

## Risk Management Policy

### 1. Purpose of this document

- 1.1 The University is accountable to a number of internal and external stakeholders, including the funding councils, students, staff, the public and the Board of Governors. The environment in which the University operates is subject to a wide range of risks, and the need for risk management has been highlighted in guidance from the Higher Education Funding Council for England (HEFCE), including the document, 'Risk management in Higher Education' (HEFCE 2005/11).
- 1.2 The University works with the definition of 'risk' given by HEFCE in 01/24 and 01/28, that is: Risk is *the threat or possibility that an action or event will adversely or beneficially affect [the University's] ability to achieve its objectives*, [HEFCE 01/24 paragraph 5]. The objectives are those published in the Strategic Plan, and the management of risk is the systematic analysis of policies, practices and procedures to optimise the advantage to Chichester, either by exploiting positive opportunities or mitigating the effects of negative influences. Risk management forms an important part of the University's internal control and corporate governance arrangements and is the responsibility of all staff whatever their role.
- 1.3 This document explains the University's underlying approach to risk management and sets out the roles and responsibilities of the Board of Governors, the Audit Committee, the Governors' Strategy and Resources Committee, the executive (Chief Executive's Team), the Risk Management Group and senior managers within the organisation. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

### 2. Risk Management

- 2.1 Risk management involves:
  - Considering the activities of the University as a whole, or a given area or department;
  - Identifying the risks involved (internal and external) in pursuing these activities;
  - Assessing the risks for probability and impact;
  - Eliminating those risks that can and should be eliminated;
  - Where appropriate reducing the likelihood or potential impact of remaining risks;
  - Developing contingency plans in case those remaining risks become reality;
  - Considering whether risks may be transferred by insurance or other contract.
- 2.2 It should also be noted that:
  - The level of effort and resource put into managing particular risks should be proportionate to their potential impact on the organisation;
  - Risks include lost opportunities;
  - It will always be necessary to take risks, but these should be appropriately managed;
  - Risk management is a continual, ongoing process, as risks and uncertainties will change over time;
  - All staff should contribute to the risk management process;
  - Staff should be empowered to implement solutions locally where they can, but to seek help with identified risks when necessary;
  - The culture for discussion of risk should be open, positive and blame free.
- 2.3 Reasons for adopting risk management procedures:
  - Effective risk management is good practice and will improve the effectiveness of the University;

- Regular consideration of risks helps staff in positions of responsibility to avoid problems and to plan;
- An understanding of risk areas is essential in developing University strategies and plans
- Regular reports of major risks help the Chief Executive's Team, the Governors' Strategy and Resources Committee and the Board of Governors to understand the external and internal pressures and opportunities/threats that the University faces, and to make appropriate financial and other provision where it is needed.

2.4 The University's general approach is to minimise its exposure to risk. It will seek to recognise risk and to mitigate the adverse consequences. The Governors' Strategy and Resources Committee has a role to assess the level of risk that the University is prepared to accept and ensure there are adequate resources to manage such risks. This is defined as the 'risk appetite'. However, the University recognises that in pursuit of its corporate objectives, it may choose to accept an increased level of risk. It will do so, subject to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

Once this 'risk appetite' is established, it will be incorporated into the annual strategic plan reporting cycled, and discussed and approved by the Board of Governors.

2.5 The University makes prudent recognition and disclosure of the financial and non-financial implications of risks and complies with the Financial Memorandum agreed with the funding bodies, in particular HEFCE and the Training and Development Agency for Schools (TDA).

2.6 This Policy will apply to the University and its related companies. For these purposes, a related company is defined as any entity where the institution has or exercises a substantial degree of influence over that related company's activities. This may include companies that are not 'subsidiary' companies as defined in accounting terms, but for which the University exercises a degree of control – for example partnerships or joint ventures.

2.7 The University has no direct management control over the activities of the Students' Union. However, there is clearly a reputation and possible financial risk from their activities. The University will require the Students' Union to have robust risk management procedures in place as a condition of their grant. The University reserves the right to ask the internal auditors to confirm that the processes within the Students' Union offer adequate protection to the University.

