

## Risk Management Policy

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# **RISK MANAGEMENT POLICY**

## **Purpose**

1. The University is committed to ensuring that it has a robust system of internal control which supports the management of risk, in line with regulatory requirements and good practice in risk management.
2. This Policy explains the University's underlying approach to risk management, documenting the roles and responsibilities of the Board of Governors, the Vice Chancellor and University Executive Team, and other key parties. A diagram illustrating roles and responsibilities is provided as appendix 1. The Policy also outlines key aspects of the risk management process, identifies the main reporting procedures, and describes the processes by which the Board of Governors will evaluate the effectiveness of the University's internal control procedures.

## **Application of the Policy**

3. This Policy applies to all colleagues at all levels and grades (whether permanent, fixed term or temporary), visiting research or teaching staff, staff of subsidiary University companies, workers, trainees, seconded staff, agency staff, agents, volunteers, interns or any other person working in any context within the University.

## **Principles of approach to risk management**

4. The following key principles determine the University's approach to risk management and internal control:
  - Effective risk management assists in ensuring the sustainability of the University's operations.
  - The University aims to create a culture in which risks are identified, understood and managed by staff at all levels;
  - Risk management is embedded within the University's planning process and Deputy Vice Chancellors, Pro Vice Chancellors, Deans of School, Directors and Heads of Service are responsible for ensuring good risk management practice within their portfolios of responsibility;
  - Key risk indicators are identified and closely monitored on a regular basis;
  - The University makes prudent recognition and disclosure of the financial and non-financial implications of risks.

## **Role of the Board of Governors**

5. The Board of Governors has primary responsibility for a number of statutory and regulatory duties as the governing body of the institution. It must ensure that the Board is fulfilling its responsibility for adequate and effective risk management, control and governance, and for the economy, efficiency and effectiveness (value for money) of the institution's activities. In relation to risk management, therefore, its role is to:
  - (a) Set the tone and influence the culture of risk management within the institution. This includes:
    - Determining the appropriate risk appetite or level of exposure for the institution as a whole or on any relevant individual issue;
    - Therefore, determining what types of risk are acceptable and which are not;
    - Through this, setting the standards and expectations of staff with respect to conduct and probity.
  - (b) Approve major decisions affecting the University's risk profile or exposure.
  - (c) Monitor the management of significant risks to reduce the likelihood of unwelcome surprises.
  - (d) Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
  - (e) Review the University's strategic risks on at least an annual basis and to approve changes or improvements to key elements of its risk management framework and policy on the advice of the Audit Committee.

## **Role of the Audit Committee**

6. The Audit Committee has delegated authority from the Board to oversee and provide advice to it on the University's framework for risk management.
7. The Audit Committee meets regularly throughout the year to consider assurance reports about the University's risk management processes.
8. The Audit Committee provides advice to the Board of Governors about the effectiveness of the University's risk management processes. It provides an annual report to the Board of Governors containing the Committee's business. This report includes the Committee's formal opinion on the adequacy and effectiveness of the University's systems of risk management. The Board considers this report as part of its consideration of the Financial Statements.

## **Role of the Vice Chancellor and University Executive Team (UET)**

9. The Vice Chancellor is the Chief Executive of the University and responsible for the organisation, direction and management of the University and its staff, as set out in the Articles of Government. The Vice Chancellor (as Chief Executive, and Accountable Officer) is responsible for:

- (a) Identifying and evaluating the significant risks faced by the University for consideration by the Board of Governors.
  - (b) Advising the Board of Governors, through the Audit Committee, on the development of strategy and policy relating to risk management.
  - (c) Implementing policies and procedure for risk management and internal control across the University.
  - (d) Providing adequate information in a timely manner to the Board of Governors and its committees on the status of risks and controls at a corporate level.
  - (e) Reporting to the OfS on behalf of the University in relation to accountability for funding and the quality of data.
  - (f) Notifying the OfS of any material adverse change including a significant and immediate threat to the University's financial position, significant fraud.
10. In undertaking these responsibilities, the Vice Chancellor is supported by the University Registrar & Secretary who has operational responsibility for the development and implementation of the Risk Management Policy and for ensuring that risk management processes are appropriately co-ordinated and consistent across each School and Service area and that staff are appropriately inducted and trained.
11. UET is responsible for reviewing and providing updates (where appropriate) to the University's Corporate Risk Register. The Corporate Risk Register is reviewed in advance of each meeting of the Audit Committee.
12. Where a member of the University Executive Team is a risk owner, it is their responsibility to monitor the risk and ensure that it is monitored, managed appropriately.

