UNIVERSITY OF GLASGOW

RISK MANAGEMENT POLICY

1. Introduction

1.1 The University is accountable to a wide audience, including funding bodies, students, staff, the general public, and the University Court. The environment in which the University operates is also subject to a wide range of risks, and the need for adequate risk management is recognised by the University.

1.2 This risk management policy forms part of the University’s internal control and corporate governance arrangements. It is intended to summarise the view of the University Court to risk, and to define the risk management framework within which Colleges and Schools are expected to operate.

1.3 The policy explains the responsibilities of the different elements of the organisation, outlines key aspects of the risk management process, and identifies the main reporting procedures.

2. Definition of Risk and Risk Management

Risk is defined as:

- the possibility that an action, event or set of circumstances will adversely or beneficially affect an organisation’s ability to achieve its objectives

Risk Management is defined as:

- the planned and systematic approach to identification, evaluation and mitigation of risk

3. Policy and Objectives

3.1 The risk management policy of the University of Glasgow is to adopt good practices in the identification, evaluation and cost effective mitigation of risks to ensure that risks are either i) avoided, ii) reduced to an acceptable level, or iii) managed and contained.

3.2 As a diverse institution, we will embed risk management practices effectively within management and planning activities across the University.

3.3 Our approach to risk management recognises that to advance and succeed the University needs to strike a balance between stability and innovation. In a changing and challenging environment risk management helps us to create and seize opportunities in a managed way.

3.4 All employees must understand the nature of risk and accept responsibility for managing the risks associated with their area of authority.

3.5 The risk management objectives of the University are to:
• Integrate an awareness of managed risk taking and effective risk management into the culture of the University

• Manage risk in accordance with good practice;

• Embed risk management within strategic and operational management processes;

• Consider legal compliance as a minimum standard;

• Anticipate and respond to changing economic, social, environmental and legislative requirements;

• Prevent injury and damage and reduce the cost of risk;

• Raise awareness of the need for risk management;

3.6 These objectives will be achieved by:

• Embedding formal risk reviews into all planning and capital project documents.

• Developing and maintaining a strategic risk register which details those risks which, in the view of senior management and representatives of Court, pose the greatest challenge to the achievement of the University’s objectives and of its continuing function;

• Assessing the likelihood of these risks occurring and the likely impact of an occurrence;

• Putting in place arrangements to manage and monitor risk;

• Including risk management within the Terms of Reference of all committees;

• Continuing to demonstrate the application of risk management principles;

• Maintaining effective communication and the active involvement of staff across the University;

• Preparing contingency plans in areas where there is a potential for an occurrence having a wholly negative effect on the University and its business capability;

• Monitoring and reviewing arrangements on an ongoing basis;

• Putting in place insurance where this is deemed to be cost effective.

3.7 All risks contained on the risk register will be subject to high level monitoring by the Senior Management Group. Further information on the monitoring systems is contained in section 6.
4. **Underlying Approach**

The following key principles outline the University’s approach to risk management and internal control:

- The University Court via the Audit Committee, has responsibility for overseeing risk management within the University
- The Principal and the Senior Management Group, support, give advice on and ensure implementation of policies approved by the Court
- The Principal and Senior management Group are responsible for ensuring the timely and prudent recognition and disclosure of the financial and non-financial implications of risks.
- Heads of College and Heads of School are responsible for delivering good risk management practice within their Colleges and Schools.
- The Chief Operating Officer is responsible for ensuring good risk management practice within University Services.
- The audit Committee will identify and closely monitor key risk indicators on a regular basis.

5. **Roles & Responsibilities**

5.1 The Principal will be responsible for reporting to Court, via the Audit Committee, a summary of the University risk management process and the outcome of the risk management monitoring activities.

5.2 Day-to-day responsibility for risk management and reporting will be delegated to the Director of Finance. The Director of Finance will ensure the monitoring systems are robust and will provide guidance and advice to those involved in the operational management of risk.

5.3 The Insurance & Risk Manager will undertake a central administration role in the risk process, ensuring that College risk registers and the University Services risk register are collated and reviewed on a bi-annual basis. The results of these reviews will be collated and fed into the Corporate risk review where risks identified are either common to all operational units or where they have been identified as having potentially broader implications.

