

UNIVERSITY COLLEGE CORK

RISK MANAGEMENT POLICY

1. Risk Management

1.1 Responsibility for the governance of the University lies ultimately with the Governing Body. Governance is the system by which the University is directed and controlled in order to achieve its objectives and meet the necessary standards of accountability, probity and compliance. Risk management is an essential element of the process of governance.

1.2 The HEA Code of Governance of Irish Universities emphasises the importance of Risk Management to good governance:

A university's objectives, its internal organisation and the environment in which it operates are continually evolving and, as a result, the risks it faces are continually changing. A sound system of internal control therefore depends on a thorough and regular evaluation of the nature and extent of the risks to which the university is exposed. ¹

1.3 The University defines risk as:

"... the threat or possibility that an action or event will adversely or beneficially affect and organizations ability to achieve its objectives."²

The University recognises that risk is unavoidable and that the effective management rather than elimination of risk is its objective. It is further recognised that the level of risk that is tolerable is dynamic and depends upon many factors including potential rewards, the nature of operations and the appetite of the University for risk, any of which may vary over time. It therefore requires that risk management is kept constantly under review and becomes an integral component of all decision making.

1.4 Risk management involves the following: -

- the identification of risks that threaten achievement of objectives;

¹ Higher Education Authority Code of Governance of Irish Universities

² Higher education Funding Council for England

- the evaluation of the likelihood of occurrence and potential impact of the risks identified;
- the segregation of risks according to their gravity;
- an appraisal of the techniques employed to manage the fundamental risks, reduce impact and identification of any further steps that should be taken;
- an appraisal of the levels of residual risk: after the application of management techniques and whether the residual level is acceptable;
- identification of the risk owner;
- identification of further mitigating actions;
- continuous monitoring of the effectiveness of controls and management techniques; and
- decision making informed by the risk management process.

2. Purpose of this policy

2.1 As the management of risk relies on effective action across the University this process involves the full University community and the purpose of this document is to define for all staff: -

- the University's approach to risk management;
- roles and responsibilities;
- the lines of responsibility within the University for identification, assessment, management and reporting of risk.

Note: Procedures for Risk Management and for the guidance of staff on the management of risk will be included in separate Risk Management Guidelines

3. Risk Management Framework³

- The overall responsibility for management of risk in the University lies with the University's Governing Body.
- The Governing Body is supported by the Audit Committee, the President, the University Management Team, University Officers, and the Risk Management Committee in ensuring the ongoing monitoring and management of risk within the University and in ensuring a sound system of internal controls which supports the achievement of policies, aims and objectives.
- The Risk Management Committee supports and cooperates with the University Management Team and the Audit Committee, as necessary, to ensure that all risks are managed effectively.

³ Diagram of Risk Management Structure for the University is attached at Appendix 3

- The Audit Committee provides assurance to the Governing Body regarding the effectiveness of risk management and internal controls.
- All members of the University community have a responsibility to engage in effective risk management. Heads of units will be responsible for encouraging good risk management practice within their area.
- Risk awareness and management is embedded throughout the University through an ongoing risk-training programme.

This Framework is based on:

- a direct relationship of risk management to the University's strategic objectives;
- incorporation of all activities carried out by the University;
- involvement of all stakeholders throughout the University;
- quantification of key risks in a meaningful and clearly understood manner;
- identification and management of the most fundamental risks as a priority;
- enabling risk to be assessed and addressed with reference to the University's risk appetite;
- the embedding, understanding and application of risk management throughout the University and consideration of risk in all decision making processes;
- ensuring that localised risks are addressed at a local level by those who understand them best;
- promulgation of risk awareness and risk management at all levels across the University to achieve a risk aware culture embedded within the University;
- regular review, reporting and revision to reflect the University's current position.

*Roles within this Framework are outlined in greater detail in **Appendix 1**.*

Implementation Based on the Framework:

- Risks will be identified, within a general risk framework, by considering them in the context of the units and University objectives as set out in the Strategic Plan and unit business plans.
- Risks will need to be managed and not necessarily avoided. This will be achieved by transferring the risk via insurance cover, employing controls to mitigate or avoid the risk, altering activity to reduce the level of risk or perhaps withdrawing from the activity entirely. Any one or a combination of techniques may be employed.
- Controls as well as risks will be identified, evaluated and assessed so that judgements may be made about the residual levels of risk to be

borne and to focus a review on the effectiveness of the control systems.

- The risk management process will be fully embedded in the normal management structures and processes so that risk issues are considered by those involved in the day to day running of University who are charged with the achievement of objectives. All significant proposals brought forward for decisions should include a specific section on the assessment of risk and how it will be managed.
- The assessment of risks will be completed at both a high strategic level that is concerned with risks fundamental to the University as a whole as well as at the level of College, School or Department.
- The high-level risk assessment will, in due course, be informed by the assessments carried out College, School or Department level.

4. Risk Appetite⁴

4.1 The risk appetite is the tolerance level for risk. The approach to risk taking is conservative except in the areas of **research and strategy**. Risks scoring up to ____ may be tolerated in these areas.

