



**BISHOP GROSSETESTE UNIVERSITY**

**Document Administration**

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# BGU's Approach to Risk Management – 2015/16 Academic Year onwards

## 1. Introduction

1.1 This document sets out BGU's approach to the identification, evaluation and management of risk from 2015/16. The aim is to summarise in one document our key policies on risk management and guidelines on their implementation.

1.2 Our approach will be kept under review in response to internal feedback and feedback from Uniac, BGU's internal auditors, in relation to good practice identified in other parts of the HE sector.

## 2. Definition of risk

2.1 BGU defines risk as:

The threat that an action or event will adversely affect BGU's ability to achieve its current or future aims and objectives.

## 3. Categories of risk

3.1 BGU makes a distinction between **strategic** risks, and **operational/project-level** risks.

3.2 Strategic risks are major threats to BGU achieving its strategic aims as outlined in BGU's Strategy for 2014-19 and our Annual Priorities as outlined in BGU's Business Plans, or to its continued existence. Whilst BGU distinguishes between strategic and operational risks, strategic risks will include serious operational service failures. Strategic risks are recorded in BGU's Executive Risk Register.

3.3 Operational and project-level risks relate primarily to the day-to-day conduct of BGU's business. As part of our new Planning Framework from 2015-16 onwards, the three Academic Schools and Professional Support Services will be asked to ensure that operational and project-level risks are recorded in each area's risk register, accompanying annual Business Plans, or in project specific registers.

3.4 Both strategic and operational/project-level risks may include a broad spectrum of risks including financial risks, legal risks, risks to BGU's reputation or risks of systems failure.

## 4. Roles and responsibilities

### *University Council*

4.1 University Council (Council) has governance responsibility for all BGU's internal control arrangements, of which the approach to risk management forms a part. Therefore, the Council has responsibility for the approval and review of this document.

4.2 Council requires assurance that risks are being managed effectively. It receives an update on BGU's Executive Risk Register at each meeting of the Council, and any strategic, operational or project-level risks that the Audit Committee advises require its attention. Council may challenge and hold to account the Vice Chancellor on the effectiveness of the controls in place to manage risk.

### *Audit Committee*

4.3 Audit Committee advises the University Council on the effectiveness of BGU's internal control arrangements. It advises the Council on:

- BGU's approach to risk management
- The management of significant risks
- The implications of recommendations made by the internal auditors
- The implications of recommendations made by the external auditors.

4.4 Audit Committee reviews BGU's Executive Risk Register at each of its meetings, and any operational or project-level risks whose net risk falls outside the Council's risk appetite. It may challenge the Vice Chancellor and other members of the Senior Leadership Team on the effectiveness of the controls in place to manage risk.

4.5 Audit Committee may also, at its discretion, review any operational and project risk registers to assure itself that risks are being managed effectively at this level.

### *The Vice Chancellor*

4.6 The Vice Chancellor is accountable to the University Council for the management of all risks within BGU.

### *Senior Leadership Team (SLT)*

4.7 SLT advises the Vice Chancellor on the effectiveness of BGU's management of risk and oversees the implementation across the University of BGU's approach to risk management.

4.8 SLT reviews the Executive Risk Register on a termly basis. It ensures, on behalf of the Vice Chancellor that adequate arrangements are in place across the University for the management of risk as part of the annual planning process, and provides the forum under which such arrangements are challenged at executive level.

4.9 SLT collectively agrees the updated Executive Risk Register with individual SLT members contributing to the narrative sections on mitigating controls and actions for specific risks.

### *Corporate Leadership Team (CLT)*

4.10 CLT keeps under review operational and project-level risks within the overall framework of BGU's Executive Risk Register. It receives termly reports on risk from each School and Professional Support Service, and brings to the attention of SLT members any operational or project-level risks outside of the University Council's risk appetite. It highlights to SLT any risks which may need escalating to the Executive Risk Register.

