**UNIVERSITY OF LEICESTER**

# RISK MANAGEMENT POLICY

**Introduction**

1. This risk management policy forms part of the University of Leicester's (the University's) internal control and corporate governance arrangements.

2. The policy documents the roles and responsibilities of Council, Senate, Audit and Assurance Committee, Executive Board and other key bodies that have oversight of risk management. It also outlines key aspects of the risk management and reporting process, including the roles of various risk committees and risk owners.

**Risk management approach**

3. The purpose of risk management is to seek to exercise effective control against the possibility that a specific event or set of circumstances will either:

   a. Lead to a significant negative impact onto the University;
   b. Severely affect the University's ability to continue to deliver its core functions; or
   c. Adversely affect the achievement of the University's strategic objectives.

4. This control is achieved through the systematic process of identifying and measuring risk, taking action to mitigate and control risk, the monitoring of risk levels, and the reporting and escalation of risks of concern.

5. The University has a flexible approach, which enables risk to be taken deliberately in cases where the potential benefits are worth pursuing, but also for risk to be closely managed and controlled in particular situations in accordance to the University's risk appetite.

**Governance structure and roles**

6. Risk is managed at various levels within the University: Institutionally, in Professional Services, and in Colleges; with a framework for reporting and escalation where necessary. The following key principles inform the University's approach to risk management:

   a. Council is responsible for overseeing risk management within the institution as a whole;
   b. Senate has oversight of academic quality risks and how they are managed, in order to help inform its annual assurance to Council on the academic health of the University;
   c. Audit and Assurance Committee will assure the effectiveness of the University's risk management processes;
   d. Executive Board has responsibility for overseeing and managing all risks on behalf of Council;
   e. The University Risk Committee has delegated responsibility from Executive Board for reviewing and reporting on risk;
   f. The Resilience Risk Committee has a specific focus on risks to the continuation of our core functions and activities; and
   g. Heads of College or Head of Professional Service Divisions are responsible for ensuring effective local risk management practices and the escalation of risks of concern to aligned risk management committees.

7.  The role of **Council** with regard to risk is to:

    a.  Approve the tone and influence the culture of risk management;
    b.  Endorse the risk appetite or level of risk exposure for the University in any given area of activity, as proposed by Executive Board;
    c.  Approve major decisions affecting the University's risk profile or exposure; and
    d.  Annually review the effectiveness of the University's approach to risk management, as described in this policy.

8.  **Senate**, with regards to risk will:

    a.  Oversee the management of risks related to the academic quality of the University, reporting to Council annually.

9.  **Audit and Assurance Committee**, will provide assurance to Council on the effectiveness of the University's risk management activities, through:

    a.  Directing internal auditors to conduct reviews of the University's processes;
    b.  Monitor the management of significant risks to ensure that issues raised are effectively addressed;
    c.  Reviewing specific risks brought to its attention;
    d.  Seeking assurance from key colleagues and committees, such as specific risk owners, Executive Board and the University Risk Committee; and
    e.  Providing an annual report to Council on the effectiveness of the University's overall framework of internal control and governance.

10. **Finance and Infrastructure Committee**, with regards to risk will:

    a.  Consider the management of risks related to the University's financial sustainability and physical and digital infrastructure.

11. **Executive Board**, has overall responsibility for overseeing and managing risk. It will determine and propose the levels of risk appetite, for approval by Council. Executive Board manages and focuses on the most significant risks faced by the University as detailed within the Strategic Risk Register.

    In addition ExB considers deep-dives of individual risks from the Strategic Risk Register throughout the academic year to better understand the context and associated mitigations for each risk.

12. **University Risk Committee**, has delegated authority from Executive Board to:

    a.  Periodically review and assess the management of risks contained within the Strategic Risk Register, ensuring suitable levels of control and mitigation in line with the University's risk appetite; and
    b.  To review nominated risks escalated by aligned sub-committees.

13. **Resilience Risk Management Group** will, on behalf of the University Risk Committee, ensure effective management of risks that may limit the resilience of the University's core functions and activities.