### 3. Roles and Responsibilities

3.1 The key roles and responsibilities are as follows:

- The Board of Governors has ultimate responsibility for overseeing risk management within the University, including ensuring an effective risk management process is in place and is regularly reviewed. The Board of Governors is ultimately responsible for agreeing the risk appetite of the University (including subsidiary and related companies).
- The Board of Governors devolves responsibility for ensuring that the process is in place and is regularly reviewed to the **Governors Audit Committee**;
- The Board of Governors devolves responsibility for establishing the risk appetite and for ensuring adequate resources are allocated to managing risks to the **Governors' Strategy and Resources Committee**;
- The **Chief Executive's Team** is responsible for ensuring that the risks identified on the University's Critical Risk Register reflect the principal risks that the

University faces to its continued operation, and that there are effective mechanisms in place across the University to manage those risks;

- The **Risk Management Group** is responsible for co-ordinating risk management activities and reviewing the processes. The Risk Management Group will provide reports to the Chief Executive's Team, the Governors' Strategy and Resources Committee and to the Governors' Audit Committee in accordance with this policy.
- **University managers** ('risk owners') are responsible for ensuring there is an embedded risk management process in their area of responsibility and that it is regularly monitored.
- **The Internal Auditors'** role is to provide assurance to the Governors' Audit Committee and the Risk Management group that the process is operating effectively and to review specific systems as part of the planned internal audit review.

### 3.2 **Role of the Board of Governors in the management of risk**

The governing body is ultimately responsible for the system of risk management and internal control. In carrying out this role, the Board of Governors will consider the:

- nature and extent of the risks facing the University
- extent and categories of risk it regards as acceptable for the institution to bear;
- likelihood of risks materialising
- institution's ability to reduce the incidence and impact of materialised risk; and
- cost of control relevant to the benefit obtained in managing the related risks.

The Board has designated the Chief Executive to take overall responsibility for risk management and will monitor its effectiveness through the Governors' Audit Committee. Responsibility for risk management has been delegated by the Chief Executive to the Chair of the Risk Management Group; however, accountability for University processes remains with the Chief Executive.

The Board will receive an updated Critical Risk Register for the University at least once a year at its June/July meeting. This will ensure that the budget and revised corporate objectives for the coming year are informed by the risk environment in which the University is operating. The Board will also be asked at this meeting to confirm or approve changes to the University's "risk appetite".

In the interim meetings, the Board will receive assurance on risk management through the minutes of the Governors' Audit Committee. At its November meeting, the Board will receive an annual report on risk management presented as part of the Audit Committee's Annual Report.

While the Board will retain the ultimate responsibility for ensuring that an effective risk management process is in place, it will be the responsibility of the Chief Executive's Team, operating through the Risk Management Group, to ensure that this responsibility is discharged and that effective and efficient systems are being operated.

### 3.3 **Role of the Audit Committee in the management of risk**

In accordance with the *Handbook for Members of Audit Committees in Higher Education Institutions* [February 2008/06], published by the Committee of University Chairs (CUC), the role of the Audit Committee is to provide an opinion to the Board of Governors of the adequacy and effectiveness of the institution's arrangements for the following:

- Risk management, control and governance (the risk element includes the accuracy of the statement of internal control included with the annual statement of accounts) and
- Economy, efficiency and effectiveness (value for money).

In order to do this, the Audit Committee's terms of reference include, *inter alia*, the responsibility to:

- Review the internal auditors' risk assessment, strategy and programme
- Keep under review the effectiveness of the risk management, control and governance arrangements and, in particular, review the external auditors' management letter, the internal auditors' annual report and management responses

The Committee will receive a report from the Risk Management Group twice a year, in June and November. The Governors' Audit Committee will receive the full Critical Risk Register once a year at its meeting in June. The November report will include an update on any changes to the Critical Risk Register and information on any new or emerging risks, and any further information on the risk management process within the University that the Committee should be aware of.

In addition, further reports on a 'by exception' basis will be brought to other meetings as required.

