



Risk Management Policy

1. Purpose and preamble

- 1.1 The aim of this document is to clarify and ratify Risk Management Policy of the Union.
- 1.2 From time to time there will be a requirement to update this policy, this will be done at least every two years.
- 1.3 The Risk management Policy form an appendix to the constitution and in the event of any conflict the constitution is the overriding document of authority.

2. The Approach To Risk Management

In common with the University, the Union applies the following key principals to risk management and internal control:

- 2.1 The Board of Trustees has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible in accordance with the Constitution of the Union.
- 2.2 The Senior Management Team support and advise on and implement risk management policies approved by the Board of Trustees.
- 2.3 The Union makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- 2.4 The Department Managers are responsible for encouraging good risk management practice within Union departments.
- 2.5 Key risk indicators will be identified and closely monitored on a regular basis.
- 2.6. Risk
 - 2.6.1 The Board of Trustees is responsible for the mission, vision and values of the Union and for the oversight of activities and services.
 - 2.6.2 The Board of Trustees is responsible for the effective and efficient use of resources and for safeguarding assets in line with constitutional aims.
 - 2.6.3 The Board of Trustees recognises that a wide variety of strategic, operational, financial and compliance related activities could endanger or adversely affect the solvency of the Union and/or the delivery of the constitutional aims and objectives.
 - 2.6.4 The Board of Trustees will review the Unions approach to risk management annually and approve changes or improvements to key processes and procedures.
- 2.7 Reporting

2.7.1 Where a risk would not significantly affect part of a service or activity it does not need to be included in the risk register. Any risk that would have a significant affect, or greater, to part of a service or activity must be reported and recorded on the register. A report must be made to the Board of Trustees where the Senior Management Team considers that there is a likelihood of risks that could have the following impact within five years:

- Severe impact on the ability to meet key strategic objectives
- Damaging articles in the press, or other media, with the potential for long-term impact
- Major irreversible injury or death
- Severe impact on the ability to deliver services and/or activities efficiently and effectively
- Financial loss or cost of £10k or over
- Major breach of compliance with external regulation leading to legal proceedings and/or suspension or discontinuation of key services or activities.

3. Role Of The Board of Trustees

The Board of Trustees has a fundamental role to play in the management of risk and will:

- 3.1 Determine the culture of risk management within the Union. This includes:
 - determining whether the Union is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue
 - determining what types of risk are acceptable and which are not
 - setting the standards and expectations of staff with respect to conduct and probity.
- 3.2 Determine the appropriate risk appetite or level of exposure for the Union.
- 3.3 Approve major decisions affecting the Union's risk profile or exposure.
- 3.4 Satisfy itself that risks are being actively managed by the Senior Management Team, with the appropriate controls in place and working effectively.
- 3.5 Annually review the Union's approach to risk management including changes or improvements to key elements of its processes and procedures.

4. Role Of The Senior Management Team

The Senior Management Team, with advice and input from departmental managers, will:

- 4.1 Put in place appropriate systems of internal control
- 4.2 Implement policies on risk management and internal control.

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- 4.3 Identify, evaluate, and monitor the significant risks faced by the Union, for consideration by the Board of Trustees
 - 4.4 Provide adequate information in a timely manner to the Board of Trustees and General Meeting on the status of risks and controls.
 - 4.5 Undertake an annual review of effectiveness of the system of internal control and provide a report to the Board of Trustees
 - 4.6 Manage risk within the approach set by the Board of Trustees

5. Role Of Department Mangers

- 5.1 Managers play a vital role in helping the Senior Management Team to discharge its responsibility for risk management. Managers will identify, monitor and manage risks in their department and provide information to establish and maintain an up-to-date risk register.

6. Risk management as part of the system of internal control

The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient risk management operation, enabling the Union to respond to a variety of operational, financial, and commercial risks. These elements include:

- 6.1 Policies and procedures. Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the **Board of Trustees** and ratified by General Meeting. They are implemented and communicated through the Senior Management Team. Written procedures support the policies where appropriate.
- 6.2 Urgent Reporting by managers who monitor risks will enable a quick response to significant risks as they emerge/develop. Where a risk requires immediate action the Senior Management Team and the Board of Trustees will be kept informed as appropriate. The Senior Management Team will liaise with the Executive Committee concerning urgent matters in relation to the emergence/development of significant risk.
- 6.3 Timely reporting to the risk register will take place in addition to reporting urgent matters by exception.
- 6.4 Strategic planning and budgeting. The strategic planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.
- 6.5 High level risk framework (significant risks only). This framework is determined by the Senior Management Team, with advice and input from departmental managers, and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the Union. The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

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- 6.6 Departmental risk frameworks. Departmental managers develop and use this framework to ensure that significant risks in their department are identified, assessed and monitored. The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.
- 6.7 Finance/General Manager. The Finance/General Manager is required to report to the Board of Trustees on internal controls and alert the Board of Trustees any emerging issues. In addition, the committee oversees internal audit, external audit and management as required in its review of internal controls. The committee is therefore well placed to provide advice to the Board of Trustees on the effectiveness of the internal control system, including the Union's system for the management of risk.
- 6.8 External audit. External audit provides feedback to the Senior Management Team on the operation of the internal financial controls reviewed as part of the annual audit.
- 6.9 Third party reports. From time to time, the use of external consultants will be necessary in areas such as health and safety, and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.
- 6.10 Informal networking. Via regular and ad hoc meetings will be used to consider significant risks from time to time.

7. Annual review of effectiveness

The Executive Committee is responsible for reviewing the effectiveness of internal control of the Union. Its approach is outlined below.

In reviewing effectiveness of internal control the Board of Trustees will consider the following:

- 7.1 Control environment:
- the Union's objectives and its financial and non-financial targets
 - organisational structure and calibre of the departmental managers
 - culture, approach, and resources with respect to the management of risk
 - delegation of authority
 - public and stakeholder reporting.
- 7.2 On-going identification and evaluation of significant risks:
- timely identification and assessment of significant risks
 - prioritisation of risks and the allocation of resources to address areas of high exposure.

- 7.3 Information and communication:
- quality and timeliness of information on significant risks
 - time it takes for control breakdowns to be recognised or new risks to be identified.
- 7.4 Monitoring and corrective action:
- ability of the Union to learn from its problems
 - commitment and speed with which corrective actions are implemented.
- 7.5 The Senior Management Team will prepare annually a report of the effectiveness of the internal control system for consideration by the Executive Committee. It will include a review of this policy and any proposals for revision.

Approved by:

on: