



Risk Management Policy

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Risk Management Policy

Introduction

- 1.1 Universities face numerous risks that have the potential to disrupt them achieving their strategic and operational objectives. Queen Mary University of London (QMUL) aims to use risk management to identify risk, and the actions to mitigate it (controls), to inform and improve its decision-making.
- 1.2 This Risk Management Policy forms part of QMUL's internal control and corporate governance arrangements explaining QMUL's approach to risk management.
- 1.3 It is a formal acknowledgement of the commitment of QMUL to risk management and to ensure that every effort is made to manage risk appropriately to maximise potential opportunities and minimise the adverse effects of risk.

Definitions

- 2.1 **Governance** – the system by which an institution fulfils its purpose, objectives and statutory obligations through consistent management, cohesive policies and processes within the regulatory framework in which it operates. Good governance results in good management, performance and stewardship of public money, while providing good outcomes for its internal and external stakeholders.
- 2.2 **Risk** – anything (an action, event or set of circumstances) that can adversely or beneficially affect QMUL's ability to achieve its current or future objectives. This may be:
 - 2.2.1 **Strategic** (or generic) – those risks, expressed in broad terms, which are the major risks to institutional performance and the achievement of the strategic plan.
 - 2.2.2 **Operational** – those risks that may affect the day-to-day operation of an academic or professional service directorate.
- 2.3 **Risk management** – the planned and systematic approach to the identification, evaluation and control of risk.

Risk Policy Statement

- 3.1 QMUL recognises that risk management is a crucial component of corporate governance and is working to integrate it into its strategic, operational and business planning at all levels throughout QMUL, as part of its routine management and decision making processes.
- 3.2 QMUL considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Managing risk effectively provides an essential contribution to achieving QMUL's strategic and operational objectives.
- 3.3 Risk assessments are conducted on new activities and any risks or opportunities arising from these assessments are identified, analysed and reported at the appropriate management level.

Risk Management objectives

The following key objectives outline the institution's approach to risk management and internal control:

- 4.1 To embed risk management throughout all academic and professional service areas at all levels.
- 4.2 To relate all risk to the strategic aims of QMUL.
- 4.3 To devolve responsibility for non-strategic risk to the faculties.

- 4.4 To use a consistent and transparent approach to risk and methodology based on industry standard practice that is not overly onerous.
- 4.5 To ensure that risks are identified and closely monitored on a regular basis at all levels.
- 4.6 To make conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.

A key objective of this policy is the consistent methodology for measuring, controlling, monitoring and reporting risk across QMUL at all levels. The process for managing risk is standard across all areas. Guidance on the maintenance of the risk register can be found here: <http://qm-web.planning.qmul.ac.uk/Risk-Management/index.html>

Risk Management as part of the system of internal control

QMUL's system of internal control incorporates risk management, which encompasses a number of roles and reviews that together facilitate an effective and efficient operation enabling QMUL to respond to a variety of risks. These include:

Council

- 5.1 Ensures that risks are managed effectively and QMUL is meeting the accountability obligations set out in the HEFCE Memorandum of Assurance and Accountability.
- 5.2 Council has overall responsibility for risk and risk management within QMUL.
- 5.3 It sets the tone and influences the culture of risk management within QMUL.
- 5.4 Approves the appropriate risk appetite or level of exposure for the institution as a whole.
- 5.5 Approves major decisions affecting the institution's risk profile or exposure.
- 5.6 Satisfies itself that less significant risks are being actively managed.
- 5.7 Annually reviews QMUL's approach to risk management, and approves any changes or improvements to key elements of its processes and procedures.

Audit and Risk Committee (A&RC)

The Audit and Risk Committee has delegated responsibility for overseeing risk and risk management. It:

- 6.1 Reviews the effectiveness of mechanisms for identifying, assessing and mitigating risk.
- 6.2 Makes recommendations for improving risk management processes and procedures within QMUL.
- 6.3 Considers the current status of core risks to the QMUL strategy, through the quarterly review of the strategic risk register.
- 6.4 Periodically tests risk severity and controls in selected areas of QMUL activity through consideration of specific reports.
- 6.5 Provides assurance to Council that:
 - 6.5.1 There is a robust system of risk management throughout QMUL.
 - 6.5.2 Significant risks are being managed properly and that appropriate controls in place are working effectively.
- 6.6 Undertakes an annual review of effectiveness of the system of internal control and provides a report to Council;
- 6.7 Reports to Council on an annual basis on the mechanisms for and adequacy of risk management processes to enable Council to review the approach to risk management and be assured that appropriate mechanisms are in place.

QMSE

QMSE has overall responsibility for the identification of strategic risk and implementation of risk management processes throughout QMUL. Key roles are to:

- 7.1 Oversee the implementation of policies and procedures in respect of risk management and internal control.
- 7.2 Satisfy itself that significant (strategic) risks faced by QMUL are properly identified and evaluated for consideration by Audit & Risk Committee and Council.
- 7.3 Ensure that a robust system of risk management is embedded throughout QMUL.
- 7.4 Review risk throughout QMUL through the annual Planning and Accountability Review.

Strategic Risk Management Group (SRMG)

The Strategic Risk Management Group has delegated responsibility for strategic risk and risk management processes throughout QMUL. It:

- 8.1 Identifies and evaluates strategic risk and ensures that it is adequately managed through the use of controls and review.
- 8.2 Provides strategic risk reports in a timely manner via QMSE, for onward provision to Council and its committees on the status of risks and controls.