14. **College and Professional Services Risk Committees** will regularly review and assess the management of risks contained within their local risk registers in order to:

a. Ensure that the risks brought to its attention have suitable levels of control and mitigation in line with the University appetite for risk taking; and

b. Prioritise risks brought to its attention for escalation to the Resilience Risk Management Group or University Risk Committee, as appropriate.

**Implementation of the Risk Management Policy**

15. Risk owners are accountable for the implementation of the specific actions related to the risk management policy. In practice this means risk owners will:

a. Manage risks that threaten the achievement of the University's strategic or local objectives;

b. Have a duty to ensure that risks have been appropriately assessed and that effective controls and mitigations are in place;

c. Proactively and continuously scope internal and external factors to ensure the risk scores and associated controls and mitigations remain appropriate;

d. Flag escalating, or risks of concern to the relevant committees in a timely manner; and

e. Ensure that aligned risk registers are kept up to date and portray an accurate reflection of the risk and its associated management strategies.

16. The following guidelines are provided to assist risk owners in carrying out their duties described above:

a. Risks should be identified no longer ahead than the strategic working horizon – three years at most and ideally looking one to two years ahead;

b. Risks should be described using a Cause, Event and Consequence structure;

c. Risk owners should utilise the Risk Criteria when considering the rating and scoring of their risks;

d. Risk owners should focus on risks that are of most concern, being cognisant of the numbers of risks within their risk registers to ensure appropriate focus is given. Where appropriate, overlapping risks should be grouped into a single risk to provide a holistic view; and

e. Divisional risk registers should only include risks which carry at least a medium rating of inherent risk. Whereas, the Strategic Risk Register, should only include wide ranging risks which carry at least a high rating of inherent risk.

17. Risks are updated and reported three times a year – once in each term. The process is managed by the University Risk Committee, which reports its findings to Executive Board and thereafter to Audit and Assurance Committee and Council.

18. The University Risk Committee reviews the updated Strategic Risk Register and other risk registers, and receives reports from six other committees:

a. The Resilience Risk Management Group;

b. The Professional Services Risk Committee;

c. The College of Social Sciences, Arts and Humanities Risk Committee;

d. The College of Life Sciences Risk Committee; and

e. The College of Science and Engineering Risk Committee.

f. The College of Business.

19. The reports from the six committees allow each of them to escalate or report upwards on a limited number of selected risks from their own areas.

20. The University Risk Committee reports to Executive Board, Audit and Assurance Committee and Council on the overall risk landscape, highlighting key specific risks and general areas of risk, and reporting major changes since the last update. This also includes, where appropriate, on areas where risk exposure is above the University's risk appetite and risks that have been escalated to it, or highlighted for attention, by its aligned committees.

21. This reporting process provides the following benefits:

    For Audit and Assurance Committee and Council:

    a. A broad oversight of all risks across the University, including an awareness of critical risks as well as the controls and mitigating actions being taken;
    b. Assurance that risks are being monitored and managed within Colleges and Professional Services Divisions;
    c. Insight into local risks from across the University; and
    d. The opportunity to respond to the information received, for example by making recommendations at a variety of levels.

    For Colleges and Professional Services Divisions:

    a. Embedding risk management processes and responsibilities at managerial and local levels across the University;
    b. Engagement of leadership teams in the process of reporting and communication of risks; and
    c. Providing Colleges and Professional Services Divisions with a channel through which they can communicate their risk landscape in order to contribute to the University's overall response to risks.

**Other consideration of risks**

22. Outside the formal risk management governance process, it is expected that:

    a. All staff should consider risk utilising this as a key principle to support their decision making, recognising that any business decision made will materially impact on the University's risk landscape.
    b. The annual Planning Round, as part of reviewing the delivery of the University's strategic plans, will focus on understanding risks and opportunities, agreeing action plans, and where appropriate, allocating resources to manage these risks; and
    c. Any risks that arise, which may have strategic significance, can and should be escalated via line management until appropriate remedial action can be taken (in accordance to the risk appetite).