

## **Risk Management Policy**

### **1. Purpose of this Policy**

- 1.1 This Risk Management Policy (the Policy) forms part of the College's internal control and Corporate Governance arrangements.
- 1.2 The Policy explains the College's underlying approach to Risk Management, documents the roles and responsibilities of College Management, the Corporation, and other key decision making bodies. It also outlines key aspects of the Risk Management process and identifies the main reporting procedures.
- 1.3 In addition, it describes the process the Corporation will use to monitor and evaluate the effectiveness of the College's procedures.
- 1.4 The Risk Management framework is geared to achieving the College's Strategic Objectives. In addition to these the framework includes four additional categories, which represent the enterprise approach to the risk management process. These are:
  - Strategic; high level goals aligned to supporting the College's mission
  - Operations; effective and efficient use of its resources
  - Reporting; reliability of reporting
  - Compliance; compliance with relevant statutory and regulatory requirements
- 1.5 There is a key requirement of effective management of risk within the College, and within the sector. The revised Risk Management Policy has expanded the previous model used to embrace one of 'enterprise risk management'. This requires regular and frequent reviews to encompass:
  - Internal Environment: To include the culture and ethos of the organisation, including how risk is addressed by staff as a whole
  - Objective Setting: To ensure that the College management team has an effective process to set objectives that support and align with the College mission and are consistent to the 'Approach to Risk' within the Risk Management Strategy
  - Event Identification: To ensure that internal and external events affecting achievement of the College's objectives are identified. There should be clear distinction between opportunities and risks. Opportunities are channelled into Objective Setting (above)

- Risk Assessment: To ensure risks are analysed considering both likelihood and impact as a means of deciding how they should be managed. Regular and frequent review of the risk register should encompass this
- Risk Response: To clearly determine whether College management is adopting appropriate response in line with the College's 'Approach to Risk' in the Risk Management Strategy. The responses will be; Tolerating, Treating, Transferring and Terminating risk, as outlined the strategy. The actions to align these with the College's Strategy will be in the College's Risk Management Plan
- Control Activities: To establish Policies and Procedures that once implemented help to ensure that the Risk Management responses are effectively carried out.
- Information and Communication: To ensure that relevant information is identified, captured and communicated up, down and across the organisation to enable people to carry out their Risk Management responsibilities.
- Monitoring: To ensure that the monitoring of risk is accomplished through regular Executive and SLG meetings, all ongoing management activities or separate evaluation sessions, or both. Progress with implementing and embedding Risk Management Strategy and Policy will be considered at all individual members' SLG Progress Development Reviews (PDRs)

## **2 Underlying approach to risk management**

2.1 The following key principles outline the College's approach to Risk Management and internal control:

- The Corporation has responsibility for overseeing Risk Management within the College as a whole;
- College Management at all levels will be empowered to identify and manage risk; and
- Key indicators in risk areas will be identified and monitored on a regular basis, and in line with the overall policy arrangements

## **3 Role of the Corporation**

3.1 The Corporation and Audit Committee role in the overall management of risk is to:

- Set the tone and influence the culture of Risk Management within the College, including the level of acceptable risk
- Approve major decisions affecting the College's risk exposure
- Satisfy itself that the key risks are being managed, with the appropriate controls in place and working effectively

- Monitor the management of significant risks
- Annually review the College's approach to Risk Management; and
- The Corporation will seek to provide reasonable assurance regarding effectiveness and efficiency of operations, reliability of reporting and compliance with appropriate laws and regulations through this role

#### **4 Role of the College Executive and Senior Leadership Group**

4.1 In relation to risk management the College Executive and Senior Leadership Group will:

- Take overall responsibility for the administration and implementation of the Risk Management process
- Embed Enterprise Risk Management throughout the College with the identification and management of risks being integrated into management decision-making and reporting processes
- Identify and evaluate the significant risks faced by the College for consideration by the Corporation, and
- Provide adequate and timely information to the Corporation and its Committees

#### **5 Risk management as part of the system of internal control**

5.1 The College faces risks from external as well as internal sources, and therefore a pre-condition of risk assessment is the clear establishment of College Strategic Objectives. Risk assessment therefore becomes the analysis of relevant risks to the achievement of these Strategic Objectives.

5.2 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 policies and procedures, regular reporting, business planning and budgeting, and information and communication channels.

5.3 The Audit Committee advises the Corporation on internal control in the Committee's Annual Report. In particular, it alerts the Corporation to any areas of concern identified through consideration of internal, external and other audit reports.

5.4 A high level Risk Management Action Plan is derived from the key risk profile of the College and compiled by the College Executive and/or SLG. The engagement of other College managers is an essential part of this process. This helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the College. The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly and systematically.

#### **6 Annual review of effectiveness**

- 6.1 The Corporation is responsible for reviewing the effectiveness of internal control of the College, based on information provided by the College Executive and the Audit Committee.
- 6.2 As part of this review the Corporation will:
- Examine the College’s track record on risk management and internal control, including the significant risks identified previously;
  - Review the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective; and
  - Assess the College’s control environment, including organisational structure and culture, information, communication and reporting.

**Authorship:** Chief Executive and Principal

**Date:** November 2023

**Reviewing Officer:** Chief Executive and Principal

**Approved by Audit Committee:** 11 December 2023

The Policy has been Reviewed and/or Revised:

- September 2008
- September 2010
- October 2011
- December 2012
- July 2013
- December 2014
- June 2015
- August 2016
- August 2018
- November 2019
- November 2020
- December 2021
- November 2022
- November 2023

Policy Approval:

<p>Approval by: <b>Corporation</b></p>	<p>Date: <b>19 December 2023</b></p>
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