

## RISK ASSESSMENT AND MANAGEMENT<sup>1</sup>

### SUMMARY OF PRINCIPAL CHANGES

General changes	
None	
Section	
4.4.2	Refer to text
4.5	Refer to text

*(Amendments to version 02.0, UPR FR03 are shown in italics.)*

#### 1 INTRODUCTION

- 1.1 The Board of Governors recognises that the outcomes of many Board and management decisions cannot be predicted with certainty and, therefore, involve elements of risk. The Board of Governors has adopted an open and receptive approach to analysing risk issues.
- 1.2 The HEFCE Accounts Direction for the sector requires that internal control and risk management assurances are incorporated within the University's published financial statements. HEFCE defines the University's overarching policy to risk management.
- 1.3 The principles and policies set out in this document (UPR FR03) form part of the internal control and corporate governance arrangements of the University of Hertfordshire Higher Education Corporation and have been approved by the Board of Governors with effect from 19 March 2013.
- 1.4 The Board of Governors expects that similar policies and controls will be adopted by the Students' Union, the wholly-owned subsidiary companies and their wholly-owned subsidiaries.

#### 2 PRINCIPLES AND POLICIES

- 2.1 The Board of Governors adopts an holistic approach to risk management implementing risk management methodologies throughout the Corporation, its wholly-owned subsidiary companies and their wholly-owned subsidiaries. Implementation is undertaken as a 'top down' and 'bottom up' process. Key risks are identified at a corporate level, the processes and actions required to manage those risks are analysed and the issues are addressed at the appropriate level within the University's structure and procedures. Risk registers are held for major projects, partnerships and programmes; by Strategic Business Units and by the wholly-owned subsidiary companies and their wholly-owned subsidiaries. Key risks identified at this level are conveyed to the Board for consideration.
- 2.2 The Board of Governors determines and approves the level of risk that it deems appropriate for the Corporation to carry (the corporate 'risk appetite').
- 2.3 The following principles underpin the Corporation's approach to risk management and internal control. The Corporation:
  - i recognises the respective attributes of adverse and beneficial risk management and balances its decisions in the context of analysis of these factors;
  - ii does not adopt a risk-averse or a risk-adoption position as a matter of policy, therefore, each decision involving risk assessment is treated on its merits and the circumstances of the Corporation at that time;

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<sup>1</sup> **Board of Governors Minute:** 538.2, 27 June 2002; 6.1, 19 March 2013, refers.

- iii acknowledges that the application of risk management methodologies extends beyond the protection of financial health of the University. It embraces issues concerning the reputation of the Corporation, its status as a publicly funded body and its Health and Safety obligations to its students and its staff;
- iv makes prudent recognition and disclosure of the financial and non-financial implications of risks;
- v evaluates the consequences of catastrophic events that would threaten business continuity and uses risk management methodologies to seek to reduce the probability of such events and to develop appropriate contingency plans;
- vi will identify indicators to enable the effective monitoring and reporting of risk and will review these indicators regularly.

### **3 RISK FRAMEWORK**

3.1 Risk management embraces all aspects of the Corporation's operations which are categorised within the following broad areas:

- a strategic direction, governance and statutory compliance;
- b quality assurance in educational provision and the standards of awards;
- c assessment of the quality of research by independent bodies;
- d effective employee recruitment, remuneration, retention, motivation and exposure to key workers;
- e financial exposure caused by budgeting errors or expenditure control weaknesses;
- f financial exposure caused by non-compliance with regulations and procedures;
- g attainment of targets (student recruitment, research and commercial contracts);
- h delivery and receipt of contracted services (teaching, research or commercial);
- i information systems functionality, reliability and sustainability;
- j Health and Safety and catastrophe risk exposure;
- k adverse publicity from corporate, staff or student issues;
- l risks inherent in major capital projects;
- m performance of the wholly-owned subsidiary companies and their wholly-owned subsidiaries;
- n performance of the Colleges within the Hertfordshire Higher Education Consortium.

