Ordinance:	**On Risk Management Policy**
Statute:	–
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<u>Terminology</u>

Risk	The uncertainty of outcome and impact surrounding future events, actions etc. Risk is considered in terms of both opportunity and threat.
Corporate risks	Risks that could have a major impact on the strategic success of the College.
Departmental Risks	Risks which can affect the achievement of individual departments' objectives.
Project Risks	Those factors which are considered to carry the potential to compromise the success of individual projects.
Risk capacity	The limit of loss that could be absorbed, beyond which the College would be unable to continue in operation.
Risk Appetite (Risk tolerance)	The amount of risk that the College is willing to run under normal operating conditions. Risk tolerance may be decided on an individual risk basis or in terms of the overall risk context for the College.
Risk Event	The crystallisation of a risk, resulting in an impact which is outside the organisation's risk appetite
Material Event	An event that is within risk appetite, but if part of a trend, could be considered as an indicator of a need to re-evaluate the risk, or the controls.
Impact	The realistic maximum effect of crystallisation of the risk on the achievement of the College's core academic objectives
Likelihood	The expected frequency of an event that is outside the risk appetite
Key Risk Indicator	An objective measure, based upon internal or external data, which is capable over a period of time of indicating whether the likelihood or impact scores should be reviewed
Attitude to risk	A more subjective measure which reflects the attitudes of those charged with setting the risk appetite
Control	Any process or practice, requiring significant additional cost or effort beyond normal operations, which operates to limit risk.
Risk assessment	The approach and process used to determine and prioritise the likelihood of risk materialising and the potential impact were it to do so. Risk assessment is essential to effective risk management.
Risk management	All the processes involved in identifying, assessing and judging risks, assigning ownership, taking control action, and monitoring and reviewing progress.
Risk owner	A nominated Officer who has responsibility for ensuring that the strategy for addressing a particular risk is appropriate, and who has the authority to ensure that suitable control action is being taken.
Risk register	A framework for capturing and communicating important information about risks and risk management. Every department of the College maintains and reviews its own risk register. The corporate risk register is maintained by the Bursar.
Residual risk	The exposure arising from a particular risk after action has been taken to manage it. Residual risk should be within the organisation's risk tolerance; if not, it should be further reduced.

1. Background/ introduction

Risk exists because the future is uncertain. This uncertainty can manifest itself in two distinct but related forms; uncertainty of occurrence (how likely is it that a particular event will occur?), and uncertainty of impact (how severe will be the effect if it does occur?). For the purposes of the College, all risks are viewed in the context of their potential to affect – either positively or negatively – the achievement of the College's stated aims and objectives, and the various underpinning operational activities. As the effects of different risks will inevitably vary, so risk is a relative rather than an absolute concept. The greater the potential impact or the potential likelihood, the more risky is the activity or action which gives rise to it.

An effective system of risk management allows the College's management to make better informed decisions and, by so doing, enhances the prospect of successful delivery of aims and objectives of the College, as set out in the Charter and the College Plan.

It also provides a means of assurance to Fellows, our funders and other interested parties. Risk management is an integral part of the governance framework which helps to demonstrate that management arrangements are fit for purpose and adequately support our stated objectives.

2. Approach to risk management

It is the College's policy to integrate risk management into all areas of corporate activity and to ensure that all significant decisions are informed by appropriate consideration of the likely risk consequences.

The Governing Body has adopted a "top down" approach to the definition of risks, starting with the identification of the major risks ("Corporate Risks") that have the potential to materially affect the College's ability to achieve its charitable objectives. Each of these risks is assigned to an owner and an oversight committee. In considering each risk it is the responsibility of the risk owner to identify the major sub-risks which contribute to the Corporate Risk.

For each corporate risk, the Governing Body will approve a statement of risk appetite. Risks are then scored using scales of likelihood and impact. Controls are established to maintain the risk within the agreed appetite. Corporate risks are reviewed regularly by oversight committees, and reported annually to the College Committee, the Audit Committee and the Governing Body.

All Officers and Heads of Department should be familiar with the principles of risk management, and fully understand their specific role within the overall system. In addition, staff at every level have a part to play in risk management and are encouraged to take an active part in the identification and reporting of risk within their sphere of activity. All staff are expected to report potential risk wherever this is seen to arise, and, where appropriate, to assist in the development of suitable controls.

The College's approach to risk management will be clearly documented, consistently applied, cost effective and regularly reviewed.

It is expected that a proactive risk management system will enable the College to address the majority of risks in advance, rather than manage their consequences after the event. However, risk management cannot be based entirely on prevention. For this reason, the College will develop contingency plans where the nature of the threat makes the development of such plans practicable and useful. Even where structured contingency plans have been agreed, this does not remove the responsibility from risk owners and other managers to take all reasonable steps to control risk.

