UNIVERSITY OF LEICESTER

RISK MANAGEMENT POLICY

Introduction

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

2. The policy documents the roles and responsibilities of Council, Senate, Executive Board and other key bodies that have oversight of risk management. It also outlines key aspects of the risk management and reporting process, including the roles of various risk committees.

3. The policy has been updated since the previous version (October 2019), to include more practical aspects relating to the implementation of the policy. This is in response to the internal audit report of September 2020.

Approach to strategic risk management

4. The purpose of risk management is to seek to exercise effective control against the possibility that a specific event or set of circumstances will adversely affect the achievement of the University's strategic objectives in the medium and longer term. It involves a systematic process for identifying and measuring risks, and for taking action to manage and control them. The University's approach also enables more risk to be taken deliberately in cases where the potential benefits are worth pursuing, but where there is also a need for potential side effects to be controlled.

5. Risk is managed at various levels within the University: Institutionally, in Professional Services, and in Colleges; with a framework for reporting and escalation where necessary. The following key principles inform the University's approach to risk management:

    - Council is responsible for overseeing risk management within the institution as a whole;

    - Senate has oversight of academic quality risks and how they are managed, in order to help inform its annual assurance to Council on the academic health of the University;

    - Executive Board has responsibility for overseeing and managing all risks on behalf of Council;

    - The University Risk Committee has delegated responsibility from Executive Board for reviewing and reporting on risks;

    - Heads of College are responsible for ensuring good risk practice within their College;

    - Heads of Division are responsible for ensuring good risk management practice within their areas of Professional Services.

Governance structure and roles

6. The role of **Council** with regard to risk is to:

    - Approve the tone and influence the culture of risk management, including determining whether the University is 'risk taking' or 'risk averse' as a whole;

- Endorse the appropriate risk appetite or level of exposure for the University in any given area of activity, as proposed by Executive Board;

- Approve major decisions affecting the University's risk profile or exposure;

- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises;

- Satisfy themselves that the less significant risks are being actively managed, with the appropriate controls in place and working effectively;

- Annually review the University's approach to risk management, as described in this document.

7. **Senate** has oversight of academic quality risks, reports annually to Council on academic health, and considers a quality risk theme at each meeting.

8. **Audit Committee** provides an annual report to Council on the effectiveness of the University's overall framework of internal control and governance.

9. **Executive Board**, as noted in paragraph 5 above, has responsibility for overseeing and managing all risks. Executive Board determines and proposes the levels of appetite for risk across all areas, for Council to approve. Executive Board manages and reviews its own small set of key risks, in the form of the Strategic University Risk Register. However, it delegates its wider responsibility, in terms of the regular review and assessment of all risk registers, and oversight of the management of risk against appetite levels, to the **University Risk Committee**, from which it receives periodic reports on overall risk management and performance.

10. Colleges and Professional Services Divisions are required to maintain Local Risk Registers as the basis for managing and monitoring risks that they have identified, that are directly relevant to them and over which they are able to exert some influence or control.

Implementation of the Risk Management Policy

11. The following guidelines are provided to help risk owners to consider and articulate risks on a consistent basis:

- Risks should be identified no longer ahead than the strategic working horizon – three years at most and ideally looking one to two years ahead.

- Risk owners should consider the most appropriate criteria for considering the impact from any risk. This could be financial, or could relate to reputation or other non-financial types of impact. Examples will be provided as part of the toolkit of reference material, with impact levels described or quantified as appropriate.

- Risks should be described using a Cause, Event and Consequence structure:

    o Cause – why something could go wrong (e.g. 'Poor management of personal passwords by staff in [relevant area or function] …')

    o Event – what could go wrong (e.g. 'could lead to theft or corruption of [type of] data, …')

    o Consequence – the potential outcome (e.g. 'which could result in [fines or financial loss, or reputational damage – depending on the area or context].').

12.   Risks are updated and reported three times a year – once in each term. The process is managed by the University Risk Committee, which reports its findings to Executive Board and thereafter to Audit Committee and Council.

13.   All risk descriptions and ratings are updated by the Risk Owners, and actions are updated by the Action Owners.

14.   The University Risk Committee reviews the updated Strategic University Risk Register and other risk registers, and receives reports from four other committees:

  - The Corporate Services Risk Committee
  - The College of Social Sciences, Arts and Humanities Risk Committee
  - The College of Life Sciences Risk Committee
  - The College of Science and Engineering Risk Committee.

15.   The reports from the four committees allow each of them to escalate or report upwards on a limited number of selected risks from their own areas.

16.   The University Risk Committee reports to Executive Board, Audit Committee and Council, on the overall latest position on risk management across all areas, highlighting key risks and areas of risk, and reporting major changes since the last update. It also includes those risks that have been escalated to it, or highlighted for attention, by the College Risk Committees and the Corporate Services Risk Committee.

17.   In addition, the University Risk Committee reports where appropriate on areas where risk exposure is above the University's risk appetite, so that there is appropriate awareness of this.

18.   This reporting process provides the following benefits:

For Audit Committee and Council:

  - A broad oversight of all risks across the University, including an awareness of critical risks as well as the controls and mitigation actions being taken
  - Assurance that risks are being monitored and managed within Colleges and Professional Services Divisions
  - An insight into the more local risks across the University
  - The opportunity to respond to the information received, for example by making recommendations at a variety of levels.

For Colleges and Professional Services Divisions:

  - Embedding risk management processes and responsibilities at managerial and local level across the University
  - Engagement of leadership teams in the process of reporting and communication
  - Providing Colleges and Professional Services Divisions with a channel through which they can be part of, and contribute to, the University's overall response to risks.

Other consideration of risks

19.   Outside the core reporting process, there are three further ways that risks are considered:

- A number of committees, including Finance Committee, Learning and Teaching Committee and Research and Enterprise Committee, review relevant sets of risks managed centrally, in order to support communication and awareness.

- The annual Planning Round involves setting objectives, understanding risks and opportunities, agreeing action plans, and allocating resources.

- Should any risks which may have strategic significance arise outside the reporting timetable, Heads of College or the Registrar and Chief Operating Officer should be immediately alerted by the head of the area where the risk arises or is identified.