



# Risk Management Policy



Core Documentation Cover Page

# Risk Management Policy

Version number	Dates produced and approved (include committee)	Reason for production/ revision	Author	Location(s)	Proposed next review date and approval required
V1.0	Feb 2013 Board of Directors	To discharge his responsibilities for the system of internal control across the whole of the institution as part of good corporate governance.	Vice-Chancellor	All master versions will be held in: J:\0 Quality Team - Core Documentation Intranet	Feb 2015
V2.0	Sep 2015 Board of Directors	Biennial Review Minor Amendments to reflect current practice.	Vice-Chancellor	All master versions will be held in: J:\0 Quality Team - Core Documentation Intranet	Sep 2017
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### Equality Impact

Positive equality impact (i.e. the policy/procedure/guideline significantly reduces inequalities)

Neutral equality impact (i.e. no significant effect)

X

Negative equality impact (i.e. increasing inequalities)

**If you have any feedback or suggestions for enhancing this policy, please email your comments to: [quality@uco.ac.uk](mailto:quality@uco.ac.uk)**

## RISK MANAGEMENT POLICY

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## 1. SCOPE

- 1.1 This policy is a formal acknowledgement of the commitment of the University College of Osteopathy (UCO) to risk management. The aim of the policy is not to have risk eliminated completely from UCO activities, but rather to ensure that every effort is made by the UCO to manage risk appropriately to maximise potential opportunities and minimise the adverse effects of risk. Risk is an inherent aspect of all academic, administrative and commercial business activities. Sound risk management principles must become part of routine management activity across the UCO.
- 1.2 The key objective of this policy is to ensure the UCO has a consistent basis for measuring, controlling, monitoring and reporting risk across the UCO at all levels.

## 2. PURPOSE OF THE POLICY

- 2.1 The main purposes of this policy are:
  - a) To confirm and communicate the UCO's commitment to risk management to assist in achieving its strategic and operational goals and objectives.
  - b) To formalise and communicate a consistent approach to managing risk for all UCO activities and to establish a reporting protocol.
  - c) To ensure that all significant risks to the UCO are identified, assessed and where necessary treated and reported to the Board of Directors in a timely manner through the UCO's audit and risk committee.
  - d) To assign accountability to all staff for the management of risks within their areas of control.
  - e) To provide a commitment to staff that risk management is a core management capability.
- 2.2 This policy forms part of the UCO's corporate governance arrangements, and is linked to the annual planning and monitoring cycle.

## 3. POLICY STATEMENT

- 3.1 The UCO considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of the UCO's strategic and operational objectives and goals.
- 3.2 Risk management must be an integral part of the UCO's decision making and routine management, and must be incorporated within the strategic and operational planning processes at all levels across the University.
- 3.3 Risk assessments must be conducted on new ventures and activities, including projects, processes, systems and commercial activities to ensure that these are aligned with the UCO's objectives. Any risks or opportunities arising from these assessments will be identified, analysed and reported to the appropriate management level. The UCO is committed to ensuring that all staff, particularly Heads of UCOs, Institutes and Sections are provided with adequate guidance and training on the principles of risk management and their responsibilities to implement risk management effectively.

- 3.4 The UCO will regularly review and monitor the implementation and effectiveness of the risk management process and its Risk register, including the development of an appropriate risk management culture across the UCO (See Appendix 1).

## 4. RISK

- 4.1 Risk exists as a consequence of uncertainty and is present in all activities whatever the size or complexity and whatever industry or business sector. It is important to understand that risk is a broader concept than the traditional view of merely a threat. It also recognises the risks of taking or not taking opportunities.
- 4.2 The UCO uses these definitions when considering risk:
- “Risk” - a description of the uncertainty associated with the potential failure of processes which are designed to prevent a foreseeable Adverse Event, or to respond adequately to its potential impact. Risk can arise either from internal weaknesses or from external threats.
  - “Adverse Event” - the realisation of a Risk, commonly experienced as accidents, breakdowns, errors or omissions.
  - “Risk Management” - the identification and evaluation of Risk, followed where necessary by measured application of resources, in order to reduce the frequency or impact of each Risk to a degree deemed tolerable
  - “Risk Register” – a collection of data regarding key Risks, including Risk description, Risk assessment, control measures and actions required to further mitigate the impact and/or frequency. The Risk Register is the primary means by which Risks are regularly monitored and Risk assurance reports are provided to the Audit & Risk Committee.
- 4.3 The UCO considers all types of risk it faces, strategic, operational, financial, reputational and regulatory and compliance risks. Appendix 2 gives a list of the different categories of risks.