#### 3.4 **Role of the Governors' Strategy & Resources Committee**

The Board of Governors has devolved responsibility for establishing the risk appetite and for ensuring adequate resources are allocated to managing risks to the Governors' Strategy and Resources Committee.

The Committee's duties include the responsibility to oversee the arrangements put in place to mitigate or reduce the probability and/or impact of identified risks, where it is financially or otherwise viable to do so. At its June meeting, the Governors' Strategy & Resources Committee will receive the Critical Risk Register and agree any recommendations to the Board of Governors that risks should be added or removed from the Risk Register.

#### 3.5 **Role of the Chief Executive and the Chief Executive's Team**

The Chief Executive is the 'Designated Officer' under the terms of the Financial Memorandum between the University and the Higher Education Funding Council for England.

Under the leadership of the Chief Executive, the Chief Executive's Team takes responsibility for the overall risk management of the University and will collectively take mitigating actions where necessary to ensure the overall stability of the institution. The Chief Executive's Team is responsible for:

- 3.5.1 implementing the Risk Management Policy approved by the Board of Governors;
- 3.5.2 advising the Risk Management Group on the initial identification and evaluation of the risks facing the sector and the organisation in order to promote and take mitigating actions;
- 3.5.3 to receive reports from the Risk Management Group and the updated Critical Risk Register at least three times a year;
- 3.5.4 using the reports provided by Risk Management Group and any other information available to Chief Executive's Team, to keep the Board, the Governors' Strategy and Resources Committee, the Audit Committee and the Senior Management Team informed of the risks which could have the greatest impact on the University;

- 3.5.5 maintaining and reviewing a risk management framework and guidance for use throughout the University and
- 3.5.6 ensuring that appropriate training is provided for those with responsibility for risk management.

The Chief Executive's Team will receive quarterly reports from the Risk Management Group to include minutes of meetings and records of significant changes to the risk scores against the high level corporate level risks.

### 3.6 **Role of the Risk Management Group**

The Chief Executive's Team has established a Risk Management Group. The Group will be chaired by the Chief Operating Officer and its membership will include senior officers from the Faculty and the Professional Services with responsibility for the sustainability of the institution, provision of services. The Group will review its Constitution and Terms of Reference at its first meeting in each academic year to confirm that these remain appropriate and relevant. Any changes will be submitted to the Chief Executive's Team for approval and will be reported to the Governors' Audit Committee.

In summary, the Group responsibilities will be to:

- develop, gain approval for and maintain the overall risk management policy for the University;
- co-ordinate and promote risk management throughout the University
- ensure that risk management is included in the annual planning process
- monitor the management of critical risks
- track the implementation of mitigating actions and
- ensure that any risks outside the agreed risk appetite are reported to the appropriate level in the University on a timely basis

### 3.7 **Role of Risk Owners in the management of risk**

Risk owners will:

- continually assess their areas of responsibility to ensure that current and new risks are identified, are entered onto the appropriate risk registers, and that controls/mitigating actions appropriate to the level of the risk are in place. For significant risks, this will mean having contingency plans in place.
- In accordance with the University's planning cycle, formally review and update their risk registers on at least an annual basis;
- Submit an updated risk register to the Risk Management Group at least once a year;
- Review specific risks and control actions identified in line with the Risk Matrix (see section of 4.6) unless otherwise agreed by Risk Management Group;
- Consult with staff on a more frequent basis about risks within their area. This may be through team meetings or performance review and development plan (PRDP) discussions with staff
- With relevant members of staff, consider how to reduce the risks, in terms of both their likelihood and their impact;
- When preparing plans explicitly consider the risks involved in what is planned and how to deal with them.

Risk Owners who are not already members of or attend the Risk Management Group may be asked to provide reports to assure Risk Management Group that the processes supporting their management of risks are robust.

### 3.8 **Role of Internal Audit**

Although risk management and internal control are the responsibility of management, the Internal Audit Service has an interest in effective internal control. The University's system of internal control includes:

- The control environment, providing discipline and structure. Factors include the integrity, ethical values and competence of the institution's staff; the operating style of management; the methods for assigning responsibility and the attention and direction of the Board of Governors;
- Identification and evaluation of risks and related controls;
- The control activities through policies and procedures which provide a strong framework to support the achievement of the University's objectives;
- Information and communication processes that are clear and timely;
- The processes for monitoring the effectiveness of the internal controls are assessed through regular assessment and evaluation, including the Internal Audit Service.