### **Risk management as part of the system of internal control**

13. The University's system of internal control incorporates risk management and encompasses a number of elements that enable the University to respond to operational, financial, reputational and commercial risks. These include:

#### **(a) Regulation, policies and procedures**

A regulatory and policy framework is applied across all areas of the University's and underpins the internal control process (including but not limited to the Financial Regulations, Academic Regulations, Risk Registers, Whistleblowing Policy, Counter-Fraud and Anti-Bribery Policy, Health & Safety Policy).

#### **(b) Regular reporting**

Risks are regularly reviewed by all areas of the University through the risk management framework. Where an issue is determined to be high risk there are mechanisms in place for reporting and escalating the risk.

The Vice Chancellor reports to each meeting of the Board of Governors providing an update on key areas of strategic activity, progress and development in addition to regular items of business on student recruitment and financial performance.

Performance against all key performance indicators (KPIs) including issues relating to the student experience, research and enterprise and institutional sustainability are considered by the Board regularly, and performance is formally reported on all strategic KPIs annually.

**(c) Annual planning and budgeting**

The University's annual planning and budgeting processes are used to set objectives, agree action plans, and allocate resources. The identification and management of risk is a key part of this process and is discussed at least annually by the University Executive Team and members of each School and Service Leadership Team. Progress towards meeting annual plan objectives which support the achievement of the Strategic Planning Framework is monitored regularly and reported to the Board of Governors.

**(d) Corporate risk management framework**

Corporate risk management issues are considered regularly by the University Executive Team and formal discussion and review of the Corporate Risk & Assurance Register at regular intervals across the academic year facilitates the identification, assessment and ongoing monitoring of risks that are significant to the institution and its performance.

**(e) School and Service risk management framework**

Deans of School, Directors and Heads of Service use the corporate risk management framework and apply it and tailor it as required to a School and Service context. They are responsible, in consultation with their Leadership Teams, for identifying, managing, monitoring and reporting risks and controls through the agreed University processes and ensuring the appropriate linkages are made between operational and corporate level risks.

The University Registrar & Secretary facilitates a routine process of review of all School and Service Risk Registers to ensure compliance with the University's expectations in relation to the consideration, recording and management of key risks.

**(f) Audit Committee**

The Audit Committee is required to report to the Board of Governors on matters of internal control and alert governors 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 University's system for the management of risk.

**(g) 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 risk management system within the institution and adopts a risk-based approach in line with guidance from the Office for Students.

**(h) 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.

**(i) Third party reports**

From time to time, the use of external consultants may be necessary or beneficial to the institution. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

**(j) Internal working groups**

Internal cross-institutional working groups serve as a further vehicle for monitoring and assessing risk on a thematic basis, and can escalate matters to the Corporate Risk & Assurance Register and Deans and Directors can incorporate them into their own School and Service Registers.

**Annual review of effectiveness**

14. The Board of Governors is responsible for reviewing the effectiveness of the University's internal controls, based on information provided by the Audit Committee. Its approach is outlined below.

15. For the risks on the Corporate Risk & Assurance Register, the Audit Committee will:

- Review the previous year and examine the University's track record on risk management and internal control;
- Consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective;
- Ensure that the internal audit programme for the coming year addresses the key risks.

16. In assessing the effectiveness of internal controls, the Audit Committee will consider and advise the Board on the following aspects:

**(a) Control environment**

- The University's objectives and its financial and non-financial targets
- Institutional culture, approach, and resources with respect to the management of risk
- Appropriate delegation of authority

**(b) On-going identification and evaluation of significant risks**

- Timely identification and assessment of significant risks
- Prioritisation of risks and the allocation of resources to address areas of high exposure

**(c) Information and communication**

- Quality and timeliness of information on significant risks
- Time it takes for control breakdowns to be recognised or new risks to be identified