## 5. THE UCO’S APPROACH

- 5.1 The UCO’s approach to risk management follows several key principles:
- The Risk Management process will be as user friendly as possible and add value. For this reason considerable effort has been put into keeping the process as simple as possible.
  - The UCO seeks to embed risk management across all the UCO activities.
  - All UCO risk owners will use a consistent and transparent approach to risk, ensuring an agreed and widely understood method and language.
- 5.2 A key focus of the risk management process is the concentration on control improvements to mitigate significant risks, however there is a need to balance the cost and the effectiveness of the controls; for example where marginal improvements in control require substantial costs, the proposal may be unviable.
- 5.3 Reporting of risk ensures that significant risks are reported and closely monitored on a regular basis at the appropriate level.

- 5.4 All significant risks inherent to the UCO's business will be identified, assessed and cost effectively managed as part of the management process.
- 5.5 A standard template will be used to record the UCO's risks, controls and actions across all areas of the institution.

## 6. RESPONSIBILITIES

- 6.1 Board of Directors: The Board of Directors has overall responsibility for the total risk exposure of the UCO and approves the risk appetite annually.
- 6.2 Audit and Risk Committee: The Audit and Risk Committee is required to keep under review the effectiveness of the risk management, control and governance arrangements on behalf of Board of Directors. It will monitor, on behalf of the Board, the management of High Level Risks and the Risk Register and authorise remedial action where necessary. It is also required to report to the Board on internal controls.
- 6.3 Internal Audit: Internal audit is an important part of the internal control process for risk. The UCO's internal auditors use a risk-based methodology, which is informed by the risks included in the risk register. Reviews of the UCO's approach to risk management are undertaken on an annual basis.
- 6.4 Vice-Chancellor and Chief Executive: The Vice-Chancellor as advised by the Vice-Chancellors Group and UCO Management Team is responsible for managing corporate risks
- 6.5 Deputy Vice-Chancellor (Education): The Deputy Vice-Chancellor (Education) takes responsibility for the operational aspects of the risk register and reviews the risk management process annually and reports on risk management to the Audit and Risk Committee. The Deputy Vice-Chancellor (Education) is responsible for providing advice and guidance, including the development of standard templates and tools to assist the UCO managing risk. The Deputy Vice-Chancellor (Education) will develop and conduct training on the principles of risk management, risk assessment and on how to implement risk management effectively. Where necessary, the Deputy Vice-Chancellor (Education) will assist with risk assessments on new projects and activities. The Deputy Vice-Chancellor (Education) will maintain the UCO's risk register, including the High Level Risks.
- 6.6 Heads of Area: Heads of Areas are responsible for the management and monitoring of risk in line with this policy within their areas of responsibility.
- 6.7 Project Managers and Project Teams: Project managers and project teams are responsible for managing project specific risk and complete a project risk register to demonstrate that this is being done
- 6.8 Staff and Students: Effective risk management depends on the commitment and co-operation of all staff and students. All staff have a significant role in the management of risk, particularly within their own areas of control. Consequently all staff are responsible for and have accountability for adherence to the principles outlined in this policy.

