b>Link with Strategy</b>	Governance arrangement and risk mitigation.
<b>Impact Assessment</b>	<p>Equality Impact Assessment: 13/02/17</p> <p>Privacy Impact Assessment: Not required.</p>

## **1.0 Overview**

Risk is inherent in all activity. Risk management is important to ensure that all significant, relevant risks are understood and prioritised as part of normal management practices.

Information on risk must be organised in a way that is useful for management purposes and enables decisions to be taken based on the knowledge of risk versus reward. Identification and management of risk on a consistent, appropriate and timeous basis is a requirement of SFC, the university's principal funder.

## **2.0 Purpose**

This policy forms part of the University of the Highlands and Islands' governance arrangements. A review of the implementation of the policy will inform the planning of internal audit work on an annual basis.

## **3.0 Scope**

The scope of this policy was initially developed to apply to faculties and departments of Executive Office and also to create a model of good practice methodology that could be adopted by Academic Partners.

## **4.0 Risk Policy Statements**

The current policy statements on risk were reviewed and agreed by the University Court on 20 September 2017:

The University's general approach is to minimise its exposure to risk. It will seek to recognise risk and mitigate the adverse consequences. However, the University recognises that in pursuit of its mission and academic objectives it may choose to accept an increased level of risk. It will do so, subject always to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

### **Risk Appetite**

The University will take a portfolio approach to risk management – i.e. whilst at any one time it may be carrying a high level of risks in one or more parts of its business, it will ensure that the number of areas exposed to high risk at any time are minimised and balanced with a low risk approach in other areas.

The portfolio of risk will be regularly reviewed by the risk review group, finance and general purposes committee and university court.

High risk areas will be very closely aligned to strategic priorities and aligned to high returns i.e. the university should not be exposed to high levels of risk if returns are likely to be minimal or if the activity is not business critical.

The elapsed time over which the university is exposed to a high level of risk in any area should be minimised as much as possible.

### **5.0 Partnership Approach to Risk management (Communication/Awareness of Aggregate Risk)**

The University uses a standardised risk template. The template and the methodology for recording risks was developed and agreed through the Finance Directors Practitioners Group and the process for completing and sharing risk registers was endorsed by Academic Partners Principals.

A separate risk template is provided for each executive office department, academic partner and EO project. Risk registers are reviewed on a quarterly basis by the Risk Review Group and risk reports are presented as a standing agenda item to various committees and to the University Court.

Risk registers are saved within a shared folder and are linked to a sequel server database to facilitate enhanced monitoring and reporting of risks.

The criteria for measuring the likelihood of risks occurring and the gross impact of risks is attached at Appendix 1.

### **6.0 Enforcement**

An effective risk management policy should permeate existing management processes and provide assurance over the management of key risks. It requires interdependence between strategic and operational objectives, management processes, governance arrangements and other policies.

The risk management policy is supported by related university policies including:

- Health and Safety Policy
- Information Security Policy
- Data Protection Policy
- Treasury Management Policy
- Financial Regulations
- Insurance Policy
- HR Policy

The respective roles and responsibilities of staff and committees is set out in section 7 below.

### **7.0 Roles and Responsibilities**

The Chief Operating Officer & Secretary of the University is the policy owner.

The recognition and management of risk is the responsibility of everyone who allocates and/or uses resources so all members of staff should have an awareness of the risks of the organisation and each department should maintain their own risk register.

Risks need to be evaluated in a controlled manner and the uncertainties involved need to be minimised. The approaches available to managing risk include:

- Terminate – avoid risk by doing something else
- Transfer – risk passed on to someone else e.g. outsourcing, insurance, subcontracting
- Treat – reduce risks by management action
- Tolerate – accept risk and manage appropriately

### **Role of the University Court**

The University Court has a fundamental role to play in the management of risk. Its role is to:

- Set the tone and influence the culture of risk management within the institution. This includes determining the risk appetite of the institution i.e. determining what risks are acceptable and which are not, and to provide a framework within which the appropriate level of exposure to risk can be determined in particular circumstances; and;
- Approve major decisions affecting the university's risk profile or exposure.
- Submit an annual corporate governance statement to Scottish Funding Council following advice from the Audit Committee, senior management, external and internal audit.