### 3.9 Role of External Audit

The External Audit service provides feedback to the Chief Operating Officer and the Governors' Audit Committee on the operational of the internal financial controls reviewed as part of the annual audit completed for the University and related companies.

### 3.10 Other Independent Reports

To increase the reliability of the internal control system, from time to time the use of external consultants may be necessary in areas of high risk.

The University is subject to periodic inspections and assessments for its academic provision by the Quality Assurance Agency for Higher Education (QAA), the Office for Standards in Education (Ofsted), the General Social Care Council (GSSC) and the British Council. In accordance with the University's Articles of Association, the Academic Board takes responsibility for the academic provisions and such reports will be made available to the Board of Governors with the relevant action plans to address recommendations for improvement.

## 4. Identifying and scoring risks and the Critical Risk Register

- 4.1 The University must ensure that all significant risks are identified and evaluated on an ongoing basis. To achieve this, a Critical Risk Register has been constructed in a structured and systematic way. The Critical Risk Register will continue to be reviewed and updated on an ongoing basis. The Risk Management Group will take responsibility for this under the guidance and review of the Chief Executive's Team, Risk Management action plans will be produced for each significant risk.
- 4.2 As the University's Accountable Officer, the Chief Executive has ultimate responsibility for managing the University's corporate risks. In order to recognise devolved levels of responsibility, the Critical Risk Register and Action Plans make reference to, *inter alia*, the identification of a 'risk owner'. The risk owner will be a member of the Chief Executive's Team and their role is to oversee the management of the risk in terms of ensuring that sufficient controls are in place, and that appropriate additional actions are identified and taken within reasonable time scales.

The risk owner is responsible for ensuring that those managers or staff who are operationally responsible for ensuring that the appropriate controls are in place or mitigating action is taken are recognised, are aware of this duty and that they are carrying it out adequately. The risk owner is also responsible for reporting of the risk and adequacy of the controls in place. This may be delegated if appropriate; any delegation of this responsibility must be notified formally to Risk Management Group, who will include a list of such delegated authorities in its reports to the Chief Executive's Team and the Governors' Audit Committee. All such delegations should

be reviewed by Risk Management Group on at least an annual basis to ensure that they remain appropriate.

- 4.3 The risks included on the Critical Risk Register are those that are most likely to impact on the strategic aims of the University. They will therefore be grouped according to these strategic objectives and by critical strategic 'enablers'. These strategic objectives and enablers may change over time and the list will be reviewed on at least an annual basis by the Risk Management Group. [List removed from Annex 1]
- 4.4 In addition to the Critical Risk Register, the Faculty and Professional Services and University companies will maintain their own risk registers of significant risks within their areas.

These Risk Registers will identify 'risk owners' at the appropriate level within the organisation. Within the Faculty, this may be the Executive Dean, the Deputy Deans, the Faculty Manager or Heads of Department (or other posts of an equivalent level). Within the Professional Services, the risk owners may be the overall head of the Risk Management Group, the Directors or Heads of the service departments, or their direct line reports where these posts have significant levels of responsibility. The functional risk registers should make the risk owner clear, and Risk Management Group should assess whether the risk is being owned and managed at an appropriate level within the organisation.

In addition, all business cases presented to the Chief Executive's Team must include a risk assessment and a list of significant risks and mitigating actions or controls, wherever possible following the format of the Critical Risk Register (see **Annex 1**).