**(d) Monitoring and corrective action**

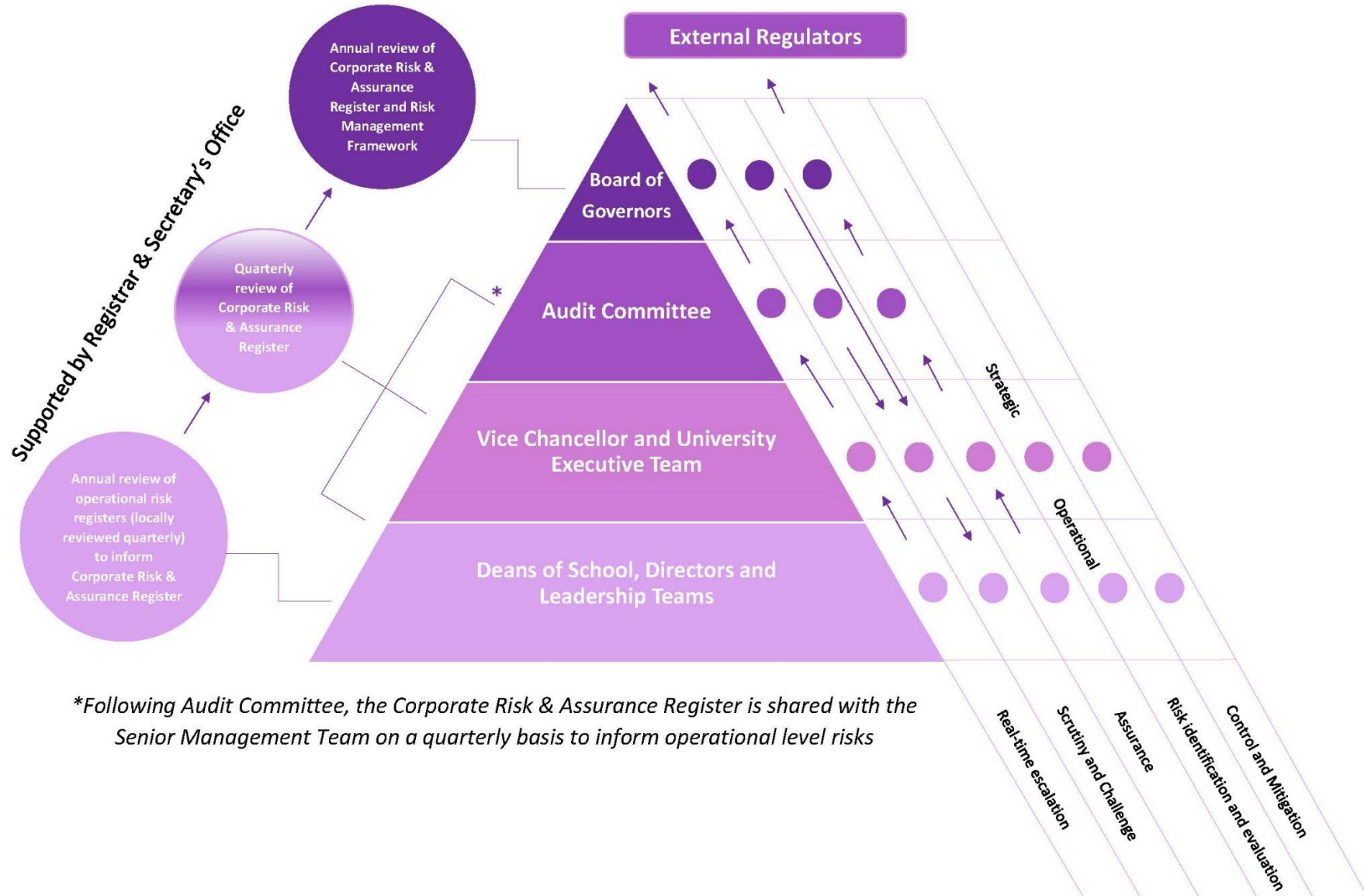
- Ability of the institution to learn from its experience and any past mistakes
- Commitment and speed with which corrective actions are implemented

17. The University's internal auditors prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Board of Governors via the Audit Committee.

**Review of this Policy**

18. The Risk Management Policy will be reviewed and considered annually.

**Risk Management roles, responsibilities, and reporting**



*\*Following Audit Committee, the Corporate Risk & Assurance Register is shared with the Senior Management Team on a quarterly basis to inform operational level risks*