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**Risk Management Policy**

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| Responsible Office | Governance, Legal & Compliance |
| Responsible Officer | University Secretary |
| Approval authority | Board of Governors |
| Date of approval | 20 June 2019 |
| Amended (if applicable) | 17 November 2020; 13 July 2022 |
| Related Procedures | Risk Register |
| Related University Policies | Risk Appetite Statement |
| Effective Date | 20 June 2019 |
| Supersedes | Risk Management Policy V1.3 |
| Next review due | July 2024 |

1. **Purpose**
2. This risk management policy forms part of Bath Spa University’s internal control and corporate governance arrangements. It should be read in conjunction with the University’s risk appetite statement (Annex 1).
3. This policy explains the University’s underlying approach to risk management, and documents the roles and responsibilities of the Board of Governors, the Vice-Chancellor, Heads of School and Heads of professional services. It also outlines key aspects of the risk management process, and identifies the main reporting procedures. In addition, it describes the process used to evaluate the effectiveness of the University’s internal control procedures.
4. This policy is designed to enable the University to minimise the likelihood and consequence of threat risks and maximise the likelihood and benefit of opportunity risks.
5. **Underlying approach to risk management**
6. The following key principles outline the University’s approach to risk management and internal control:
   1. The Board of Governors has responsibility for ensuring that a sound system of internal control is in place which supports the achievement of the University’s mission, vision and strategic aims while safeguarding the public and other funds and assets for which it is responsible in accordance with the Instrument and Articles of Government and external regulatory requirements.
   2. The Vice-Chancellor supports, advises and implements risk management policies approved by the Board of Governors.
   3. The University makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
   4. Heads of School and Heads of professional services are responsible for consistently identifying and managing risks within their own areas of responsibility.
   5. Key risk indicators will be identified and closely monitored on a regular basis.

2.2 The University’s intention is not to eliminate risk from its activities but to enable managers to mitigate and manage it appropriately, within the established risk appetite of the University.

1. **Roles and Responsibilities**
2. The Board of Governors will:
3. Determine the culture of risk management within the University.
4. Determine the appropriate risk appetite or level of exposure for the University.
5. Approve major decisions affecting the University’s risk profile or exposure.
6. Satisfy itself that risks are being actively managed with the appropriate controls in place and working effectively.
7. Annually review the University’s approach to risk management including changes or improvements to key elements of its processes and procedures.
8. The Vice-Chancellor will:
9. Ensure that appropriate systems of internal control are in place.
10. Ensure that policies on risk management and internal control are implemented.
11. Identify, evaluate, and monitor the significant risks faced by the University as contained in the risk register. The register is owned by the Vice-Chancellor and University Executive, and reportable for scrutiny to the Board of Governors normally twice each year.
12. Provide adequate information in a timely manner to the Board of Governors and its committees on the status of risks and controls.

The Senior Leadership Group will act as the University’s risk committee in support of the Vice-Chancellor, with the University Secretary as the lead risk manager.

3.3 The University Secretary will review the Risk Management Framework annually and report the outcome of the review to the Audit Committee.

3.4 Heads of School and Heads of Professional Services will:

1. Actively manage all risks within their areas of responsibility,
2. Maintain risk registers for each School and Professional Service, comprehensively reviewing them annually.
3. Provide updates on institutional risks to the lead risk manager to inform updates to the strategic risk register and regular reporting to the Board of Governors.
4. **Risk management as part of the system of internal control**
   1. The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient risk management operation, enabling the University to respond to a variety of operational, financial and commercial risks. These elements include the following aspects as set out in paragraphs 4.2-4.10 below.
   2. *Policies and procedures*. Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the Board of Governors and implemented and communicated by the Vice-Chancellor to staff. Written procedures support the policies where appropriate. These include:

* Financial Regulations
* Financial & Accounts Procedures
* Human Resources Policies and Procedures
* Health & Safety Procedures
* Data Protection Policies
* Regulations for the Use of Computer Facilities
* Cyber Security Procedures
* Code of Conduct
* Anti-Fraud, Anti-Bribery and Anti-Corruption Policy
* Treasury Management Policy
* Sustainability Policy

All staff with management responsibility are expected to have an understanding of the nature of risk associated with their area of responsibility, appropriate escalation procedures and the policies which underpin those.

* 1. *Regular reporting*. Reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made by the Vice-Chancellor or, through delegation, by senior managers.
  2. *Strategic planning and budgeting*. The strategic planning and budgeting process is used to set objectives, agree action plans and allocate resources. Progress towards meeting strategic plan objectives is monitored regularly. Risk management is aligned with strategic planning and budgeting.
  3. *Strategic risk register.* This institutional register is determined by the Vice-Chancellor and the Senior Leadership Group, with input from Schools and professional services. The institutional risk register ensures the identification, assessment and ongoing monitoring of risks significant to the University. The document is formally appraised on a quarterly basis. Emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.
  4. *School and Professional Services risk registers*. Heads of School and Heads of professional services ensure that significant risks in their areas of responsibility are identified, assessed and monitored by compiling and maintaining a School/Professional Service risk register. The document is formally appraised annually, normally in the context of the annual planning round. Emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.
  5. *Audit Committee*. The Audit Committee is required to report to the Board of Governors on internal controls and alert the Board 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.
  6. *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 internal control system within the organisation.
  7. *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.
  8. *Third party reports*. From time to time, the use of external consultants will be necessary in areas such as health and safety, and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

1. **Annual Review of effectiveness**
2. An annual report of the effectiveness of the internal control system of identified risks will be prepared for consideration by the Board of Governors, as part of the annual report of the Audit Committee. This is to provide assurance to the Board that the design of operating controls and early warning mechanisms are effective, and reporting where they have been found not to be so, and the actions taken.
3. In reviewing effectiveness of internal control the Board will consider the following:
4. The control environment, including the effectiveness of management and culture and approach with respect to risk management;
5. On-going identification and evaluation of significant risks and the resources required to address areas of high exposure;
6. Information and communication, including the quality and timeliness of information on significant risks and the time it takes for control breakdowns to be recognised or new risks to be identified;
7. Monitoring and corrective action, including the ability of the University to learn from its problems and the commitment and speed with which corrective actions are implemented.