- 4.5 In considering risks, risk owners should not be constrained by using traditional risk headings. It is important that all risks are considered. However, as a guide, risk owners may wish to consider the following categories of risk:
- Recruitment of students
  - The student experience
  - Staffing and employment
  - Finance and financial sustainability
  - Quality and reputation
  - Governance
  - Infrastructure including the estate and IT

- 4.6 Assessment of Probability and Impact: Gross and Net scores

Once risks have been identified, an assessment of the **probability** and the **likelihood** of the risk occurring needs to be made which, when multiplied together, provides the '**Overall Risk Score**'. The probability and likelihood are both scored on a scale of 1 to 10, with 1 being low and 10 high. This scoring methodology will be used for all risk assessments within the University, including the Critical Risk Register (University level) Faculty/Professional Services and for individual projects/business cases presented to Chief Executive's Team or Governors.

In terms of **likelihood**, the following criteria have been used in compiling the Critical Risk Register:

Table 1: **Probability scoring**

Probability		Score (1-10)
Very Low	Very unlikely to occur	1-2
Low	Unlikely to occur but not impossible	3-4
Medium	Likely to occur	5-6
High	More likely to occur	7-8
Very High	Very likely though not necessarily certain to occur	9-10

In terms of assessing the **impact** of any risk occurring, the following criteria will be used.

Impact	Impact Score (1-10)	Strategic Objectives	Financial Impact	Reputational Impact	IT Impact	Legal / Regulatory / governance Requirements
Very Minor	1-2	Very minor impact on the University's strategic objectives	Actual / potential loss less than £20k	Very limited potential for adverse publicity	Loss of minor data system	Minor non-compliance with legal / regulatory / governance requirements which have a very limited effect
Minor	3-4	Minor impact on University's strategic objectives and / or moderate impact on the strategic objectives of the Faculty or Professional Services	Actual / potential financial loss of £20k - £100k	Limited potential for adverse publicity	Loss of a critical system or data which causes a minor operational impact	Partial non-compliance with legal / regulatory / governance requirements which have a limited effect
Moderate	5-6	Actual / potential adverse impact, of a moderate nature, affecting University's strategic objectives and / or significant impact on the strategic objectives of the Faculty or Professional Services	Actual / potential financial loss of £100k - £250k	Actual / potential for moderate adverse publicity in the local media	Loss of a critical system or data which causes a moderate operational impact	Partial non-compliance with legal / regulatory / governance requirements
Significant	7-8	Actual / potential significant adverse impact to the achievement of the University's strategic objectives.	Actual / potential financial loss of £250k - £1m.	Actual / potential for significant adverse publicity in the local media or moderate adverse publicity in national media.	Loss of a critical system or data for more than one day which causes a significant operational impact.	Non-compliance with specific legal / regulatory / governance requirements of a significant nature.
Very Significant	9-10	Actual / potential very significant adverse impact to the achievement of the University's strategic objectives.	Actual / potential financial loss of over £1m.	Actual / potential for very significant adverse publicity in the local media or national media.	Loss of a critical system or data for more than one week which causes a very significant operational impact.	Non-compliance with specific legal / regulatory / governance requirements of a very significant nature (such as a large fine or criminal prosecution.).

In addition to the risks outlined above, the risk to life as outlined in Health and Safety Guidance should be taken into account where appropriate.

The probability and impact of each risk will be assessed in two stages, taking into account both the gross and net risks. Gross risk represents the assessment of a risk before the introduction of controls and actions to mitigate or manage the risk. Net risk represents the risk arising after implementing controls or mitigating actions and is also referred to as the 'residual risk'.

#### 4.7 Risk Matrix

Based on the assessment of both impact and probability, a risk matrix may be produced

as outlined on the following two tables. This matrix is based on the gross impact and likelihood and has therefore been assessed before the controls are in place.

The Risk Matrices include recommended actions dependent on the overall risk score and location in the matrix. The Risk Management Group will be responsible for ensuring that these actions are carried out and also for agreeing any changes to the recommended actions.

One matrix refers to **University** level risks and the other reflects risk at the level below the University. This is to ensure that the lower level risks are reflected on the appropriate risk registers and raised with Risk Management Group for consideration for inclusion on the Critical Risk Register. However, risks that have scored highly on the sub registers may not automatically be included on the Critical Risk Register if Risk Management Group does not believe that they are critical to the University achieving its objectives.