4.2 Risks scoring above ____ in other areas should not be tolerated and steps should be taken to reduce the risk to acceptable levels. Risks being carried above the appetite level should be brought to the attention of the Risk Management Committee immediately they are identified.

5. Reporting and Review

5.1 The risk assessment process will be regularly reviewed and updated as circumstances change and at least twice per annum by the Risk Management Committee, which will report on such assessment to the Audit Committee.

5.2 The Risk Register for each unit in the University will be submitted to the Risk Management Committee at least annually and copied to the relevant College Executive Committee or member of the University Management Team [Strategy] [UMTS].

5.3 The Risk Management Committee will examine all Risk Registers and identify risks which may require escalation to the University Risk Register for consideration by the UMTS.

⁴ Further work will be required by the Risk Management Committee to enable finalisation of this section

- 5.4 The Risk Management will source information on risk from local risk registers, risk owners and other relevant sources of risk information – see Appendix 2
- 5.5 The Risk Management Committee will report after each meeting to the UMTS and the University Audit Committee.
- 5.6 The UMT [Strategy] will conduct a full review of the University Risk Register at least twice yearly to include consideration of risks identified by the Risk Management Committee arising from local risk registers.
- 5.7 At its regular meetings the Risk Management Committee will consider both new risks arising and progress on key actions in response to previously identified risks.
- 5.8 Risk management will be a standing item on the agenda of the business section of the UMTS meeting.
- 5.9 Risk assessment will form a part of all significant proposals presented to or by the UMTO and the decisions and recommendations of the UMTO.
- 5.10 The Audit Committee, on behalf of Governing Body, is responsible for reviewing the effectiveness of the risk management process. The Audit Committee may also review individual unit registers should it so decide.
- 5.11 On an annual basis, or more often should the need arise, the Audit Committee will report to Governing Body an opinion, based on its review, on the effectiveness of operation of the risk assessment process and management of the risks including the effectiveness of the key controls.
- 5.12 The Chair of the Risk Management Committee will attend and brief the Audit Committee on the work of the Risk Management Committee annually.
- 5.13 Assessment of the management of risk and the accuracy of the local risk register will form part of the internal audit of each area of the University following the work schedule of Internal Audit and will be included in the report on each unit.
- 5.14 The quality of risk management will be reported in each Quality Assurance Report of each unit to the Quality Promotion Committee and onward to the UMT and Governing Body.
- 5.15 The embedding of risk management across the University will be overseen and monitored by the Risk Management Committee which will report on progress in that regard to the UMTS and the Audit Committee.

Appendix 1

The Governing Body

The Governing Body has ultimate responsibility for overseeing the management of risk in the University.

The Governing Body is responsible for:

- Overall management of risk within the University;
- approving the risk management policy, overseeing its implementation and approving changes to policy;
- satisfying itself that fundamental risks are being managed in an appropriate way by approving risk management policy and procedures and reviewing risk reports from the Audit Committee;
- determining the University's attitude towards risk – appetite and acceptability of risk – acceptable level of exposure;
- setting the tone and influencing the culture of risk management within the University;
- delegating responsibility for the implementation of risk management policy to the Audit Committee, the University Management Team, the Risk Management Committee and key management personnel.

The Audit Committee

The role of the Audit Committee is to assure the Governing Body that adequate systems of Risk Management are in place in the University and that fundamental risk are being adequately and appropriately managed. Audit Committee is responsible for:

- considering the system of internal financial controls and to satisfy itself that the control environment is adequate and that controls are operating effectively;
- keeping under review, and advise on, the operation and effectiveness of the University's risk management systems;
- considering the Internal Audit annual audit programme, to review reports from the Head of Internal Audit, to consider major findings and management's response;
- monitoring the effectiveness of Risk Management in relation the risks identified as Fundamental to the success or failure of the University's Strategic Plan.

The Risk Management Committee

The purpose of the Risk Management Committee is to ensure the implementation of the University's Risk Management Policy, to ensure that appropriate procedures are in place to identify, assess and manage risk, to monitor implementation of those procedures and to report on same to the University Management Team and onward to the Audit Committee.

Specifically the Risk Management Committee should:

- develop the Risk Management Policy of the University for approval by UMT, the Audit Committee and Governing Body and review same as necessary;
- ensure compliance with the HEA Code with respect to risk management;
- co-ordinate and promote risk management by ensuring that risk processes, including the identification, assessment and management of risks are operated efficiently and effectively;
- ensure that fundamental risks, which threaten the achievement of the University's objectives are identified, assessed and managed;
- ensure that each fundamental risk has a risk owner who is responsible for its management and who will report on that management to the Risk Management Committee;
- ensure that local risks are appropriately managed and receive reports from heads of administrative/academic units in that regard;
- identify new or emerging risks and ensure that they are being considered by the appropriate University bodies;
- ensure that there is appropriate communication with staff on risk, risk policy and controls;
- encourage a risk management culture throughout the University and ensure that risk is embedded as part of the University's decision making and operation;
- ensure in conjunction with the Finance Committee and University Management Team that risk is considered as part of the annual planning and budgetary process;
- receive risk registers from heads of administrative and academic units and refer any risk that may require escalation to the University Management Team for consideration;
- receive reports on University Insurances;
- receive Reality Checks annually from a group established to provide same;
- ensure that adequate training is in place to support staff in fulfilling the requirements of the University's risk management policy;
- seek external/expert advice as necessary to ensure that University risk management is in line with best practice and fit for purpose.

