

## Risk Management Policy and Process

### **1. 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.

### **2. 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 – those risks, expressed in broad terms, which are the major risks to institutional performance and the achievement of the strategic plan.

2.2.2 External and Compliance – those risks which originate from outside the University, of which we have less control, but which we must respond to.

2.2.3 Operational – those risks that may affect the day-to-day operation of an academic area or professional service directorate.

2.3 **Risk management** – the planned and systematic approach to the identification, evaluation and control of risk.

### **3. Risk Policy Statement**

3.1 QMUL considers risk management to be **fundamental to good management practice**. Managing risk effectively provides an essential contribution to achieving QMUL's strategic and operational objectives.

3.2 Council, through the Audit and Risk Committee, is responsible for ensuring that **effective systems of control and risk management** are in place at all levels.

3.3 Risk assessments will be conducted on **new activities** and any risks or opportunities arising from these assessments are identified, analysed and reported at the appropriate management level.

### **4. Risk Management objectives**

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

4.1.1 To embed risk management throughout all academic and professional service areas at all levels.

4.1.2 To relate relevant risks to the strategic aims of QMUL.

4.1.3 To devolve responsibility for the management of local risks to the faculties and appropriate areas within professional services:

- To use a consistent and transparent approach to risk management based on industry best practice that is not overly onerous.
- To ensure that risks are identified and closely monitored on a regular basis at the appropriate level within the organisation.

4.2 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 in the Risk Management Teams Site and on the Planning Intranet site.

### **5. Roles and Responsibilities**

5.1 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**

5.2 Under the Regulatory Framework for Higher Education in England, Council ensures that the University operates comprehensive risk management and control arrangements

(including academic risk) to ensure the sustainability of the University's operations and its ability to comply with all of its conditions of registration with the Office for Students.

5.3 Council has overall responsibility for risk and risk management within QMUL:

- 5.3.1 It sets the tone and influences the culture of risk management within QMUL.
- 5.3.2 Approves the appropriate risk appetite or level of exposure for the institution as a whole.
- 5.3.3 Approves major decisions affecting the institution's risk profile or exposure.
- 5.3.4 Satisfies itself that less significant risks are being actively managed.
- 5.2.5 Periodically review 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)**

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

- 5.4.1 reviews the effectiveness of mechanisms for identifying, assessing and mitigating risk,
- 5.4.2 makes recommendations for improving risk management processes and procedures within QMUL,
- 5.4.3 considers the current status of core risks to the QMUL strategy, through the quarterly review of the strategic risk register,
- 5.4.4 periodically tests risk severity and controls in selected areas of QMUL activity through consideration of specific reports,
- 5.4.5 provides assurance to Council that:
  - there is a robust system of risk management throughout QMUL.
  - significant risks are being managed properly and that appropriate controls in place are working effectively,
- 5.4.6 undertakes an annual review of effectiveness of the system of internal control and provides a report to Council.
- 5.4.7 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.

#### **Senior Executive Team (SET)**

5.5 SET has overall responsibility for the identification of strategic risk and implementation of risk management processes throughout QMUL. Key responsibilities include to:

- 5.5.1 oversee the implementation of policies and procedures in respect of risk management and internal control,
- 5.5.2 satisfy itself that significant (strategic and external) risks faced by QMUL are properly identified and evaluated for consideration by Council,
- 5.5.3 ensure that a robust system of risk management is embedded throughout QMUL,
- 5.5.4 ensure that a robust mechanism is in place to review the operation of the risk management policy and processes on an annual basis

5.6 The Chief Financial Officer is the SET member with responsibility for oversight of the risk management processes

## **Faculty Vice Principles, Cross-Cutting Vice Principals and Professional Service Leads**

5.7 Members of SET with responsibility for strategic objectives and/or faculty level, compliance or professional services risk processes are responsible for:

- 5.7.1 encouraging good risk management practice within their areas of responsibility,
- 5.7.2 ensuring that their area (Faculty/Directorates) risk register and/or sections of the strategic risk register are regularly reviewed and that mitigations are in place and operating effectively
- 5.7.3 ensuring that significant risks identified in their areas of responsibility inform the management of strategic risk.

