

## **RISK MANAGEMENT POLICY**

### **Introduction**

Risk Management is a systematic process to identify risks to the College achieving its strategic aims; to assess the potential for those risks to occur; to consider the actions the College can take to mitigate the risks; and to prioritise action as appropriate. It is one of a number of useful ways to ensure that the College strategy is well founded and that Council and the Senior Management Team (SMT) can take good strategic decisions. It is one of a small number of approaches, the use of which is mandated upon the College by the terms of the HEFCE Model Financial Memorandum.

This policy explains the College's approach to risk management and identifies the significant roles and reporting lines. It forms part of the arrangements for corporate governance and assurance at Goldsmiths, University of London.

### **Principles**

Goldsmiths recognises that a risk-free environment is unattainable, and that its size and the likely public finance regime in the next few years mean that a certain amount of risk is unavoidable. In making judgments about the tolerance for risk, the College will have particular regard to the financial consequences of the risk. We will seek also to ensure that our thinking about risk is not overly focused on short-term issues.

### **Roles**

In accordance with the Financial Memorandum with HEFCE, Council is responsible for ensuring that the College has a robust and comprehensive system of risk management. It does this by approving the framework within which risk management is conducted; and is advised by Audit Committee on the effectiveness of the framework and its operation.

Council also has a role in identifying risks and for setting broad policy in relation to the College's risk appetite: that is, how tolerant it is of risk, or how much it wishes to avoid risk. It does this through its discussion of reports from Audit Committee; through its discussions on strategic topics; through its budget setting and through its setting of the College's strategic aims.

Audit Committee is responsible for monitoring the College's risk management activities. It receives reports from SMT, and is also advised by the Internal Audit service, which reviews risk management as part of its annual audit programme. It reports to Council.

SMT is responsible for the operation of risk management in the College. It delegates to the Risk Management Sub-Committee the detailed work associated with the College's risk register, and reviews at least quarterly the College's strategic risks.

The Risk Management Sub-Committee is responsible for developing policy and practice in relation to risk management, for promulgating good practice in risk management

across the College, and for monitoring follow-up to risk recommendations. It is also responsible for maintaining the College's risk register, for identifying and describing in more detail strategic risks, and for scrutinising departmental risk registers. It reports to SMT quarterly, after each meeting.

Heads of Department are responsible for encouraging good risk management practice within their department, and for ensuring that a departmental risk register is maintained.

Members of staff are encouraged to identify risks and to raise them either within their department or with the Risk Management Sub-Committee.

## **Methodology**

Goldsmiths will use a simple system to make judgments about risk; to assess the level of risk that we face; to classify risks, enabling identification of strategic risks; and to make choices about actions based on those risks. In order to achieve consistency in our judgments we will use standard descriptors for likelihood and impact, and a single matrix to generate levels of risk. We will not use numbers to show likelihood, impact, or level of risk.

We will maintain a College risk register, which Risk Management Sub-Committee will use to prioritise and identify strategic risks. The risks will be subject to regular review. Departments will also maintain a risk register, which will be used within the College to help inform planning and the provision of support services, and will also, where appropriate, inform the College's risk register.

A separate document sets out in detail the methodology we use. Risk Management Sub-Committee will keep our methodology under review, developing it in accordance with the needs and capacity of the College and making recommendations for changes to SMT, Audit Committee and thence Council. Over time we expect to become more sophisticated in our use of risk techniques, in particular in relation to differentiating between raw and residual risk; more systematic approaches to the identification of risk in line with the strategic risk register; and in the differentiation between College and Departmental risks and the identification of strategic risk.

## **Review**

Annually, Council will consider the strategic risk register in the context of the College's strategic plan and the environment within which the College is operating. Council will consider the appropriateness of the content of the risk register, the actions taken by the College to mitigate the risks, and the strategic actions identified to provide further control. Council will be informed by a report from SMT on the operation of risk management, which will also have been seen by Audit Committee.

***Approved by Council  
25 March 2010***