## 7. RISK ASSESSMENT

- 7.1 The UCOs Risk Register template is shown in Appendix 3.
- 7.2 There are six steps to management of risks identified in the risk register which consist of:
- i. Identifying the risks to achieving strategic and operational objectives
  - ii. Determining the owner of the risk
  - iii. Determine the gross risk, i.e. before any controls are implemented (see Appendix 4)
  - iv. Determining and assessing the existing controls in place
  - v. Assessing the impact and likelihood of the risk after taking account of existing controls to derive the residual risk (See Appendix 4)
  - vi. Determining any further control improvements to further mitigate the risk
- 7.3 Risk owners should carry out an annual review of the linkages between strategic objectives and risks to ensure that focus is maintained on priority activities in line with the UCOs agreed annual Strategic Objectives.
- 7.4 The UCO uses a risk model (Appendix 5) to define likelihood and impact. Impact is the potential severity or effect of the risk. Likelihood is the frequency or probability of a risk occurring. The ratings given to impact and likelihood produce an evaluation of gross risk, then residual risk after evaluation of the internal controls. The residual risks are denoted by a traffic light system. Any risks in the red will require a High Level Risk Action Plan and explicit review by the Vice-Chancellors Group and Audit and Risk Committee. It is recognised that there will be occasions when there are factors outside of the UCO's control which limit the measures that can be put in place to manage a risk and these should be shaded in grey on the risk register to signify these issues.
- 7.5 Project risks will be reported to the project team. High Level risks for projects will be reported to the Vice-Chancellors Group who will review and advise on progress accordingly.
- 7.6 A formal risk review and update of the risk register should take place in line with the Strategic Planning Cycle (Appendix 1) with a review of progress on control improvements for red high level risks every six weeks. In the case of projects there should be a risk review at each project team meeting. During the risk review, thought should be given to each risk to ensure that the risk is still relevant and applicable and that the risk register is complete (new risks should be considered at this point), it is good practice for the UCO to note emerging risks for consideration. Risks that are no longer risks or not relevant need to be removed from the live risk register and entered onto the Expired Risk Register for a period of 3 years.
- 7.7 It is important that the number of risks under active management for each risk holder does not exceed a manageable number (10-20) and where the residual risk is considered very low the risk can be removed from the risk register.

## 8. RISK APPETITE

- 8.1 The UCO's risk appetite is shown in Appendix 6. The red areas signify the tolerance bands for the risk appetite of the UCO. If a risk scores in the red area of the heat map or over 12 in the risk assessment process then a High Level Risk Report is produced (See Appendix 7).
- 8.2 The Audit and Risk Committee reviews all of the High Level (red) Risk Reports and reports to the Board of Directors on the appropriateness of the internal controls and actions. The UCO is aware that it is critical is to minimise its exposure to reputational, compliance and financial risk, whilst accepting an increased degree of risk in pursuit of its mission and strategic objectives. The UCO recognises that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is always subject to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risks are established.

## 9. PROJECTS

- 9.1 Where a project requires approval then a full business case including a risk register must be submitted to the UCO Management Team for consideration.