Faculty and Cross-Cutting Vice Principals

Vice Principals are members of SRMG, along with the Chief Operating Officer and Chief Strategy Officer who have comparable roles in this context. They are responsible for:

- 9.1 Encouraging good risk management practice within their areas of responsibility.
- 9.2 Reviewing risk within the faculties/cross cutting areas at least quarterly and ensuring that it is being adequately and appropriately managed in line with this policy.
- 9.3 Ensuring that significant risks identified in their areas of responsibility inform the management of strategic risk.

Heads of School/Institute/Professional Services Directorate

They are responsible for:

- 10.1 Identifying and managing risk and controls within their area of responsibility in line with this policy.
- 10.2 Reporting to Faculty/Professional Services at least quarterly.

Strategic Planning Office (SPO)

The Strategic Planning Office is responsible for co-ordinating the risk management programme. It:

- 11.1 Services SRMG.
- 11.2 Maintains the strategic risk register and supporting documents. In addition, SPO produces reports for QMSE and A&RC.
- 11.3 Provides training to new staff and one-to-one refresher training if required.
- 11.4 Monitors faculty/school/institute and professional services directorate registers using the risk register web app to verify they are regularly updated.
- 11.5 Uses the web app to provide deep-dive summaries for selected risk areas.

External Audit

- 12.1 External audit provides feedback to the Audit and Risk Committee on the operation of the internal financial controls, including risk management, reviewed as part of the annual audit.

Internal Audit

13.1 Internal audit is responsible for the annual review of the effectiveness of the system of internal control, including risk management.

Planning and Accountability Review (PAR)

14.1 The PAR annual review includes a formal reporting of faculty and overarching Professional Services risk as part of the review documentation. Background processes include risk documentation and review from the faculties/schools/institutes/departments.

Business planning and budgeting

15.1 The business planning and budgeting process is used to set objectives, agree action plans, and allocated resources. Identifying risks, and controls to mitigate them, informs implementation of planned activities, and is monitored regularly as part of the progress towards meeting business plan objectives.

Approved by Audit and Risk Committee 03 June 2015

Risk Management Process

It is a statutory requirement to maintain a strategic risk register in accordance with HEFCE's memorandum of assurance and accountability between HEFCE and institutions.

QMUL expects the following outputs to be maintained and produced as appropriate by faculties, schools, institutes, professional services and at strategic level:

- Risk Register
- Change Log

It is expected that risk registers are updated via the risk register web app bi-annually and are subject to regular review.

The strategy for managing risk is standardised across all areas and involves the following steps:

- 16.1 Identify the risks to achieving strategic and operational objectives and the indicators of progress to which they relate.
- 16.2 Assign a risk group for each risk identified.
- 16.3 Determine the Owner and Lead Officer responsible for managing the risk.
- 16.4 Assess the impact and likelihood of the risk materialising according to the methodology.
- 16.5 Assess the operation and implementation status of controls on a scale of A – C.
- 16.6 Assess the impact and likelihood of the risk materialising.
- 16.7 Determine any further actions that could be implemented to mitigate the risk
- 16.8 Identify if the risk is internal, external or both.
- 16.9 Ensure that controls are robust, realistic, properly implemented and effective, especially where there is a heavy reliance on them.

Risk is normally identified and assessed on a regular basis by senior management teams or committees in each area, but any staff may report risk if they identify it.

QMUL uses a risk model that defines risk severity in terms of likelihood and impact:

- 16.10 Impact is a measure of the effect of a risk materialising on a scale of 1 to 5.
- 16.11 Likelihood is the probability of a risk occurring on a scale of 1 to 5.
- 16.12 The product of the ratings given to impact and likelihood represents an evaluation of risk.
- 16.13 A further evaluation (net risk) takes into consideration the current status of controls and so provides an indication of their adequacy.

The net risk is a representation of the actual risk to QMUL, and is denoted by a traffic light system. The strategic risk register is reviewed by A&RC following the SRMG meeting where SPO update the strategic risk register. Council receives the A&RC quarterly executive summaries, strategic risk register, change log and annual report.

QMUL regularly reviews and monitors the implementation and effectiveness of the risk management processes.

QMUL risk methodology is dealt with in a separate document, 'Risk Management Methodology' - January 2015.

Appendix 1
Strategic Risk Reporting Schedule

The Strategic Risk Reports are compiled by the Strategic Risk Management Group (SRMG) with the reporting schedule timed to enable review and approval by each committee.

Document	Content	Frequency of preparation	Presented to:			
			Council	Audit and Risk Committee	QMSE	SRMG
Full Risk Register	Provides full details on all strategic risks.	Quarterly	Receive quarterly Audit & Risk Committee executive summaries and minutes, and the full register on an annual basis.	Quarterly	Quarterly	Quarterly
Notes from SRMG	Minutes from SRMG meetings	Quarterly		Never	Never	Quarterly
Risk Matrix	A 5x5 Risk Matrix showing plotting initial and residual risk in terms of likelihood and impact. Connecting arrows represent the use of controls, and block arrows show an improving or worsening position.	Quarterly		Quarterly	Quarterly	Quarterly