Controls or mitigating actions should be identified for all risks on the Critical Risk Register and all sub-registers. The risk owner is responsible for ensuring that these controls and mitigating actions are adequate, and for assessing the net risk score after taking these controls into account. Where the matrix indicates one is required, or if requested by Risk Management Group, a specific action plan to manage these risks and the impact of these risks should be prepared by the risk owner and approved by Chief Executive's Team. An example of a Risk Action Plan is attached as **Annex 2**.

The Action Plan should be updated on a regular basis, particularly with regard to the status report for improvement actions.

The Risk Rating Framework: sub-University level (eg Faculty, Professional Service, department, subsidiary company, business case, project)

<b>Impact</b>	Very Significant	10	Tolerate. Consider appropriate control measures. Possible Contingency Plan required. Review at least every 4 months.	Possible tolerate. Consider actions to reduce risk. Possible contingency plan required. Include on Risk Register Risk to be referred to RMG for consideration for inclusion on University Risk Register Review at least every 4 months.	Consider actions required to reduce risk and the controls required. Generate contingency plan. Include on risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register. Review every 4 months.	Review current controls and consider what further action might be necessary (controls/ transfer of risk/terminate activity). Generate contingency plan. Review monthly. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register.	Review current controls and consider what further action might be necessary (controls/ transfer of risk/terminate activity). Generate contingency plan. Review continuously. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register.				
		9									
	Significant	8	Tolerate. Consider appropriate control measures. Possible Contingency Plan required. Review at least ever 4 months. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register.	Tolerate. Consider appropriate control measures. Possible Contingency Plan required. Review at least ever 4 months. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register.	Consider actions required to reduce risk and the controls required. Generate contingency plan. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register Review every 4 months.	Review current controls and consider what further action might be necessary (controls /transfer of risk/terminate activity). Generate contingency plan. Review monthly. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register.	Review current controls and consider what further action might be necessary (controls / transfer of risk/terminate activity). Generate contingency plan. Review monthly. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register.				
		7									
	Moderate	6	Tolerate. Consider simple control measures. Review at least annually.	Tolerate. Consider appropriate control measures. Review at least every 6 months.	Tolerate. Consider appropriate control measures. Possible Contingency Plan required. Review at least every 4 months. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register.	Consider actions required to reduce risk and the controls required. Generate contingency plan. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register. Review every four months.	Consider actions required to reduce risk and the controls required. Generate contingency plan. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register. Review every 4 months.				
		5									
	Minor	4	Tolerate. No specific action necessary. Review at least annually.	Tolerate. Consider simple control measures. Review at least annually.	Tolerate. Consider appropriate control measures. Review at least every 6 months.	Tolerate. Continue existing control measures. Possible Contingency Plan required. Review at least every 4 months. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register.	Possibly tolerate. Consider actions to reduce risk. Possible contingency plan required. Include on Risk Register. Risk to be referred to RMG for consideration for inclusion on University Risk Register. Review every 4 months.				
		3									
	Very Minor	2	Tolerate. No action. Review at least annually.	Tolerate No action. Review at least annually.	Tolerate. Consider simple control measures. Review at least annually.	Tolerate. Continue existing control measures. Possible Contingency Plan required. Review at least every 4 months.	Tolerate. Continue existing control measures. Possible Contingency Plan required. Review at least every four months.				
		1									
		1	2	3	4	5	6	7	8	9	10
		Very Low		Low		Medium		High		Very High	
<b>Probability</b>											

Review times are guidelines only. Risk Management Group in liaison with the Risk Owner will agree alternatives for specific risks, taking into account the residual risk and the controls/mitigating actions in place. **Green** = within appetite/tolerate. **Green/orange** = within risk appetite but requires monitoring to ensure risk does not increase. **Orange** = outside appetite/contingency plan required/controls or other actions required to bring risk back within appetite. **Red** = outside appetite, strong mitigating actions/controls/risk transfer required. If not possible, consider terminating activity/project.

