



Working Together

Risk Management Policy

December 2016

History of Changes

| Version | Description of Change | Authored by | Date |
|---------|--|-------------|---------------|
| 1.1 | Policy created | P Smith | August 2011 |
| 1.2 | Minor updates to policy | P Smith | August 2014 |
| 1.3 | Updated to include risk appetite and other minor changes | P Smith | December 2016 |
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1.0 Introduction and Context

- 1.1 An effective risk management framework is essential to identify and manage the risks that threaten the ability of the College to meet its objectives. This policy explains the College’s approach to risk management, documents the roles and responsibilities of the Board of Management, the Senior Management Team, and other key parties.
- 1.2 The College’s current overall risk appetite is defined as “MODERATE”. This means that the College will only accept exposure to modest levels of risk in order to achieve its goals, recognising that this may restrict potential rewards.
- 1.3 The Regional Board has also agreed an acceptable level of risk for each of the College’s Strategic Goals. These are set out in the table below.

| Strategic Goal | Risk Appetite | Definition |
|--|----------------------|--|
| Respond to the needs of our region | OPEN | The College is willing to consider all delivery options and select those with the highest level of productive outcomes, even when there is an elevated level of associated risk. |
| Deliver successful outcomes for our learners | OPEN | The College is willing to consider all delivery options and select those with the highest level of productive outcomes, even when there is an elevated level of associated risk. |
| Provide a high quality College experience | MODERATE | The College will only accept exposure to modest levels of risk in selecting delivery options, recognising that this may restrict potential rewards. |
| Grow our business | CAUTIOUS | The College remains guarded, with a preference for safe delivery options that have no more than a low degree of risk, recognising that these may have restricted potential for reward. |
| Build sustainability | MODERATE | The College will only accept exposure to modest levels of risk in selecting delivery options, recognising that this may restrict potential rewards. |

2.0 Scope

- 2.1 This policy forms part of the College's internal control and corporate governance arrangements.
- 2.2 The policy outlines key aspects of the risk management process, and identifies the main reporting procedures and applies to the Regional Board, Senior Management Team and all line managers.

3.0 Key Principles

- 3.1 The College will clearly identify roles and responsibilities within its management structure. These roles are as follows:

3.1.1 Regional Board

The Regional Board has a fundamental role to play in the management of risk. It must set the overall tone and influence the culture of risk management within the College. This includes: -

- determining whether the College is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue;
- determining what types of risk are acceptable and which are not; and
- setting the standards and expectations of staff with respect to conduct and probity.

The Board must determine the appropriate risk appetite or level of exposure for the College and will approve major decisions affecting the College's risk profile or exposure.

The Board will monitor the management of significant risks and will satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.

The Board will annually review the College's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

3.1.2 Senior Management Team

With respect to this Policy, the principal role of the Senior Management Team is to act as the College Risk Management Team. Specifically, it will:

- implement policies on risk management and internal control;
- identify and evaluate the significant risks faced by the College for consideration by the Regional Board;
- construct and maintain a risk register which makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- produce and review subsidiary Risk Registers detailing operational risks for monitoring by departmental managers;
- provide adequate information in a timely manner to the Regional Board and its Committees on the status of risks and controls;
- undertake an annual review of the Risk Register and provide a report to the Regional Board;

3.2 The College will ensure that its system of internal controls meets the requirements to properly manage its risks. This will encompass 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: -

3.2.1 Policies and procedures

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

3.2.2 Monthly reporting

Comprehensive monthly reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Senior Management Team and the Regional Board if appropriate.

3.2.3 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.

3.2.4 High level risk register

This framework is compiled by the Senior Management Team and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the College. The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

3.2.5 Operational risk registers

Managers develop and use this framework to ensure that significant risks in their departments are identified, assessed and monitored. The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly by business units.

3.2.6 Audit Committee

The Audit Committee is required to report to the Regional Board on internal controls and alert Board members to any emerging issues. 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.

3.2.7 Internal audit programme

Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the College.

3.2.8 External audit

External audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit.

3.2.9 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.

3.3 The College will develop risk management and mitigation plans for all significant risks, to include a designated “risk owner” who will be responsible and accountable for managing the risk in question.

3.4 The College Risk Register and the top risks are appended to the College Strategic Plan. Risks are clearly identified with specific strategic aims and key performance indicators. The Senior Management Team makes an assessment in the likelihood or probability of occurrence and the potential impact should the risk materialise.

3.5 The Senior Management team will report to the Audit Committee, the Finance and General Purposes Committee, the Curriculum and Quality Committee and the Regional Board on current risks, highlighting mitigating actions and efforts towards risk reduction.

4.0 Responsibilities

4.1 The Regional Board is responsible for ensuring the effectiveness of internal control of the College, based on information provided by the Senior Management Team.

4.2 The Senior Management Team is responsible for identifying risks to the business of the College, developing mitigation strategies and reporting to the Regional Board.

- 4.3 The Vice Principal - Finance and Resources is responsible for the implementation of this Policy.
- 4.4 Departmental managers are responsible for the application of internal controls to mitigate risks within their specified areas of responsibility.

5.0 Related Documents

- 5.1 Financial Regulations
- 5.2 Financial Procedures Manual
- 5.3 Scheme of Administration
- 5.4 Anti-Fraud and Corruption Policy
- 5.5 Treasury Management Policy
- 5.6 Strategic Plan

6.0 Review

- 6.1 This policy will be reviewed every 3 years or whenever Corporate Governance changes affect any part of it.

Equality Impact Assessment

(Rapid impact assessment tool)

What Impacts may there be from this proposal on any group's ability to use the College services?

Policy: Risk Management Policy

| Positive Impacts (Groups affected) | Negative Impacts (Groups affected) |
|--|------------------------------------|
| n/a | n/a |
| Actions taken to alleviate any negative Impacts: n/a | |
| Recommendations: none | |

From the outcome of the rapid equality impact assessment, have negative impacts been identified for any protected characteristic or any other potentially disadvantaged group?

Has a full Equality Impact Assessment been recommended?

Yes

No

Reason for recommendation:

Status: Approved by Regional Board
Dated: December 2016
Author: Vice Principal - Finance and Resources
Review Date: December 2019
Equality Impact Assessed: Yes