### **Role of Finance and General Purposes Committee**

The Finance and General Purposes Committee is responsible for:

- Ensuring that the major risks associated with specific proposals put to it have been properly considered and can be appropriately managed within the policy framework set by the Court.
- Ensuring that corporate risks are properly managed, reviewing evidence to this effect and ensuring measurement of results as appropriate.

### **Role of Audit Committee**

The Audit Committee is responsible for monitoring the university's general arrangements for risk management and specifically for:

- Advising the Court on the effectiveness of policies and procedures for risk assessment and risk management;
- Annually reviewing the university's approach to risk management and, if appropriate, recommending changes or improvements to key elements of its processes and procedures;
- Providing a statement to the Court annually indicating how the university has complied with good practice with regard to Corporate Governance and, in particular, in relation to effective risk management.

### Role of Internal Audit

The Head of Internal Audit reviews UHI risk annually on an independent basis to enable the development of an audit plan. This is done on the basis of best practice as recommended by professional institutes and other relevant associations.

A “risk based” plan is prepared taking account of the university’s strategic plan and “audit universe”.

He assesses UHI’s risk maturity – currently “risk defined” which is characterised as having “Strategy and policies in place and communicated. Risk appetite defined”.

The university aims to progress towards “risk managed” which is defined as “Enterprise approach to risk management developed and communicated”. The internal audit assessment in turn supports the external audit assessment.

Internal audit will:

- Report its findings to the audit committee
- Advise and make recommendations to senior managers as appropriate.

### Risk Review Group

The Risk Review Group will review University risk registers and the risk registers of large strategic projects to ensure an independent view can be fed back to the appropriate project board. The Group reports to the Finance & General Purposes Committee.

Proceedings - The group should meet quarterly approximately two/three weeks prior to Court.

### Role of the Senior Management Team

- Implementing the Court’s risk management policy and ensuring compliance
- Identifying, evaluating and managing strategic and operational risks in the university and bringing emerging corporate risks to the attention of the Risk Review Group.
- Ensuring that everyone in their area of responsibility understands their risk management responsibilities making clear the extent to which staff are empowered to take risks.
- Communicating university policy and information about the risk management programme to all staff, subsidiary organisations and external partners as appropriate.

Version	Date	Approved by	Amendment(s)	Author
1.0	31/12/16	R Sendall	Existing policy transferred to new template	N Oakley
1.1	20/09/17	Court	New risk appetite statements incorporated	R Sendall

## Appendix 1

IMPACT	5	10	15	20	25
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Significant	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Insignificant	1	2	3	4	5
	1 -Very	2 -	3 - Possible	4 - Likely	5 - Almost
	LIKELIHOOD				

IMPACT - CRITERIA		TIMESCALE 3 YEARS	
		<b>Financial</b>	<b>Reputational (need to link to communications)</b>
5 - Catastrophic	A disaster with the potential to lead to: • loss of a major UHI partner	> £500,000 or lead to	Likely loss of key partner, curriculum area or department Litigation in progress Incident or event that could result in potentially long term damage to UHI's reputation. Strategy needed to manage the incident
4-Major	A critical event which threatens to lead to: major reduction in funding	£250,000 - £500,000 or lead to	• Possible loss of partner and litigation threatened • Major deterioration in quality/pass rates/delivery Incident/event that could result in limited medium – short term damage to UHI's reputation at local/regional level.
3-Significant	A Significant event, such as financial/operational difficulty in a department or	£50,000 - £250,000	General deterioration in quality/delivery but not persistent An incident/event that could result in limited short term damage to UHI's reputation and
2-Minor	An adverse event that can be accommodated	£10,000 -	• Some quality/delivery issues occurring regularly Low media profile Problem commented
1-Insignificant	An adverse event that can be accommodated	<£10,000	• Quality/delivery issue considered one-off • No adverse publicity • Credibility unaffected

LIKELIHOOD CRITERIA	TIMESCALE 3 YEARS	
Score	Descriptor	Probability
<b>5-Almost Certain</b>	More than likely – the event is anticipated to occur	>80%
<b>4-Likely</b>	Fairly likely – the event will probably occur	61-80%
<b>3-Possible</b>	Possible – the event is expected to occur at some time	31-60%
<b>2-Unlikely</b>	Unlikely – the event could occur at some time	10-30%
<b>1-Very Rare</b>	Remote – the event may only occur in exceptional circumstances	<10%