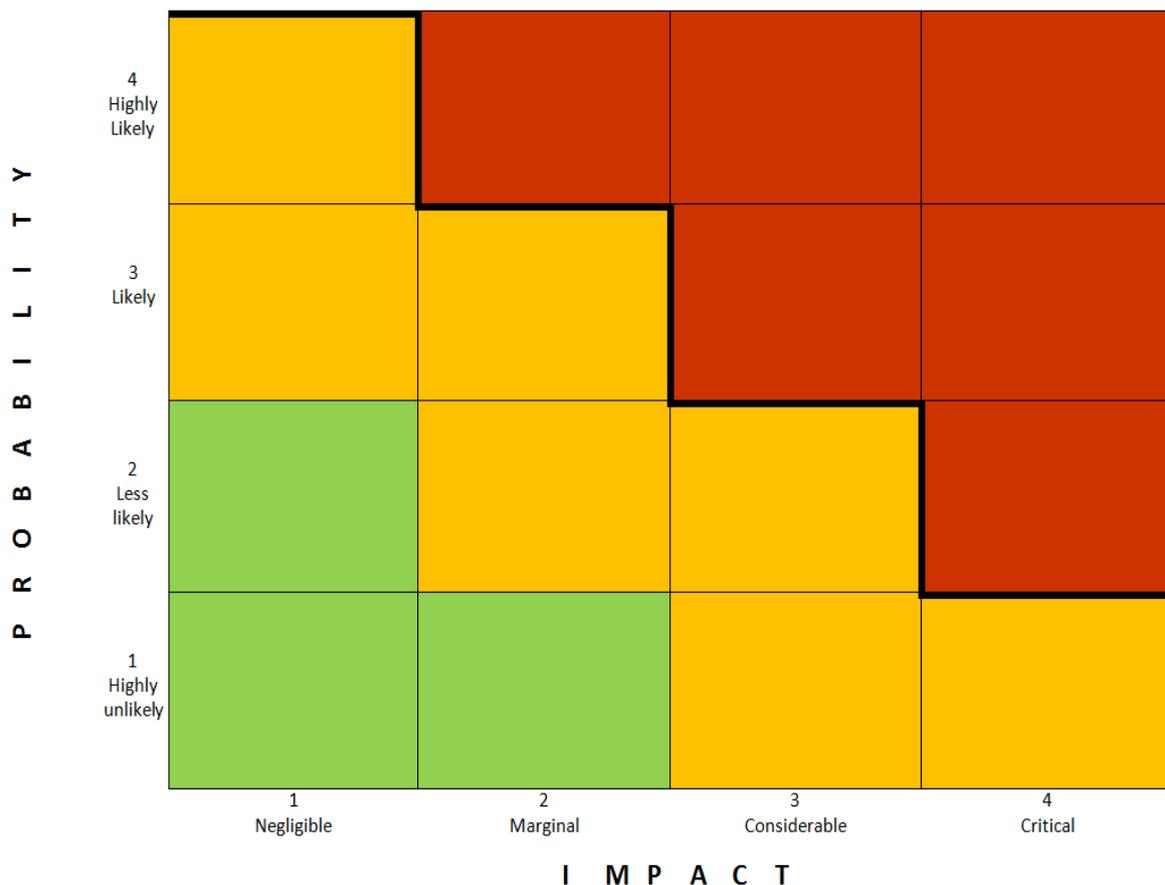
*Staff and contractors*

4.14 All employees and contractors are expected to:

- Be familiar with BGU’s approach to risk management
- Take a risk management approach to their work
- Take responsibility for the risks they ‘own’
- Highlight ways in which BGU’s objectives may be at risk and more effectively managed.

**5. Risk measurement and appetite**

5.1 Risk is measured by considering both the severity of impact of an action or event on BGU’s ability to achieve its objectives and the likelihood of that action or event occurring. For the 2015-16 Academic Year onwards, BGU is adopting the following matrix to measure risk as part of its new Planning Framework for ensuring a more consistent approach across the University to developing, implementing and performance management of Business Plans (a process that also includes our institutional approach to Risk Management and Performance Monitoring through Performance Indicators and Key Performance Indicators).



5.2 The following descriptors should be used to aid the assessment of risk:

**Impact**

1	Negligible	Insignificant impact on BGU achieving its aims and objectives, and the risks can be handled by existing routine procedures
2	Moderate	Small impact on the achievement of aims and objectives, and some changes in structure or delivery may be required to handle the risks
3	Considerable	Significant impact on the achievement of aims and objectives and may threaten the continuation of the project or service
4	Critical	Objectives could not be achieved, and the survival of the project or service, and potentially the BGU itself, would be in jeopardy.