3. Risk Appetite/ attitude to Risk

The Governing Body recognises that risk is inherent in all activities; the College will accept a reasonable level of risk exposure and will continue to encourage innovative thinking in developments, while ensuring that any consequent risk exposure is minimised through a structured process of risk identification, evaluation and control.

The College's appetite for risk is limited by the requirement to ensure at all times, and so far as it is within the power of the College to influence, that its ability to fulfil its academic purpose in perpetuity is not jeopardised.

4. Risk Classification

Corporate risks are those which are recognised as having the capacity to threaten the strategic objectives of the College. They are detailed in the corporate risk register which is maintained by the Bursar. Each corporate risk has an allocated risk owner at College Officer level. Corporate risks are monitored by the Audit Committee, which makes recommendations to the Governing Body for change as appropriate.

Corporate risks can be sub divided as follows, adapted from Charity Commission guidance:

- Governance risks
- Operational risks
- Financial risks
- External risks
- Academic risks

The College does not recognise the separate category of Compliance Risk, taking the view that Compliance is a necessary feature of virtually all risks, and that a failure of Compliance is better seen as a crystallisation of a risk.

Departmental risks are those which can affect the achievement of individual departments' objectives. These will usually, but not always, be relevant to one or more corporate risks, especially areas concerning the health, safety and wellbeing of staff, members of the College and visitors.

Project risks are those factors which are considered to carry the potential to compromise the success of individual projects. All major College projects are managed in accordance with project management disciplines. These require identification of all project risks at the outset. Effective management of those risks falls to the Project Board or management team and, ultimately, to the senior responsible owner.

5. Ownership and responsibilities

The **Governing Body** is responsible for setting the College's Risk Policy and Risk Management Framework, including identifying the major corporate risks that need to be managed and allocating oversight responsibility to nominated committees.

The **College Committee** has collective ownership of, and responsibility for, all of the College's corporate risks on behalf of the Governing Body. It delegates authority for the management of each corporate risk to a nominated **corporate risk owner**. Corporate risk owners are responsible for providing an annual report on the assigned risk to the relevant nominated committee and to the Audit Committee.

Nominated **Committees** are responsible for regular review and assessment of those corporate risks for which they have been allocated oversight responsibility.

The **Bursar** has responsibility for advising Officers, Committees and the Governing Body of all issues relating to the College's risk policy. The Bursar also has ownership of the risk management framework that puts agreed risk policy into effect, and prepares an annual report on the management of corporate risks across the College for the Audit Committee.

The **Audit Committee** is responsible for advising the Governing Body on the adequacy of the College's risk management arrangements. The Committee is provided annually with the reports of corporate risk owners, and the Bursar's annual report. In addition, the Committee should be consulted in advance of any proposed change to the risk management framework in general.

The duty of the **Fellow Health and Safety Officer** is to monitor, on behalf of the Governing Body, actions taken and procedures established in the College in pursuit of satisfying the requirements of Health and Safety legislation, and to report annually to the Governing Body on the discharge of the College's statutory responsibilities in that regard. The Fellow Health and Safety Officer chairs the **Health and Safety Committee** which ensures that risks to the health, safety and wellbeing of staff, members of the College and visitors are identified and appropriately managed.

Heads of Department are responsible for establishing and maintaining appropriate systems of internal control so that departmental risks are contained at an acceptable level and for maintaining departmental risk registers. They are expected to report regularly to the Health and Safety Committee. The **Domestic Bursar** oversees the risk management process within his areas of responsibility and is also responsible for identifying and reporting to the Bursar any new corporate risks arising that are not covered in the Risk Register.

6. Benchmarking and peer review

The Fitzwilliam College Risk Management Policy and approach will follow guidelines published by the Charity Commission and the College's auditors, who will review the procedures annually.

7. Monitoring, Review and Assurance

The College Risk Register will contain an up to date summary assessment of all corporate risks identified by the Governing Body. Each risk will be assessed for severity, using the dimensions of likelihood and impact. Mitigating controls and ownership responsibilities will be identified.

Each risk will be allocated by the Governing Body to a College Committee, which will be responsible for reviewing the risk on an annual basis, in time to inform the audit process. The outcome of these reviews will be made available to the Audit Committee which will have responsibility for giving assurance to the Governing Body.

8. New activities

New activities will be assessed for their impact of the corporate risk portfolio. If appropriate the relevant College committee will be asked to consider the impact of the new activity on the risk profile and adjustments may be made to the Risk Register.