The University Management Team [Strategy][UMTS]

The UMTS is responsible, in relation to risk management, for:

- implementing the University's policy on risk management;
- identifying and monitoring Fundamental Risks;
- as individual Risk Owners- for the management of fundamental risks;
- considering all risk matters referred to it by the Risk Management Committee, in particular, risk issues which have emerged from Local Risk Registers and which may require escalation;
- ensuring, in conjunction with the Risk Management Committee that each Fundamental Risk has a 'Risk Owner' responsible for its management;
- ensuring that risks associated with significant proposals / projects have been properly considered and can be appropriately managed within the University's Risk Policy;
- reporting to the Audit Committee on the UMT's regular review of the Fundamental Risk Register;

Heads of College, other Academic and Administrative Units

Heads of College, other Academic and Administrative Units are responsible in relation to risk management for:

- implementation of University Policy in relation to risk management and internal control;
- owning all risks within their area of control;
- the establishment and regular review of a Local Risk register for their area, its transmission to the Risk Management Committee and relevant College Executive Committee or UMTS Member where appropriate and the identification of any local risks that may require escalation to the Fundamental Risk Register when they cannot be managed locally;
- as part of the establishment of a Local Risk register, the identification, assessment and management of local risks;
- support the embedding of risk management in their area and the development of a risk-aware culture;
- reporting as necessary to the Risk Management Committee;
- identifying new or emerging risk which would need to be considered by the Risk Management Committee;
- ensuring that all substantial projects or new programmes undergo risk assessment and that such assessment is included with the project/programme proposal;
- making staff available for risk management training;

Internal Audit

Internal Audit is responsible for review of internal controls within the University. In developing its objectives in conjunction with the Audit Committee, cognisance should be taken of the University's Fundamental Risk Register and the work done in developing Local Risk Registers. Internal Audit of University functions etc. should include an assessment of the effectiveness of their risk management processes.

Role of Other University Committees

Other University Committees are responsible in relation to risk management for:

- Including the ongoing management of risk on their agenda at least once in each academic year;
- reporting to the Risk Management Committee on emerging risk-related issues as they arise;
- ensuring that decisions taken in relation to the management of risk are propagated throughout the relevant sections of the University.

Role of the Risk Officer⁵

The Risk Officer, when appointed, should have responsibility for ensuring the implementation of the University's Risk Policy.

The Risk Officer's responsibilities should include the following:

⁵ The position of Risk Officer is not currently staffed. Approval of this policy is not approval for the filing of a post which will need to be considered by the University Management Team in due course

- providing education and awareness training to risk owners on a regular basis;
- communicating the key elements of risk management policy to staff throughout the University;
- providing guidance and assistance to risk owners in every area, in understanding, monitoring and managing risk on an ongoing basis;
- coordinating the management of risk in all aspects of university activities; This includes:
 - providing risk management awareness and support;
 - providing advice, coordination and support in the risk reporting process;
 - assisting academic and administrative units with the development of their risk register;
 - advising academic and non-academic departments on risk-related issues as they arise.
- communicating key risk issues to the Risk Management Committee.
- regular reporting to the Risk Management Committee and University Management Group on progress in the implementation of risk management policy;
- maintenance of the Fundamental Risk Register including regular review and update of the risk register based on the work of the Risk Management Committee and the University Management Team;
- Delivery of a formal risk report to the Risk Management Committee at agreed intervals. This would include identification of emerging risks as well as reporting on the effectiveness of risk management controls.

Policy Approval and Review	
Policy Version No.	3
Committee	Date Approved
Risk Management Committee	29 January, 2009
Audit Committee	3 February, 2009
University Management Team [Strategy]	4 March, 2009
Governing Body	

Appendix 2

Other Sources of Information

These include:

- new risks/opportunities being raised/identified by the University Management Group;
- regular reviews by the University Management Group of the Fundamental Risk Register, including feedback from Risk Owners, and feedback via Risk Management Committee from Local Risk Owners.
- contribution of Reality Check mechanisms to the Risk Management Committee;
- risks raised by the Audit Committee;
- risks raised by the Risk Management Committee.
- bi-annual review of Local Risk Registers;
- consideration of issues raised by either internal or external auditors;
- evaluation of Internal Audit Reports;
- issues/feedback from individual senior managers;
- the Quality Assurance process;
- issues raised by the Risk Officer;
- accident/incident reports;
- the Comptroller and Auditor General;
- the Health and Safety Authority
- External triggers e.g., HEA, Department of Education;
- Other – complaints, whistleblowing, legal action, publicity.

RISK Management Structure - 00