**Probability**

1	Highly unlikely	Less than 10% chance of occurrence in the planning period
2	Less likely	10-49% chance of occurrence in the planning period
3	Likely	50-79% chance of occurrence in the planning period
4	Highly Likely	80%+ chance of occurrence in the planning period

5.3 Risk appetite is the amount of risk an organisation is prepared to accept in the pursuit of its aims and objectives. SLT has determined that all net risks graded 'red' in the above matrix fall outside BGU's appetite for risk, but this approach will be reviewed with Audit Committee

## 6. Risk registers

6.1 All risk registers should be completed using the template in Annex A. The following provides guidance on how to complete each column in the risk register template.

Strategic Aims	<p>Each risk, where applicable, should be related to BGU’s annual priorities. For 2015-16 the following codes should be used (refer to Annual Statement of Priorities for 2015-16 for more detail):</p> <ul style="list-style-type: none"> <li>• SA1: Growing student numbers in line with the targets in BGU’s Five Year Strategy for 2014-19</li> <li>• SA2: Regulatory compliance</li> <li>• SA3: Building collaborative partnerships and developing our Academic portfolio</li> <li>• SA4: Implementation of BGU’s Learning, Teaching, Assessment and Student Engagement strategy</li> <li>• SA5: Implementation of our Research and Internationalisation strategies</li> </ul> <p>Schools and Professional Support Services may use their own coding to relate risks to specific objectives or activities in their Business Plans for 2015-16.</p>
Risk (including risk number, risk owner and sources of assurance)	<p>A simple phrase should be used to describe the risk. Each risk should be given a unique identifying number and an owner (see 4.13 above) Sources of assurance should be identified for each risk. Sources of assurance provide evidence that the controls put in place to manage a risk are working effectively. These may be internal or external sources.</p>
Impact	<p>What would it mean for BGU, for the achievement of the aim or objective, if the risk(s) actually occurred?</p>
Gross Risk	<p>Gross risk represents the assessment of a risk (its impact and probability) before anything is done to mitigate or manage it, that is, before controls are put in place. The Gross Risk is based on an assessment of the likely impact and probability of that risk without any mitigating controls and/or actions, using a score of 1 to 4.</p>
Current Controls and Mitigating Actions	<p>Record the measures that are currently in place to control the risk and mitigating actions planned or being carried out.</p>
Timescale for Mitigation and Expected Result	<p>Give timescales for implementation of mitigating actions and what the likely outcome of these will be.</p>
Early Warning Indicators	<p>How would we know if things were starting to go wrong? What systems and indicators will signal when a risk is about to become unacceptable, or when controls are breaking down, or when further controls are needed? Link to BGU’s Key Performance Indicators where appropriate</p>

Net Risk	The risk should be re-assessed in the light of the controls in place, which should aim to reduce or eliminate the impact or probability (or both) of the risk. The Net Risk is based on an assessment of the likely impact and probability of that risk after any mitigating controls and/or actions, using a score of 1 to 4.
Last Updated	When was the risk last discussed and updated?
Movement since Last Review	Has the net risk increased, decreased or stayed the same? The following indicators should be used: <ul style="list-style-type: none"> <li>• Increased: ↑</li> <li>• Decreased: ↓</li> <li>• Stayed the same: →</li> </ul>

## Risk Management Policy - Annex A – Risk Register Template

An important part of BGU’s new Planning Framework for 2015/16 was a clearer and more consistent approach to risk management from BGU’s high-level Executive Risk Register through the middle tier Business Plans (to be prepared by SLT members) and Operational Risk Registers outlined in the Business Plans for areas led by CLT members.

Risks and controls identified in relation to our annual priorities will be monitored by CLT and SLT on a termly basis. Risks represent failure to meet the goals for a given planning year. ***The Risks identified in annual Business Plans will be mapped against and contribute to BGU’s Executive Risk Register.***

### [INSERT IDENTIFIER] Risk Register

AP	Risk	Impact of Risk	I	P	Gross Risk Score	Current Controls and Mitigating Actions	Timescale for Mitigation and Expected Result	Early Warning Indicators	I	P	Net Risk Score	Change since last review

