MORLEY COLLEGE LONDON

RISK MANAGEMENT POLICY

POLICY OWNER: Vice Principal

COMMITTEE: Audit Committee

LAST APPROVAL: July 2016

NEXT REVIEW: July 2020

Equality Analysis Screening

Equality analysis is a way of considering the effects on different groups protected from discrimination by the equality act. Consider if there are any risks within this policy that will adversely affect a particular group or a variety of groups. Are there any changes that need to be made to the policy its self or additional actions that need to be made to mitigate the risks? The protected characteristics are: • Race • Gender • Disability • Age • Sexual Orientation • Gender reassignment • Religion and Belief • Maternity and Pregnancy • Marriage and Civil Partnership
Risks identified: None
Evidence used: Consultation in Risk Management Committee
Dose this policy need a further action before it can be approved? (changes made to policy or further equality analysis needed) No

RISK MANAGEMENT POLICY

(1) **Purpose**

The Risk Management Policy forms part of the College's internal control and corporate governance arrangements.

The Policy sets out the College's approach to risk management, documents the roles and responsibilities of the Governing Body, the Risk Management Committee and other key individuals. It also outlines key aspects of the risk management process and identifies the main reporting procedures.

In addition, the Policy describes the process that the Governing Body will use to evaluate the effectiveness of the College's internal control procedures.

(2) **Approach to Risk Management**

The following key principles form the basis of the College's risk management and internal control arrangements:

(a) The Governing Body is responsible for overseeing risk management within the College and adopts an open and receptive approach to solving risk problems.

(b) The Principal and the Senior Management Team support, advise on and implement policies approved by the Governing Body.

(c) The College makes prudent recognition and disclosure of the financial and non-financial implications of risks throughout the organisation at all levels.

(d) Senior and middle managers are responsible for promoting good risk management practice within their designated managed areas.

(e) Key risk indicators will be identified and closely monitored on a regular basis.

(3) **Role of the Governing Body**

The Governing Body's role in the management of risk is to:

(a) set the tone and influence the culture of risk management within the College, including;

(i) determining whether the College is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue; and

(ii) determining what types of risk are acceptable and which are not, and setting the standards and expectations of staff with respect to conduct and probity.

(b) approve major decisions affecting the College's risk profile or exposure, having taken into account the opportunities and risks;

(c) monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact;

(d) satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively; and

(e) review the College's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

(4) **Role of Risk Management Committee**

The Risk Management Committee is chaired by the Vice Principal, as College "Risk Champion" , and comprises the Principal, Deputy Principal, representatives from Human Resources, Premises, Curriculum Managers, Support Managers and Teaching and Learning Staff, and will normally meet three times each academic year.

The role of the Risk Management Committee is to:

(a) to ensure that a culture of risk assessment is embedded throughout the College;

(b) to test the risk management process at all levels, including by:
i) identifying and evaluating the significant risks faced by the College, and to advise the Senior Management Team accordingly;
ii) reviewing the status of the College's key data and risk management documentation (including its Risk Management Summary, high level and operational Risk Action Plans and the College Business Continuity Plan) throughout the year;
iii) reviewing progress on actions resulting from the activities of the College's audit services during the year; AND,
iv) undertaking an annual review of the effectiveness of the system of internal control and provide a report to the Audit Committee.

(c) to provide adequate information in a timely manner, through the Senior Management Team, to the Governing Body and Committees on the status of risks and controls, including progress in implementing the high level Risk Action Plan.

(5) **Risk Management as Part of the System of Internal Control**

The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the College to respond to a variety of operational, financial, and commercial risks. These elements include:

(a) Audit Committee:- The Audit Committee reports to the Governing Body on internal controls and draws attention 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 Governing Body on the effectiveness of the internal control system, including the College's system for the management of risk.

(b) 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 College.

(c) 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, which includes the Regularity Audit.

(d) Third Party Reports:- From time to time, the use of external consultants will be necessary in areas such as health & safety, and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

(e) Policies and Procedures:- The College continues to develop policies that underpin the internal control process in respect of significant risk. The policies will be set by the Governing Body and implemented and communicated by senior management to staff. Written procedures will support the policies where appropriate.

(f) Reporting:- Comprehensive regular reporting from the Principal to the Governing Body and its committees each term identifies the college's key risks and actions that are being taken. The College's key data is included with this report which highlights areas in which the College's performance may put the achievement of its strategic objectives at risk. Decisions to rectify problems will be made at regular meetings of the Senior Management Team and the Governing Body if appropriate.

(g) Planning and Budgeting:- The planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting plan objectives is monitored regularly

and is subject to oversight by the Finance, Resources and Fundraising Committee.

(h) College Risk Management Summary:- this comprises:
i) a Register of the most significant risks and what measures are in place to mitigate them; together with
ii) an Action Plan of how those risks might be further mitigated.
The summary identifies a limited number of high level risks compiled by the Executive (on the advice of the Risk Management Committee), which helps to facilitate the assessment and ongoing monitoring of risks significant to the College. An owner from within the senior management is assigned to each of these risks and an Action Plan column outlines actions that should be taken, in addition to the monitoring of the risk level. The Risk Owner monitors the risk level and tracks the progress of the related action points throughout the year. The Risk Management Summary is formally appraised annually but emerging risks are added as required by management and improvement actions are monitored regularly.

(i) Departmental/Project Risk Registers:- Where appropriate, departmental managers will develop and use local risk registers to ensure that any significant risks to their department are identified, assessed and monitored and relevant actions are taken. Departmental registers should be formally reviewed annually with the relevant Line Manager, but any emerging risks will be added as required. Where necessary, the relevant Line Manager will raise the more significant risks at the Risk Management Committee.

(j) "Risk Champion":- a member of the College's Senior Management Team is nominated as the College's Risk Champion with responsibility for driving forward the risk management process.

(6) Review of Effectiveness

The Governing Body is responsible for reviewing the effectiveness of internal control of the College, based on information provided by the Senior Management Team as advised by the Risk Management Committee. The approach is outlined below.

For each significant risk identified, the Governing Body will:

(a) review the previous year and examine the College's track record on risk management and internal control; and

(b) consider the internal and external risk profile, including reputational risk, of the coming year and consider if current internal control arrangements are likely to be effective.

In making its decision, the Governing Body will consider the following aspects:

(a) Control environment:

(i) the College's objectives and its financial and non-financial targets;
(ii) organisational structure and calibre of the senior management team;
(iii) culture, approach, and resources with respect to the management of risk; and
(iv) delegation of authority; and
(v) public reporting.

(b) On-going identification and evaluation of significant risks, including timely identification and assessment of significant risks; and prioritisation of risks and the allocation of resources to address areas of high exposure.

(c) Information and communication, including quality and timeliness of information on significant risks; and the time it takes for control breakdowns to be recognised or new risk to be identified.

(d) Monitoring and corrective action, including the ability of the College to learn from its problems and its commitment and responsiveness in implementing corrective actions.

(e) Consideration of best practice within the sector and elsewhere

The Risk Management Committee will prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Audit Committee and thence to the Governing Body.