The Risk Rating Framework: University level

<b>Impact</b>	Very Significant	10	Tolerate. Consider appropriate control measures. Possible Contingency Plan required. Review at least every 4 months.	Possible tolerate. Consider actions to reduce risk. RMG to consider whether contingency plan required and whether risk should be included on University Risk Register Review at least every 4 months.	Consider actions required to reduce risk and the controls required. Generate contingency plan. RMG to consider inclusion on University Risk Register. Review every 4 months.	Review current controls and consider what further action might be necessary (controls/transfer of risk/terminate activity). Generate contingency plan. RMG to be included on University Risk Register. Review monthly	Review current controls and consider what further action might be necessary (controls/transfer of risk/terminate activity). Generate contingency plan. Risk to be included on University Risk Register. Review continuously.				
		9									
	Significant	8	Tolerate. Consider appropriate control measures. Possible Contingency Plan required. Review at least every 6 months.	Tolerate. Consider appropriate control measures. Possible Contingency Plan required. Review at least ever 4 months.	Consider actions required to reduce risk and the controls required. Generate contingency plan. RMG to consider inclusion on University Risk Register Review every 4 months.	Review current controls and consider what further action might be necessary (controls /transfer of risk/terminate activity. Generate contingency plan. Risk to be included on University Risk Register. Review monthly.	Review current controls and consider what further action might be necessary (controls /transfer of risk/terminate activity. Generate contingency plan. Risk to be included on University Risk Register. Review monthly.				
		7									
	Moderate	6	Tolerate. Consider simple control measures. Review at least annually.	Tolerate. Consider appropriate control measures. Review at least annually.	Tolerate. Consider appropriate control measures. Possible Contingency Plan required. RM to consider inclusion on University Risk Register. Review at least every 4 months.	Consider actions required to reduce risk and the controls required. Generate contingency plan. RMG to consider inclusion on University Risk Register. Review every 4 months.	Consider actions required to reduce risk and the controls required. Generate contingency plan. RM to consider inclusion on University Risk Register. Review every 4 months.				
		5									
	Minor	4	Tolerate. No specific action necessary. Review at least annually.	Tolerate. Consider simple control measures. Review at least annually.	Tolerate. Consider appropriate control measures. Review at least every 6 months.	Tolerate. Consider appropriate control measures. Possible Contingency Plan required. Review at least every 4 months.	Possibly tolerate. Consider actions to reduce risk. RM to consider whether contingency plan required and whether risk should be included on Risk Register. Review every 4 months.				
		3									
	Very Minor	2	Tolerate. No action. Review at least annually.	Tolerate No action. Review at least annually.	Tolerate. Consider simple control measures. Review at least annually.	Tolerate. Continue appropriate control measures. Possible Contingency Plan required. Review at least every 6 months.	Tolerate. Continue appropriate control measures. Possible Contingency Plan required. Review at least every 6 months.				
		1									
		1	2	3	4	5	6	7	8	9	10
		Very Low		Low		Medium		High		Very High	
<b>Probability</b>											

Review times are guidelines only. Risk Management Group in liaison with the Risk Owner will agree alternatives for specific risks, taking into account the residual risk and the controls/mitigating actions in place. **Green** = within appetite/tolerate. **Green/orange** = within risk appetite but requires monitoring to ensure risk does not increase. **Orange** = outside appetite/contingency plan required/controls or other actions required to bring risk back within appetite. **Red** = outside appetite, strong mitigating actions/controls/risk transfer required. If not possible, consider terminating activity/project.

## 5. Risk Management as part of the system of internal control

5.1 The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the University to respond to a broad range of risks. These elements include:

Table 3:

<i>Policies and procedures</i>	Attached to significant risks are a series of policies and (where appropriate) procedures that underpin the internal control process. These policies are established by the Chief Executive's Team, Academic Board or the Board of Governors and are implemented and communicated by senior management to all staff.
<i>Reporting</i>	Regular reporting is designed to monitor critical risks and their controls. Reports will also identify emerging risks and bring forward recommendations to improve and enhance internal controls.
<i>Academic and business planning</i>	The University has developed an academic planning process to inform the overall Strategic Plan and to assist in the setting of overall objectives and the agreement of plans and policies to achieve those objectives. Risk assessment and management is part of this ongoing process and will assist the University in achieving those objectives.
<i>Risk framework and Critical Risk Register (significant risks only)</i>	The framework and risk register compiled by the Risk Management Group and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the achievement of the University's strategic objectives. The Critical Risk Register is formally appraised annually but emerging risks and significant changes to current risks are added as required, and improvement actions and risk indicators are monitored regularly.
<i>The Faculty / Professional Services and related company risk registers</i>	The Faculty, Professional Services and related companies develop and use this framework to ensure that significant risks in their areas are identified, assessed and monitored. Risk reports are also made to the Risk Management Group which will review the Critical Risk Register in the light of these reports.

