



RISK MANAGEMENT POLICY
Approved by: Audit Committee
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Strategy/Policy Responsibility: Vice Principal Finance and Resources
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Risk Management Policy

1. Purpose of this document

- 1.1 This risk management policy (the policy) forms part of the College's internal control and corporate governance arrangements.
- 1.2 The policy explains the College's underlying approach to risk management, documents the roles and responsibilities of the Corporation, and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.
- 1.3 The policy describes the process the Corporation will use to evaluate the effectiveness of the College's internal control procedures.

2. Definition of risk

A risk is an opportunity that will not be realised or a threat that an event or action will materialise. That missed opportunity or unmanaged threat in turn adversely affects the college's ability to achieve its objectives.

3. Underlying approach to risk management

The following key principles outline the College's approach to risk management and internal control:

- 3.1 The Corporation has responsibility for overseeing risk management within the college as a whole;
- 3.2 Management at all levels are committed to managing risks;
- 3.3 Key indicators in risk areas will be identified and monitored on a regular basis;
- 3.4 Risk is assessed on the basis of residual risk, i.e. the risk remaining after the operation of actual controls and other mitigating actions have taken effect.

4. Role and responsibilities of the Corporation

The Corporation has a fundamental role to play in the management of risk. Its role is to set the tone and influence the culture of risk management within the College. This includes:

- 4.1 Determining the risk appetite of the College, i.e. 'risk taking' or 'risk averse', or where on this spectrum the College sits as a whole or on any relevant individual issue;
- 4.2 Determining which types of risk are acceptable and which are not;
- 4.3 Setting the standards and expectations of staff with respect to conduct and probity;
- 4.4 Reviewing periodically the appropriate risk appetite or level of exposure that is deemed appropriate for the College. This is already implicit in the College's strategic plan, development plan and financial plans, and in levels of authority delegated to managers;
- 4.5 Ensuring that risks scored as 14 or more (i.e. High Risk) on the College Risk Register are being addressed in the current operational priorities;
- 4.6 Approving major decisions affecting the College's risk profile or exposure;
- 4.7 Monitoring the management of significant risks to reduce the likelihood of unwelcome surprises or impact;
- 4.8 Satisfying itself that the less significant risks are being reviewed and actively managed, with the appropriate controls in place and working effectively;
- 4.9 Reviewing annually the College's approach to risk management and approving changes or improvements to procedures;

The Corporation may delegate to its Audit Committee the review and monitoring of any of the above, in order to assist it to carry out its overall responsibilities.

5. Role and responsibilities of the Audit Committee

- 5.1 The Audit Committee has a wide-ranging role in advising the Corporation on the adequacy and effectiveness of the College's systems of internal control, and arrangements for risk management, control and governance processes. It is also responsible for producing an annual report on the effectiveness of the College's risk management. The Audit Committee has power to seek any information it requires from auditors, governors, College employees, and relevant third parties, in order to exercise its role.
- 5.2 The Audit Committee will review the Risk Register at least annually to monitor progress made with the management of the identified risks, including whether the mitigating controls are continuing to operate effectively, and that the risk level assigned to risks is appropriate.

6. Role and responsibilities of the monitoring committees.

Key roles are to:

- 6.1 The monitoring committees are as follows: the Finance and Resources Committee and the Learning and Quality Committees;
- 6.2 Take responsibility for the administration and implementation of the risk management processes under their control;

- 6.3 To review the risks under their jurisdiction on a regular basis to satisfy themselves that risks are being effectively managed and controlled;
- 6.4 To raise any issues of concern with the Audit Committee.

7. Role and responsibilities of the Senior Management Team

Key roles are to:

- 7.1 Take overall responsibility for the administration and implementation of the risk management process;
- 7.2 Identify and evaluate the significant risks faced by the College;
- 7.3 Regularly review the Risk Register for continued appropriateness of rankings within the risk register, and whether additional or emerging risks should be added;
- 7.4 Provide adequate information in a timely manner to the Corporation and its committees on the status of risks and controls;
- 7.5 Undertake reviews of the effectiveness of the system of internal control and provide reports to the Audit Committee.

8. Role of Risk Owners

Risk Owners are identified on the Risk Register and are typically members of the College Executive.