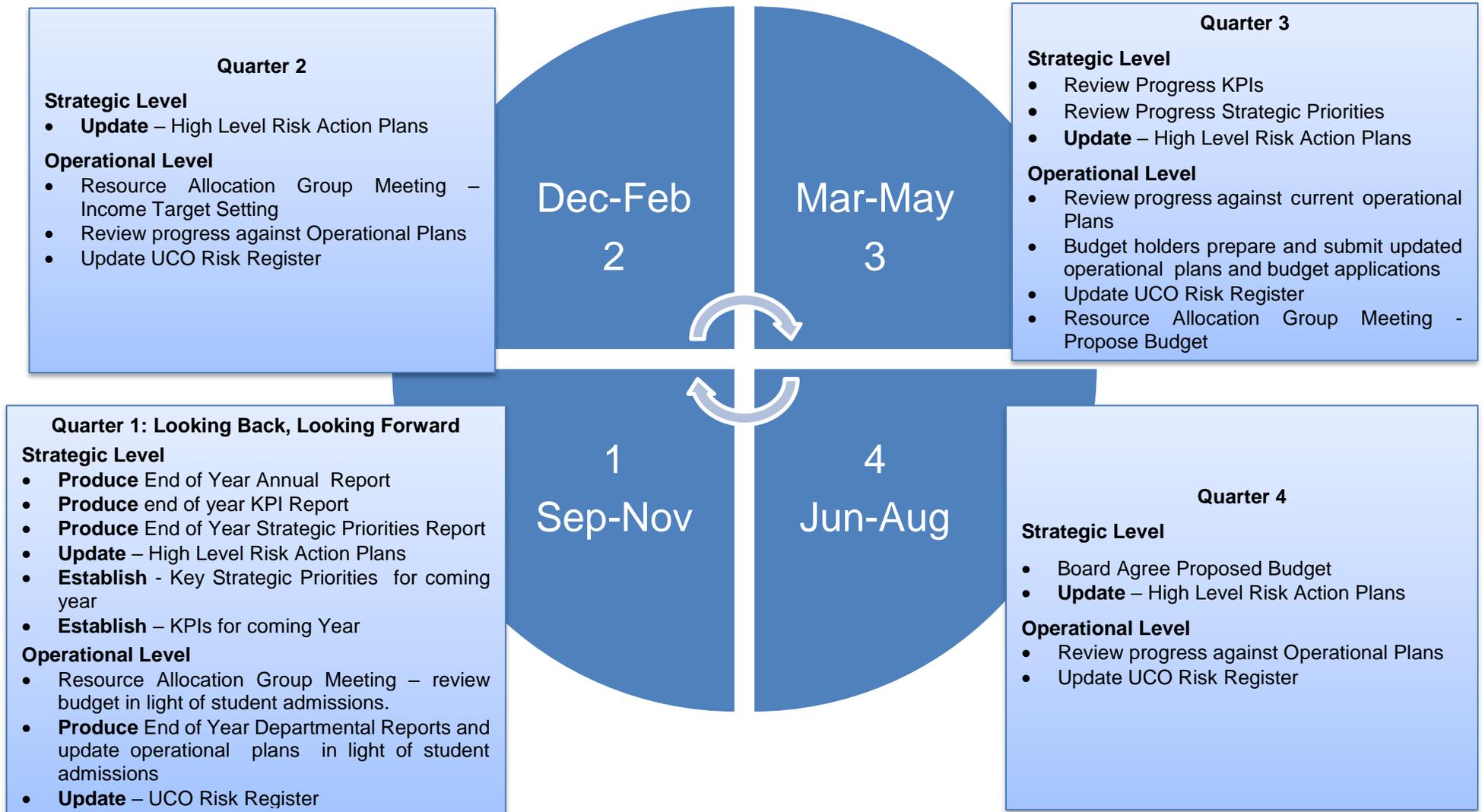
## 10. EXPIRED RISKS

- 10.1 Risks that are identified as no longer being risks to the UCO should be copied to the sheet entitled 'Expired Risks'. This is reviewed annually by the Risk Owners.

## 11. REVIEW

- 11.1 Each year the Vice-Chancellors Group will review the implementation of the UCO's Risk Policy, this will be detailed in the Risk Annual report to Audit and Risk Committee and it will be updated to reflect any agreed changes.
- 11.2 The Risk Policy will be reviewed every three years.

## APPENDIX 1: STRATEGIC PLANNING CYCLE



## APPENDIX 2: RISK CATEGORIES

### \*1 Categories of Risk

This appendix provides a prompt which can be used to aid risk discussions. These can be used as a guide, a starting point or as a checklist for existing registers.

#### MAJOR THREATS

- Sources of threat that may give rise to significant strategic risk includes:
- Budgeting (relates to availability or allocation of resources)
- Fraud or Theft
- Unethical dealings
- Product and or services failure (resulting in lack of support to business process)
- Public perception and reputation
- Exploitation of workers and or suppliers (availability and retention of suitable staff)
- Environmental (mismanagement issues relating to fuel consumption, pollution etc)
- Occupational health and safety mismanagement and or liability
- Failure to comply with legal and regulatory obligations and or contractual aspect (can you sue or be sued)
- Civil Action
- Failure of the infrastructure (including utility supplies, computer networks etc)
- Failure to address economic factors (such as interest rates, inflation)
- Political and market factors (for management of risk, security etc)
- Operational procedures – adequate and appropriate
- Capability to innovate (to exploit opportunities)
- Failure to control intellectual property (as a result of abuse or industrial espionage)
- Failure to take account of widespread disease or illness among the workforce
- Failure to complete to published deadlines or timescales
- Failure to take on new technology where appropriate to achieve objectives
- Failure to invest appropriately
- Failure to control IT effectively
- Failure to establish a positive culture following business change
- Vulnerability of resources (material and people)

#### STRATEGIC/COMMERCIAL RISKS

- Examples of commercial risks includes
- Under performance of service relative to specification
- Management will underperform against expectations
- Collapse of contractors
- Insolvency of promoter

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<sup>1</sup> Extracted from - Management of risk: guidance for practitioners (Office of Government Commerce) 15 Dec 2010 by Ruth Murray-Webster (Author), Office of Government Commerce (Author)

- Failure of suppliers to meet contractual commitments (this could be in terms of quality, quantity, and timescales on their own exposures to risk)
- Insufficient capital investment, shortfall in revenue expected / planned
- Fraud/Theft
- Partnerships failing to deliver desired outcome
- An event being non insurable or cost of insurance outweighs the benefit

#### ECONOMICAL/FINANCIAL/MARKET

- Exchange rate fluctuation
- Interest rate instability
- Inflation
- Shortage of working capital
- Failure to meet project revenue targets
- Market developments will adversely affect plans

