The President and Council recognise their ownership and responsibility for protecting City against the consequences of uncontrolled risks. To protect City, our people, assets, profits, research and reputation, we need to achieve our strategies and plans by proactively managing risks across the whole of City. In doing so we will find that effective management of the risks should bring with it great rewards and new opportunities and that staff will be encouraged to take calculated risks within our tolerances and to manage threats effectively.

1. City, University of London’s approach

Risk Management is a continuous and developing process which delivers better-informed decision processes and improves the probability of achieving our objectives successfully. Risk Management also recognises that in order to succeed we need to strike a balance between stability and innovation. A key focus of the risk management process at City is the concentration on net risk - risk after considering the management responses in place – and prioritising improvements to mitigate these risks. Management plans, controls and contingency plans which address risks need to be proportional i.e. a need to balance the cost with the effectiveness of the control. Risk is managed on three levels; strategic risks (including sub-risk areas); at School level; and programme and project risks. Communication of the strategic risks to other levels and upward reporting of risks (particularly of ‘red risks’) ensure that a comprehensive picture of all City risks is available to the President for day to day management and to Council who oversees this management.

2. Roles and Responsibilities

To assist the President in the management of City, the Deans and Professional Service Directors take responsibility for the management of their area and all the risks and opportunities which are associated with these. The Work Stream Lead is responsible for the proper management of their programmes/projects and the effective management of any risks associated with these. This normally falls within the remit of their job and will be reported through normal line management routes alongside Work Stream Steering Groups.

Council must ensure that risk is managed effectively in City. To do this, Council receives risk management reports from the President and the Strategic Planning and Performance Unit and risk assurance reports from Internal Audit and the Audit and Risk Committee. There are two distinct areas of risk, management (2.1) and assurance (2.2), which are detailed below with a statement on risk responsibility (2.3).

2.1 Risk Management

The practical management of risk is detailed in the ‘Risk Management Guide’. The guide sets out the Risk Assessment Model and the tolerance of City to risks. The tolerance level of City is a graphical representation of our capacity for risk. It also sets out the templates for risk registers. This common language sets out the framework for a consistent approach to the management of our risks and is an effective method for sharing and communicating risks throughout City.

Risk Management is facilitated by the Strategic Planning and Performance Unit. It carries out two biannual reviews of risk, which includes strategic, School and programme level risks and the aggregation of these risks. All City risks are covered in the risk management process, including those linked most directly to the achievement of the 2012-16 Strategic Plan (under the Strategic Plan headings “Education”, “Research”, “Enterprise” and “Enabling”) and additional risks associated with core aspects of the business such as operations, compliance, reputation and finance. The Strategic Planning and Performance Unit also ensures that all significant risks (risks which are above the
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University’s tolerance level) are appropriately reported to the President and Council. In liaison with the Strategic Planning and Performance Unit, the President biannually presents a report, which outlines the progress and status of risk management, to Audit and Risk Committee and Council.

2.2 Risk Assurance

The Audit and Risk Committee (ARC) will receive the President’s biannual reports on Risk Management and give an opinion on this, prior to its presentation to Council. In addition to the assurance of risk management by the Committee, risk assurance is carried out by Internal and External Audits and reported on and challenged by the Audit and Risk Committee.

The External Auditor when auditing the financial statements assesses the appropriateness of financial risk management and that effective controls are in place. The Internal Auditors carry out risk-based audits and, as part of their audit strategy, annually review the risk framework to ensure that it is fit for purpose. In devising the Internal Audit plan for the year the Auditors will look to the net risk presented by risk management but will also look to their assessment of inherent risk i.e. risk without considering the controls in place. The latter gives additional assurances that management are addressing risk appropriately. All External and Internal Reports are reported and challenged by the Audit and Risk Committee.

The Committee will use the risk management reports, Internal Audit Reports and External Audit Reports, and other information presented to the Committee during the year, to assess the effectiveness and adequacy of risk management, governance, controls and value for money. The Audit and Risk Committee then give an opinion to Council on the adequacy and effectiveness of our risk management, controls and governance and value for money.

2.3 Risk Responsibilities

The President is responsible for the management of City, including all the risks to City. The President reports on risk to Council, which assures the effectiveness of this management. Council needs to be satisfied that City is managing its risks adequately and effectively and that the identification and management of risk is an ongoing process linked to the achievement of institutional objectives. This is a requirement of HEFCE, our funding body. Council relies on reports on risk assurance from Audit and Risk Committee to carry out its duties in the area.

To assist the President with this challenge, there are Strategic Risk Owners identified from the University’s delegated responsibility framework and their areas of individual authority. This alignment within the delegations framework ensures that the risk owner has the authority to fulfil their responsibilities. Each level of owner has a particular set of responsibilities:

- Strategic Risk Owners – responsible for management and control of all aspects of their risks, including the implementation of measures taken in respect of each risk (whether these risks are within one particular activity or at the strategic or strategic sub-risk level, School or programme level including business processes, operational services and projects).
- Risk Owner – responsibility for management and control of all aspects of their risks whether strategic sub-risk, School risk, operational risks and programme and project level risks.
- Action Owners - a delegated role responsible for taking actions in relation to a specific risk and for keeping the risk owner apprised of the situation.

The Chair of Council (Strategy and Planning) has responsibility for the risk management process. The Strategic Planning and Performance Unit supports the Chair of Council by managing the
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process and ensuring that all levels of risks are communicated effectively and that any significant risks are escalated to an appropriate level.

Once the risk framework is totally embedded all members of City should understand the enactment of risk management through their roles and associated responsibilities and thus see how they contribute to the development of City.

3. Education and Training
The Strategic Planning and Performance Unit will work to establish appropriate competencies and behaviours through education and training by providing formal sessions if required, guidance notes and risk management guides and by providing ad-hoc coaching. The aim is to ensure that we adopt good practices in the identification, evaluation and cost effective and proportional control of risks to ensure that risks are eliminated, managed, contained, reduced to acceptable levels or taken advantage of to gain rewards.

4. Continuous Development
Risk Management is a continuous and developing process and steps are in place to ensure the success of the policy and the overall risk framework. Additionally, every 3 years a major review of the risk framework is carried out and as such this policy builds on previous risk policies. At least annually, the risk appetite (graphically represented by the risk tolerance line in the Risk Management Guide) is reassessed along with a re-alignment of risks to strategic objectives. This is shown graphically on the risk assessment model in the Risk Management Guide.