

# Risk Management Policy

## Introduction

1. The Risk Management Policy forms part of the University of Greenwich's corporate governance and control arrangements. The measures and activities which implement the Policy are set out in the [Risk Management Guide](#).
2. The Policy's purpose is to establish the University's approach to risk management by clarifying the roles and responsibilities of the Governing Body, the Audit and Risk Committee (ARC), the executive and other staff. It also describes the context of risk management as part of the overall system of internal controls, and arrangements for periodic review.
3. The University's Risk Management Policy is part the Risk Management Framework of the University, which consists of the following elements:
  - a. Governance processes;
  - b. This Risk Management Policy and the Risk Management Guide;
  - c. The University's [Statement of Risk Appetite](#);
  - d. The identification, evaluation and management of significant risks, through the regular review of the Strategic Risk Register, Faculty and Directorate risk registers, and risk registers for strategic plan sub- and enabling strategies and major new projects;
  - e. Assurance and audit processes;
  - f. The underlying policy and control environment; and
  - g. Business Continuity Planning, including urgent action to be taken in an emergency.

## Objectives of Risk Management

4. The University's objectives in relation to risk management are:
  - a. to adopt good practice in the timely identification, evaluation and cost-effective control of risk in carrying out both normal and extraordinary business activities of the University; and
  - b. to ensure that adverse risks are reduced to an acceptable level or managed and contained.

Risk management is not a means of avoiding risk altogether. Its purpose is to limit where possible the likelihood and impact of an event with the potential to influence the achievement of the University's strategic priorities.

5. The University's risk management policy seeks to:
  - a. Integrate an awareness of managed risk taking and effective risk management into the culture of the University;
  - b. Manage risk in accordance with good practice;
  - c. Embed risk management within strategic and cyclical business planning, budgeting and reporting processes;
  - d. Anticipate and respond to changing economic, social, environmental and legislative requirements;

- e. As far as possible prevent harm – whether financial, reputational or otherwise - to the University, its students, officers, management, staff and stakeholders, and reduce the cost of risk;
- f. Inform those involved in the risk management process of the need for risk management.

## **Risk Management Background**

- 6. Corporate governance is the system by which an organisation is directed and controlled at its most senior levels, in order to achieve its objectives and meet the necessary standards of accountability, probity and openness. Risk management is a key element of the corporate governance framework.
- 7. The [Higher Education Code of Governance](#) issued by the Committee of University Chairs (CUC) requires the governing bodies of universities to ensure that there are effective systems of control and risk management in place. This includes ensuring that there is an effective and proactive system of risk management by which risks are rigorously assessed, understood and effectively managed across the organisation.
- 8. The University is also required by the [Office for Students](#) (OfS) Regulatory Framework to operate comprehensive corporate risk management and control arrangements (including for academic risk), to ensure the sustainability of the University's operations and its ability to continue to comply with all of its conditions of registration with the OfS.
- 9. Similarly, the Terms and Conditions of UK Research and Innovation Funding administered through Research England require the Governing Body to ensure that the University has a robust and comprehensive system of risk management, control and corporate governance in place that includes the prevention and detection of corruption, fraud, bribery and irregularities.

## **The Three Lines of Defence**

- 10. Everyone in the University has some responsibility for risk management. The “three lines of defence” model provides a simple and effective way to help delegate and coordinate risk management roles and responsibilities within and across the University.
  - a. First line of defence: this includes management controls and internal control measures. Management is responsible for identifying, assessing, owning and managing risks and internal control measures.
  - b. Second line of defence: this includes all of the functional policies, procedures and guidance processes of the University. This facilitates the implementation of effective risk management practices and the reporting of adequate risk-related information up and down the University.
  - c. Third line of defence: this includes internal audit which provides an objective evaluation of the first two lines of defence to management and the Governing Body.

## Roles and Responsibilities

11. Key **governance** roles are summarised below:

- Under the University's [Articles of Association](#), the **Governing Body** has overall responsibility for ensuring that the University has an effective risk management framework. The Governing Body receives quarterly reports on strategic risks following consideration by the ARC. Any changes to the Risk Management Policy, Risk Management Guide and Statement of Risk Appetite are approved by the Governing Body following annual review by the ARC. The Governing Body's cycle of business will also include in-depth consideration over the course of the year of major strategic risks;
- The **Audit and Risk Committee** (ARC) is responsible on behalf of the Governing Body for keeping under review the effectiveness of the University's risk management, control and governance arrangements. This includes reviewing the external auditor's management letter, the internal auditor's reports and recommendations and management responses, and the internal auditor's annual report. The Committee provides an annual opinion to the Governing Body on the adequacy and effectiveness of the University's arrangements for risk management, control and governance;
- The ARC considers the Strategic Risk Register (SRR) and an accompanying risk report and risk map on a quarterly basis, monitoring the management of significant risks on behalf of the Governing Body to ensure that appropriate controls are in place;
- The **Vice-Chancellor's Executive** (VCE) is responsible for implementing the University's risk management framework. VCE reviews and approves changes to the Strategic Risk Register on a quarterly basis, prior to the SRR and reports being submitted to the ARC.