Key roles of Risk Owners are to:

- 8.1 Take responsibility for mitigating, managing and monitoring all risks assigned to them;
- 8.2 Inform the College SMT where there is evidence from the early warning indicators that risk is increasing;
- 8.3 Identify to SMT new risks as they arise and assist in the development of any action plan to monitor and manage the risk.

9. Risk Appetite

The College's position in relation to risk is reviewed by the Board of Governors at least annually. The Corporation's appetite for risk is as follows:

- 9.1 Curriculum Risk – the Corporation is conscious of the need to have sound risk management mechanisms in place to mitigate against the failure of curriculum operations which may jeopardise institutional viability. These mechanisms need to maximise the quality of delivery and associated outcomes and ensure the relevance to the industries served by the College;
- 9.2 Financial Risk – the Corporation is risk averse, requiring strong financial controls to be in place and that the College protects itself against major financial shocks such as Interest Rate exposures and loss of funds (if any) on deposit;

- 9.3 Project / New Ventures Risk – the College will only invest in substantial projects based upon financial forecasts and an evaluation of the risks of projects. The trade- off of risk and reward will be paramount in the appraisal of projects as will the overall level of investment.
- 9.4 Safeguarding – the management of all students, particularly those under 18 years old, is of paramount importance and any major incidents have the potential for substantial reputational damage. It is recognised though that a student’s time at Croydon College is formative in developing adults as they grow up and this needs to balance the inclination to be over protective.
- 9.5 Practical work sessions and work placements for students in key curriculum areas of including outdoor adventure activities and overseas trips - it is recognised that in providing attractive courses which maximise employability, students need to have demanding opportunities to excel. While such activities will always be risk assessed to anticipate and mitigate dangers and risks, it is acknowledged that the risk of injury to students and staff can never be eliminated.
- 9.6 Sports activities – the Corporation recognises that there is inherent risk in all these activities, in both competition and training, for those actively participating and those in close attendance. The Corporation expects that appropriate risk assessments and training will be in place to anticipate and mitigate dangers and risks, although it is understood that the risk of injury can never be eliminated.

10. Risk Register

The College Risk Register identifies all known risks to the College, indicating the nature of the risk, a Gross Risk score and a Net Risk score after remedial actions are taken into account.

11. An Integrated Risk Management System

The systems of internal control operating within the College already incorporate risk management. These systems encompass a number of elements that together facilitate an effective and efficient operational structure enabling the College to respond to a variety of operational, financial, and commercial risks. These elements include:

11.1 Policies and Procedures:

The College’s approach to internal controls is outlined in the Financial Regulations. This document is approved by the Finance & Resources Committee of the Corporation and implemented and communicated by senior management to staff.

11.2 Regular Reporting:

Established, comprehensive reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the College management teams and the Corporation /Audit Committee, if

appropriate.

- 11.3 **Development Planning and Budgeting:**
The development planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.
- 11.4 **Self-Assessment Reporting:**
Appropriate managers, including all Curriculum Managers and Heads of School or Faculty (Coulsdon), develop and use the self-assessment process to ensure that significant risks in their areas of responsibility are identified, assessed and monitored. The self-assessment document is formally appraised at least annually.
- 11.5 **Audit Committee:**
The Audit Committee reports to the Corporation board on internal controls and alerts Governors to any emerging issues. In addition, the committee oversees the activity of the auditors, including the review of internal controls. The committee is therefore well placed to provide advice to the board on the effectiveness of the internal control system, including the College's system for the management of risk.
- 11.6 **Extended Assurance Report:**
The auditors provide feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit. Audit arrangements mean that there is also scope for assessing the quality of controls in both financial and non-financial areas on a planned thematic basis.
- 11.7 **Primary Strategic Risk Register:**
A primary risk register covering significant risks to achieving the college's Strategic Objectives is compiled and maintained. The register is reviewed termly by the Senior Management Team and the Audit Committee, with emerging risks added as required and risks retired from the Register if no longer significant.
- 11.8 **Third Party Reports:**
From time to time, the use of external consultants may be appropriate in areas such as health and safety and human resources. The use of specialist third parties for consulting and reporting, to increase the reliability of the internal control system, will be activated as appropriate.

12. Annual Review of Effectiveness

The Board of Governors is responsible for reviewing the effectiveness of internal control of the College, some of which may be based on information provided by the Audit Committee. The Chair of the Audit Committee will prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Board of Governors at the December Corporation Meeting.