5.4 The Director of Finance will be responsible for central oversight and for the reporting of risk to the Principal and Senior Management Group.

5.5 The risk events identified within the Strategic Risk Register are determined by the University’s Strategic Framework. Each risk event is assigned to a Risk Owner, who will normally be a Senior Officer. The role of Risk Owner is to take responsibility for ensuring that suitable policies and abatement strategies are in place for dealing with each identified risk in line with Section 3 above.

5.6 The Heads of College and College Management Groups will be responsible for risk management activities within their Colleges. The College Heads of Finance will be responsible for administering the College risk management activities.
6. The Risk Management Monitoring System

6.1 Senior Management Group (SMG)

6.1.1 An annual risk workshop, restricted to SMG members only, will be held each year as part of the budgeting cycle.

6.1.2 The workshop will re-evaluate the risks detailed in the current strategic risk register and also give consideration to any ‘new’ risks that have been submitted, either by SMG members in advance of the session or through the College/University Services risk workshops.

6.1.3 Potential risks will be categorised based on the key areas highlighted in the University Strategy.

6.1.4 Risks will be measured using a ‘1-4 rating’ methodology (see Appendix 1)

6.1.5 Scoring should be based on ‘Impact x Likelihood’, with the highest scoring risks (target of 12) being recorded on the strategic risk register. Flexibility is required to allow for judgement in periods of particular uncertainty.

6.1.6 All existing mitigating controls should be considered and any dependencies on other University functions identified. A revised risk rating should be determined after taking these factors into account, with the risks being re-prioritised where necessary.

6.1.7 An owner should be assigned to each of the risks on the strategic register.

6.1.8 Non-executive members will be apprised of the outcome of the annual workshop.

6.1.9 At least two risks from the strategic register should be discussed at each SMG meeting, with an update on the current position being presented by the risk owner.

6.1.10 Any changes in either the current position or mitigating action should be conveyed by the risk owner to the Insurance & Risk Manager who will be responsible for keeping the strategic risk register up to date.

6.2 Colleges/University Services

6.2.1 Responsibility for the management of operational risk is devolved to Heads of College, Heads of Schools and, for University Services, the COO & University Secretary and Directors of Services.

6.2.2 Colleges will hold an annual risk workshop in October/November each year. The University Services’ workshop will take place in December.

6.2.3 The College/University Services Head of Finance will seek potential new risks from individuals within his/her area in advance of the annual workshop for further consideration at that event.

6.2.4 Potential risks should be categorised based on the key areas highlighted in the University Strategy.

6.2.5 Risks will be measured using a ‘1-4 rating’ methodology (see Appendix 1)
6.2.6 Scoring should be based on ‘Impact x Likelihood’, with the highest scoring risks (target of 12) being recorded on the College/University Services risk register. Flexibility is required to allow for judgement in periods of particular uncertainty.

6.2.7 All existing mitigating controls should be considered and any dependencies on other University functions identified. A revised risk rating should be determined after taking these factors into account, with the risks being re-prioritised where necessary.

6.2.8 An owner should be assigned to each of the risks on the register.

6.2.9 Following the annual risk workshop, Colleges/University Services should submit their ‘new’ risk register to the Insurance & Risk Manager, together with a statement that the College has complied with the University’s Risk Management Policy. An updated risk register, containing current risk ratings and details of any risk management activity undertaken, should also be submitted to the Insurance & Risk Manager six months later.

6.2.10 Risk should be formally placed on the agenda for College Management Group (CMG) / Professional Services Group meetings. All risks listed on the relevant registers should be discussed throughout the year, with a proportionate number of risks being covered either at each Management Group meeting or at least quarterly.

6.2.11 CMG/PSG should nominate a person to maintain their risk register. Any changes in either the current position or mitigating action should be conveyed by the risk owner to the nominated person in order that the register is kept up to date.

6.3 Central Risk Administration

6.3.1 The Insurance & Risk Manager will review and consolidate the risk registers submitted by the Colleges. Any risks that have indicated a dependency on input from central administration will be notified to University Services (US) for consideration at their annual risk review in December.

6.3.2 The Insurance & Risk Manager will provide SMG with an overview of the risks arising from the College/US risk sessions, in advance of the SMG workshop in February.