12. Key **operational** roles are summarised below:

- **Pro Vice-Chancellors** and **Directors of Professional Service** must implement the University's policies on risk management. They must create and maintain an Operating Risk Register for their area which reflects the significant risks faced by their area of responsibility, reflecting the strategic risks identified in the Strategic Risk Register and in Faculty and Directorate plans. Local risk registers must be submitted on a quarterly basis to the University Secretary and the Professional Services Group;
- The **Professional Services Group** (PSG), comprising representatives of Faculties and Directorates, reviews Operating Risk Registers on a quarterly basis, in conjunction with the Strategic Risk Register, to inform the updating of the SRR by the University Secretary and the articulation of operational and strategic risks;
- The **boards** responsible for overseeing the sub- and enabling strategies under the University's [This Is Our Time](#) strategic plan to 2030 shall oversee risk registers related to their strategies and ensure that risks are reported to the **Strategy Programme Board**, which shall consider the risks related to the strategic programme;

- **The University Secretary:**
  - Is the lead member of VCE responsible for the implementation of the risk management framework and for regularly reviewing the framework, making recommendations to VCE, the ARC and the Governing Body;
  - Ensures that the Strategic Risk Register is updated quarterly for consideration by VCE and the ARC. As part of the updating process, every other quarter the University Secretary and the Vice-Chancellor shall review risks in the SRR in conjunction with the risks sponsors and operational leads responsible for each risk;
  - Reviews Faculty and Directorate risk registers in light of discussion at the PSG, and risk registers related to the strategic programme, to identify whether risks should be escalated to or de-escalated from the SRR, and whether adjustments are required to strategic risks in the SRR, discussing any changes with the Vice-Chancellor prior to submitting the SRR to VCE;
  - Following updates to the SRR, prepares reports on strategic risks for consideration by the Governing Body;
  - Ensures that advice, guidance and training on risk management is provided to Faculties, Directorates and sub- and enabling strategy boards to enable them to adequately assess risk in their areas of operation.

13. All staff of the University have a responsibility to be aware of, and understand, the risk framework, the policies on risk and how these apply to their own roles and responsibilities. In particular, senior staff need to understand and manage the risks relating to their activities and the impact on the University's key strategic risks.

### **Risk Management as part of the Internal Control System**

14. The internal controls within the risk management framework are:
- a. A [Statement of Risk Appetite](#) which specifies the amount of risk the University is willing to seek or accept in the pursuit of its long-term objectives. This is used to set the maximum risk tolerance (the maximum level of residual risk which the University is willing to tolerate after controls and mitigating actions) for strategic priorities.
  - b. Significant risks are identified and evaluated.
  - c. Regular risk reports are made to the VCE, the ARC and the Governing Body.
  - d. The business planning and budgetary process is used to set objectives, agree action plans and allocate resources. Progress towards meeting objectives and the risks inherent in achieving those objectives are monitored regularly.
  - e. A Strategic Risk Register of significant strategic risks and how they are to be managed is agreed and monitored regularly by the VCE, the ARC and

Governing Body. Regular review of the framework ensures that emerging risks can be added in a timely manner.

- f. Senior Managers are required to identify, monitor and review on a regular basis significant risks in their own areas.
- g. Procedures for escalating risks and determining whether to accept the residual level of risks whose residual risk score is above the associated risk tolerance threshold (set out in the [Risk Management Guide](#)).
- h. Procedures for escalating and responding in a timely manner to exceptional or significant changes in the risk environment (set out in the [Risk Management Guide](#)).
- i. The boards responsible for sub- and enabling strategies under the University's strategic plan identify and monitor risks related to their strategies and report risks to the Strategy Programme Board, which has oversight of risks related to the strategic programme.
- j. The ARC reports to the Governing Body on the adequacy and effectiveness of internal controls. As part of its remit the Committee reviews the work of the Internal and External Auditors. The Committee is therefore well placed to advise the Governing Body on the effectiveness of the internal control system.
- k. The Internal Auditor reviews risk management under the internal audit programme and provides an annual opinion on the effectiveness of the internal control system (including risk management) of the University.

### **Continuous development and engagement**

- 15. As indicated, the risk management framework is intended to ensure ongoing engagement throughout the year with the management of risks at all levels of the University.
- 16. Risk Management is a continuous and developing process and steps are in place to ensure the development of the Policy and the overall risk framework. This is reflected in the annual review of the Risk Management Policy, Risk Management Guide and the Statement of Risk Appetite, and the implementation of recommendations arising from the periodic testing of risk management arrangements by the Internal Auditor.

**Approved by the Governing Body: 11 October 2023**

**Date of next review: June 2024**

**Policy owner: University Secretary**