3.2 In each of these areas, risk management will be addressed through specific processes determined from time-to-time by the Vice-Chancellor and will be reported to the Board of Governors either through the relevant committee of the Board or directly to the Board of Governors itself.

### **4 ROLES AND RESPONSIBILITIES**

4.1 **Board of Governors:**

- a is responsible for approving the University' risk assessment and management policy;
- b is responsible for overseeing risk management within the Corporation as a whole;
- c will receive regular briefings from the Vice-Chancellor concerning actual or potential significant issues of risk;
- d is required to provides an annual statement to HEFCE on the status of risk management within the Corporation;
- e will influence the culture of risk management within the Corporation taking into account statutory and other directive requirement;
- f determines the appropriate level of risk exposure (risk appetite) in matters of corporate importance;
- g approves major decisions affecting the Corporation's risk profile or exposure;
- h by means of regular reporting, monitors, either directly or via its committees, the management of significant risks;

- i will satisfy itself that less significant risks are being actively managed;
- j will review, annually, the Corporation's approach to risk management and as necessary, approve changes or improvements;
- k will review, annually, the effectiveness of the Corporation's internal controls.

#### 4.2 **Audit Committee of the Board of Governors:**

- a appraises the effectiveness of the Corporation's risk management strategy;
- b appraises the processes in place to implement mitigating actions;
- c advises the Board of Governors on the University's financial standards and systems and the extent to which they enable the identification and management of risk.

#### 4.3 **Board of Governors committee structure**

All committees and boards within the Board of Governors committee structure are required to consider risk at each meeting and report to the Board of Governors any significant risks within their areas of responsibility.

#### 4.4 **Vice-Chancellor**

##### 4.4.1 The Vice-Chancellor is responsible for:

- a the determination and management of processes and structures such that the risk management policies and principles approved by the Board of Governors and set out in this document (UPR FR03) are implemented and risks identified, assessed and mitigated;
- b the reporting of actual and potential risk to the Board of Governors;
- c implementing appropriate mitigating action where the risk exposure of the Corporation is assessed as being higher than the level determined by the Board of Governors (section 2.2, refers);
- d monitoring the operation of risk management procedures across the University;
- e reviewing, annually, the effectiveness of the system of internal control and providing assurance to the Board of Governors;
- f reviewing, annually the potential impact of uncontrollable external factors on the Corporation and the effectiveness of its systems, procedures and contingency plans in response to these.

##### 4.4.2 *For the proper management of risk, the Vice-Chancellor has assigned specific responsibilities to the Secretary and Registrar and the University Business Risk Manager including:*

- a supporting the maintenance of the Corporate Risk Register;
- b co-ordinating the production and maintenance of Risk Registers by Heads of Strategic Business Units, *the wholly-owned subsidiary companies and their wholly-owned subsidiaries;*
- c supporting the Vice-Chancellor's programme for the record of risk and the implementation and monitoring of mitigating actions.

#### 4.5 **Heads of Strategic Business Units**

- a are responsible for promoting good risk management practice within their respective areas;
- b are accountable to the Vice-Chancellor and responsible to the Vice-Chancellor for effective risk management within their areas of responsibility;
- c are responsible to the Vice-Chancellor for implementing appropriate mitigating action where the risk exposure of the Corporation is assessed as being higher than the level determined by the Board of Governors (section 4.4.1, c, refers);
- d will create and maintain a risk register;
- e will, in preparation for the annual planning cycle, make a formal annual review of risk (actual and potential) and the arrangements for its mitigation;
- f will monitor performance on a continuous basis;

- g will notify the Deputy Vice-Chancellor, *Secretary and Registrar and University Business Risk Manager*, at the earliest opportunity of any variations or emerging risks.

Mrs S C Grant  
Secretary and Registrar  
Signed: **1 August 2015**