#### LEGAL AND REGULATORY

- New or changed legislation may invalidate assumptions upon which the activity is based
- Failure to obtain appropriate approval (e.g. planning consent)
- Unforeseen inclusion or contingent liabilities
- Loss of intellectual property rights
- Failure to achieve satisfactory contractual arrangements
- Unexpected regulatory controls of licensing requirements
- Changes in tax structure

#### ORGANISATION/MANAGEMENT/HUMAN FACTORS

- Management incompetence
- Inadequate corporate policies
- Inadequate adoption of management practices
- Poor leadership
- Key personnel have inadequate authority to fulfil roles
- Poor staff selection procedures
- Lack of clarity over roles and responsibilities
- Vested interest creating conflict and compromising the overall aims
- Individual or group interests given unwarranted priority
- Personality clashes
- Indecisions or inaccurate information
- Health and safety constraints

#### POLITICAL

- Change of government policy
- Change of government
- War and disorder
- Adverse public opinion/media intervention

#### ENVIRONMENTAL

- Natural disasters
- Storms, flooding
- Pollution incidents
- Transport problems

#### TECHNICAL/OPERATIONAL/INFRASTRUCTURE

- Inadequate design
- Professional negligence
- Human error/incompetence
- Infrastructure failure
- Operation lifetime lower than expected
- Increased dismantling/decommissioning costs
- Safety being compromised
- Performance failure
- Residual maintenance problems
- Unclear expectations
- Breaches in statutory/information security
- Lack or inadequacy of business continuity

#### OPERATIONAL RISKS

- Lack of clarity of service requirements
- Inadequate infrastructure to provide required operational services
- Inadequate or inappropriate people available to support the required service provision
- Inappropriate contract in place and or inadequate contract management to support the required level of service provision
- Changing requirements, enabled in an uncontrolled way
- Products passed to operational teams without due consideration to implementation, handover, subsequent maintenance and decommissioning
- Unexpected or inappropriate expectations of service users
- Inadequate incident handling
- Lack or inadequacy of business continuity or contingency measures with regard to maintaining critical business services
- Failing to meet legal or contractual obligations

### APPENDIX 3: RISK REGISTER TEMPLATE

Unique Risk Ref No.	Strategic Objective Affected	Risk Owner	Risk Description	Risk Consequences	Likelihood	Impact	Gross Risk (L*)	Controls and Actions to minimise risks	Evidence of Controls	Likelihood	Impact	Residual Risk (L*)	Movement from Last Review
1.	1,2,3,7	VP (Ed)	Recruitment to academic roles is not strategically planned.	Lots of part time staff recruited with small amounts of management time difficult to undertake the management tasks required of them in the time they have valuable. Poor use of staff time. Poor student experience poor NSS scores organisational and management.	3	3	9	Newly revised Recruitment Policy in place. All roles recruited to currently are a fixed term contract.	Recruitment Policy Job Adverts.	2	3	6	
2.													

## APPENDIX 4: GROSS/RESIDUAL RISK MODEL

This model explains how we assess risk and the effectiveness of the controls established to mitigate it.

**Gross Risk (G)** is the risk of an uncontrolled event, for example, plinths being repaired by unqualified contractors, resulting in injury to students or patients.

However, the UCO, like most organisations has established procedures that are put in place to mitigate the likelihood and impact of such events. In our example above, this might include the following controls to reduce the likelihood of the event occurring:

- 1) Procurement services specify that suppliers should be qualified.
- 2) A schedule of regular inspection and maintenance procedures.
- 3) Training for staff and students in the use of the plinths.

These 'internal controls' clearly reduce the likelihood of the injury to students and patients, and the potential impact has also reduced because it can be demonstrated that the UCO took reasonable steps to reduce the risk. This results in the residual risk or retained risk. Therefore in the Risk Register you are asked to show the Gross Risk, detail the actions taken to mitigate the likelihood or impact or both and then show the retained risk demonstrating that the actions have decreased the likelihood of the risk or decreased the impact of the risk.