6.3.3 The Insurance & Risk Manager will review the College risk registers every six months. This review will highlight any dependency on University Services and will identify any impact on the strategic risk register. Information from this review will be passed to the appropriate parties, either for their consideration or for further action.

6.4 Schools

CMGs will seek to mirror the College risk management process at School level. This will include the identification of risks, adopting the ‘1–4 rating’ methodology, ranking the risks, maintaining a School risk register, and having the Head of School as the risk owner. CMG will review any of the School’s top risks that relate to a major business activity.
6.5 Professional Service Directorates

Professional Service Directorates will seek to mirror the University Services risk management process at Service Unit level. This will include the identification of risks, adopting the ‘1–4 rating’ methodology, ranking the risks, maintaining a Service Unit risk register, and having the Executive Director of each service as the risk owner. USMG will review any of the Directorates’ top risks that relate to a major business activity.

6.6 Major Business Activities

All major business activities of the University, including contracts, project agreements, partnership arrangements and health & safety matters, should include a formal risk review. Those undertaking the reviews can either adopt the ‘1–4 rating’ methodology or use another risk rating measurement if that is more appropriate to their work. Whatever method is used, the process should include a means of escalating activities with a high risk rating to an appropriate level of management for the authority to progress matters to a conclusion. Where the business activity is being monitored by a Project Board then the risks should also be reviewed at each meeting of the Board.

6.7 Audit

Internal Audit will be required to review the risk management process as part of the audit cycle and to provide Audit Committee with an opinion as to the adequacy of the arrangements; and to propose improvements if required.

7. Risk Appetite

Risk Appetite

7.1 The University recognises that its risk appetite will change continuously over time as a response to changing circumstances. Moreover, it is not possible to quantify a single, overall risk appetite – at any point in time, the University may be willing to accept additional risk in one area while reducing risk in another. It follows that the overall statement of risk appetite must be kept under review and updated as necessary.

7.2 The University’s overall appetite for risk in the following areas is:

- Reputation, quality, integrity, stakeholder and student responsibilities

The University’s appetite for risks affecting its academic quality and integrity, research, students, stakeholders and reputation is limited (low) – it will not compromise its reputation and values by either short term or long-term expediency.

- Physical and electronic resources, infrastructure and business disruption

The University’s risk appetite is limited (low) with respect to the operation of key university systems and services. These systems are understood to underpin the ongoing delivery of critical services to a scale, scope and quality necessary for the University to compete in a rapidly changing environment.
• Strategic, financial viability and safeguards

The University’s appetite for financial and strategic risk is modest (medium) – it recognises its financial viability as being critical to its future. Financial viability risks and rewards are to be weighed against both short and long term strategic and operational priorities.

• Corporate and academic governance issues

Within these risk categories, the University’s risk appetite is limited (low). The University seeks to comply with relevant statutory requirements and contractual obligations to the best of its endeavours. This statement is made with the understanding that the seriousness of particular compliance requirements may vary depending upon the relationship of the requirement with the risk areas listed above. The University will seek to satisfy compliance requirements in the simplest and most effective way possible.

7.3 While the overall University risk appetite is limited, the risk levels adopted in individual departments may be higher to support the institutional strategic objectives. It is recognised that the University also expects academic departments to be innovative and to take calculated risks, for example in experimental research.
APPENDIX 1

Rating Methodology:

‘Impact x Likelihood’ (I x L)

Measures of Impact (I)

4 - Medium term loss of service; adverse national publicity/ongoing damage to University brand; litigation almost certain and difficult to defend; financial loss of >£10m or more than £2m p.a.

3 - Short term loss of services; adverse local publicity/limited damage to University brand; litigation expense; financial loss of £5-10m or more than £1m p.a.

2 - Short term loss or disruption to services; needs careful PR; litigation possible; financial loss of £1-5m or more than £500k p.a.

1 - No significant disruption to service; unlikely to cause adverse publicity; unlikely to cause complaint or litigation; financial loss of £500k-£1m or more than £100k p.a.

Measures of Likelihood (L)

4 - Probable  51-100% probability
3 - Likely     26-50% probability
2 - Possible  10-25% probability
1 - Rare      <10% probability