## **Heads of School/Institute/Professional Services Directorate**

5.8 Heads and Directors are responsible for:

- 5.8.2 identifying and managing risk and controls within their area of responsibility in line with this policy and maintaining risk registers reflecting these,
- 5.8.3 Reporting on their risk registers on an annual basis.

## **Strategic Planning Office (SPO)**

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

- 5.9.1 maintain the strategic risk register and supporting documents and produce reports for SET and A&RC.
- 5.9.2 provide training to staff on risk management policy, processes and best practice.
- 5.9.3 monitor faculty, school/institute, professional services directorate and enabling plan risk registers using the risk register web app and verify they are updated at least annually.
- 5.9.4 undertake a review of faculty, school/institute, professional services directorate and enabling plan risk registers to inform the strategic risk register.
- 5.9.5 work with the Strategy Delivery Office (SDO) to track progress against milestones for each mitigation in Part 1 of the Strategic Risk Register.
- 5.9.6 work with the business continuity team to ensure that business continuity related risks and mitigations are captured in Part 2 of the Strategic Risk Register.

## **External Audit**

5.10 External audit provides feedback to the A&RC on the operation of the internal financial controls, including risk management, reviewed as part of the annual audit.

## **Internal Audit**

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

## **6. Risk Management Process**

6.2 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

6.3 It is expected that the strategic and local risk registers will be maintained in the risk register web app, and that they are subject to regular review. Project-related risk registers are not required to be maintained in the web app.

6.4 The process for maintaining the strategic risk register incorporates the following elements:

- Strategic programme governance (reviewing process against mitigations).
- Regular SET review.
- Deep dives into areas that are either high risk or outside of risk tolerance.

6.6 The process for maintaining the local risk registers is as follows:

6.6.1 All those with responsibility for maintaining local risk registers will be given access to the web app and provided with appropriate training and guidance by SPO.

6.6.2 Local owners will be responsible for regularly reviewing their risk register and updating it as circumstances change.

6.6.3 SPO will undertake an exercise annually to check that all local risk registers (LRRs) have been updated and will review the content of the LRRs and where appropriate reflect local risks in the strategic risk register.

## **7. Guidance for escalation of risks**

7.1 When an emerging or increasing risk is escalated to university level:

1. Construct local risk register for specific risk:
  - a. Record the possible causes and consequences of the risk.
  - b. Plan, action and monitor detailed mitigations.
  - c. Clarify governance (assign risk/action owners, identify which existing or new committee will have oversight, agree regularity of reporting, identify SET-lead).
2. Adding a new risk to the university's risk register:
  - a. Conduct university-level risk assessment, using agreed criteria for assessing likelihood and impact.
  - b. If strategic, financial, reputational or operational risk is deemed sufficiently high, and SET lead agrees, propose the risk for inclusion in the university risk register as part of regular review.
  - c. As the university's risk management committee, SET can agree/disagree with the proposal to include the new risk on the university's risk register.

3. Removing a risk from the university's risk register
  - a. SET can reconsider the inclusion of a specific risk at any time, for example if the risk level is reduced to within tolerance for a sustained period, or if the risk environment improves.
  - b. The risk can be removed, if necessary subsumed within another risk, then managed through a local risk register with assurance sought on a regular basis.
  - c. The SET lead's agreement should be sought for the removal of a risk, then SET's approval sought through the regular risk review and reported to ARC.

## 8. Document History

Date	Version
May 2015	Original Policy
July 2019	Revised Policy Drafted
September 2019	To go to SET for approval
October 2019	To go to ARC for approval
October 2019	Policy Approved by ARC with minor amendments to be made
Check with Jonathan/Auditors	Policy due to be reviewed
March 2023	Policy reviewed and approved by ARC
September 2024	Section added: "7. Guidance for escalation of risks" Policy reviewed and approved by ARC