#### Footnotes:

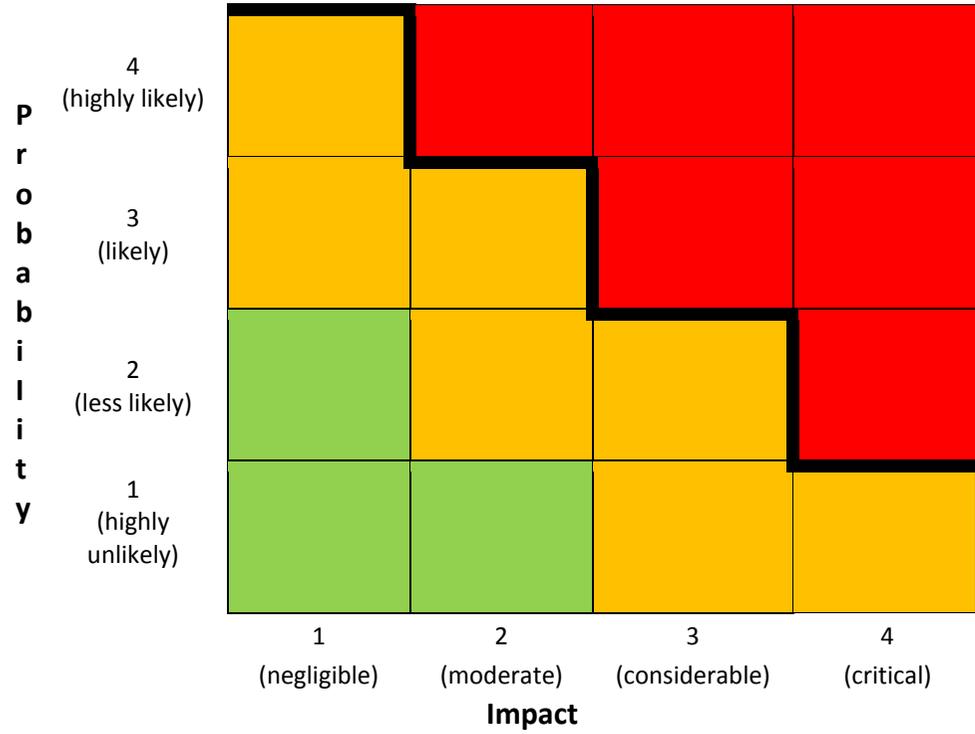
1. Annual Priority (AP) is the Strategic Aim in BGU’s Annual Statement of Priorities that the risk is linked to
2. Risk – Risk Number, Description of risk and sources of assurance (see below)
3. Impact of Risk is a narrative field which clearly defines the potential impact of the Risk
4. Impact Score (I) - risk assessment on a scale of 1-4 (1 = negligible; 2 = moderate; 3 = considerable; 4 = critical)
5. Probability Score (P) - risk assessment on a scale of 1-4 (1 = negligible; 2 = moderate; 3 = considerable; 4 = critical)
6. Gross risk (impact x probability) – gross risk assessment on a scale of 1-4 before the implementation of any mitigation and actioned/tested controls
7. Current Controls and Mitigating Actions – narrative section on the controls/actions in place to mitigate the impact and likelihood of the risk occurring.
8. Timescale for Mitigation and Expected Result – narrative section on the timescale for the controls/actions to take effect.
9. Early Warning Indicators – identify any qualitative information or quantitative data that can be used to measure the effectiveness of the risk management process and corroborate the Net Risk Score
10. Net risk (impact and probability) - risk assessment on a scale of 1-4 after the implementation of any mitigation and actioned/tested controls
11. Change since last review – reports whether the change to the net risk score since the last report represents an increase in risk (↑), a decrease (↓) or has stayed the same (→).

SOURCES OF ASSURANCE – EXAMPLES

Internal sources of assurance	External sources of assurance
<ul style="list-style-type: none"> <li>• Key Performance Indicators</li> <li>• Feedback from internal committees</li> <li>• Budget</li> <li>• Regular monitoring of Business Plan delivery and budget</li> <li>• Finance report</li> <li>• Evaluation reports</li> <li>• Staff survey</li> </ul>	<ul style="list-style-type: none"> <li>• External audit</li> <li>• Internal audit</li> <li>• Feedback from funding bodies</li> <li>• Feedback from BIS, UKBA</li> <li>• Legal advice</li> <li>• External evaluation of reviews</li> </ul>

The charts below plot the identified risks according to their gross and net risk (probability and impact assessment). Those net risks that fall outside the management team’s risk appetite (in red, to the right of the bold line) receive particular attention and monitoring.

**GROSS RISK**



**NET RISK**