## APPENDIX 5: CALCULATION OF LIKELIHOOD AND IMPACT FOR GROSS AND NET RISKS

### CRITERIA FOR LIKELIHOOD

LIKELIHOOD	Description	Chance		Score
	Event is expected in most circumstances	>90%	Almost Certain	5
	Event will probably occur in most circumstances	50-90%	Likely	4
	Event should occur at some time	30-50%	Possible	3
	Event could occur at some time	10-30%	Unlikely	2
	Event may occur only in exceptional circumstances	<10%	Rare	1

### CRITERIA FOR IMPACT

Descriptor	Impact	Score
Insignificant	<ul style="list-style-type: none"> <li>No impact on service</li> <li>No impact on reputation</li> <li>No complaint likely</li> <li>No impact financially</li> <li>Litigation risk remote</li> </ul>	1
Minor	<ul style="list-style-type: none"> <li>Slight impact on service</li> <li>Slight impact on reputation</li> <li>Complaint possible</li> <li>Slight impact financially</li> <li>Litigation risk possible</li> </ul>	2
Moderate	<ul style="list-style-type: none"> <li>Some impact on service</li> <li>Some impact on reputation</li> <li>Complaint probable</li> <li>Some impact financially</li> <li>Litigation risk probable</li> </ul>	3
Major	<ul style="list-style-type: none"> <li>Service disrupted</li> <li>Adverse publicity (local)</li> <li>Complaint probable</li> <li>Impact financially</li> <li>Litigation risk probable</li> </ul>	4
Extreme/catastrophic	<ul style="list-style-type: none"> <li>Major impact on service for some time</li> <li>National impact on reputation</li> <li>Complaint probable and investigation by externals</li> <li>Damaging impact financially</li> <li>Litigation risk probable</li> </ul>	5

The impact and likelihood for each risk is assessed using a 1-5 score before controls are applied. The gross risk is calculated by the likelihood x impact. This gives a score of between 0-25. Scores that fall between 0-4 = low (green), 5-10= medium (orange) and 12-25 = high (red). Controls are then listed to minimise the risk. The controls may affect the Likelihood or the impact or both. So the likelihood and impact are reassessed taking into consideration the controls resulting in the retained risk.

## APPENDIX 6: RISK APPETITE

<b>LIKELIHOOD</b>	Event is expected in most circumstances - Chance > 90%	Almost Certain	5	5	10	15	20	25
	Event will probably occur in most circumstances - chance 50 - 90%	Likely	4	4	8	12	16	20
	Event should occur at some time - Chance 30 - 50%	Possible	3	3	6	9	12	15
	Event could occur at some time - Chance 10 - 30%	Unlikely	2	2	4	6	8	10
	Event may occur only in exceptional circumstances - Chance 10%	Rare	1	1	2	3	4	5
				Insignificant	Minor	Moderate	Major	Extreme/ catastrophic
<b>IMPACT</b>								

Red indicates the tolerance band for the UCO. Any risks that fall into this area need Vice-Chancellor's Group review initially, followed by completion of a High Level Risk report for consideration by the Audit and Risk Committee.

## APPENDIX 7: HIGH LEVEL RISK ACTION PLAN TEMPLATE

Risk Description	Actions;	Action Taken	Evidence of Action	Action Owner	Overall Status and proposed additional actions
<p><b>3.14 Ineffective organisation and management of courses.</b></p> <p>Risk Owner; Deputy Vice-Chancellor (Education) Sharon Potter</p> <p>Triggered by;</p> <ol style="list-style-type: none"> <li>1. Too many part time staff</li> <li>2. Not utilising the full week for teaching sessions</li> <li>3. Poor communication with students via first class</li> <li>4. Timetables not circulated in a timely fashion</li> <li>5. Short notice changes to timetables</li> </ol> <p>Consequences;</p> <ol style="list-style-type: none"> <li>1. Poor performance in the Organisation and Management section of the NSS</li> <li>2. Reputational Damage</li> <li>3. Unhappy students</li> </ol>	<ol style="list-style-type: none"> <li>1. Timetabling Policy developed in ?? communicated to all students and staff</li> <li>2. Questionnaires sent out to all year groups of students to identify issues with regard to organisation and management.</li> <li>3. Focus groups with students set up to discuss results of questionnaires</li> <li>4. Review of staffing of courses being undertaken</li> </ol>	<ol style="list-style-type: none"> <li>1. Yes</li> <li>2. Yes</li> </ol>	<ol style="list-style-type: none"> <li>1. Policy in AQF</li> <li>2. Questionnaire sent to students, report to EESC.</li> </ol>	<ol style="list-style-type: none"> <li>1. VP Ed</li> <li>2. FT M.Ost Course Leader</li> </ol>	