## 6. Review, Monitoring and Reporting Procedures

In order to ensure that these risk management arrangements continue to be effective, there is an ongoing need for review, monitoring and reporting; this includes:

- A regular review and update of the University's Critical Risk Register and Faculty / Professional Services and related company risk registers;
- Adequate ongoing monitoring arrangements including the effectiveness of early warning triggers/indicators;
- Regular reporting to appropriate management;
- Integration of risk management with the University business planning procedures;
- Personal objectives and the PRDP process including a link to the management of certain risks;
- Focusing of Internal audit to critical risks identified in the risk management process;
- Reporting at least twice a year from Risk Management Group to Chief Executive's Team and the Governors' Audit Committee; and
- Assurance provided annually from Internal Audit to Audit Committee as to the effectiveness of risk management arrangements;

- Assurance provided by the Governors' Audit Committee to the Board of Governors on the effectiveness of risk management arrangements through the Committee's Annual Report.

## 7. Annual Review

- 7.1 The risks facing the University will change from year to year and there is therefore a need to review formally the content of the Critical Risk Register and other risk registers, the effectiveness of the controls in place and the need for alternatives and improvements on at least an annual basis.
- 7.2 The annual review should therefore include:
- Review of the management of significant risks during the previous year including the effectiveness of the controls in place;
  - Changes to the external environment that will change the risk profile and require amendments to the risk registers;
  - Changes to the internal environment requiring amendments to the risk registers;
  - Identification of emerging risks
  - Identification of new controls required; and
  - Changes or improvements to the risk management process.
- 7.3 The Risk Management Group will undertake the annual review and its results will be reported to the Chief Executive's Team and to the Audit Committee. The annual review should be completed in line with the preparation of the annual accounts and made available to the Audit Committee. The process will inform the statement on corporate governance within the annual accounts.
- 7.4 In addition to the annual review undertaken by Risk Management Group, there is a need for the Board of Governors (through the Audit Committee) to be assured that the risk management and internal control systems are working effectively. Internal audit will provide an independent assessment of the effectiveness of internal control and will be informed by their ongoing programme of audit and by other independent assessments of the University.
- 7.5 Details of the University's critical risks will also be communicated to the Governors' Strategy and Resources Committee, the Board of Governors and the Senior Management Team on an annual basis, or more frequently when there has been a significant change in the University's risk profile.

**Annex 1**

Ref	Risk Description	Consequence	Gross Risk Score			Current controls to reduce risk	Assurance that controls are working	Net Risk Score			Planned future actions to reduce risk	Contingency Plan	Risk Owner	Warning Indicators
			P	I	O			P	I	O				

**Annex 2 – Risk Management Action Plan**

**University of Chichester**

**Risk Management Action Plan**

<b>Corporate Risk – Risk Heading</b>		<b>Risk Owner:</b>	
		<b>Operational Responsibility:</b>	
<b>Risk Description</b>		<b>Risk No:</b>	
<b>Risk Matrix</b>		<b>Gross Score</b>	<b>Net Score</b>
<b>Impact (1-10)</b>			
<b>Probability (1-10)</b>			
<b>Probability x Impact</b>			
<b>Background to risk</b>			
<b>Current Controls to manage risk</b>			
<b>Options to improve management of risk</b>	<b>Timescale for completion</b>	<b>Responsibility</b>	<b>Review Date</b>
<b>Status Report for Improvement Actions</b>			
<b>Assurance mechanism/source</b>			

**Annex 3: Risk Management Responsibility Chart**

