

Risk Management Policy

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1. Introduction

This Risk Management Policy ('the Policy') forms an integral part of the School's internal control and corporate governance arrangements.

The Policy explains the School's underlying approach to risk management, its relationship to regulatory responsibilities for risk management, the School's risk appetite and specific roles and responsibilities. Risk management is not about the elimination of risk but about the active management of risks through processes and activities intended to aid their identification, mitigation, monitoring and reporting.

The Policy should be read in conjunction with the School's internal Guide to Risk Management, which provides more operational detail on how risk is managed.

2. Definitions

- **Risk** “the effect of uncertainty on objectives”¹.
- **Risk Management:** is the range of planned and co-ordinated activities designed to manage risk within an organisation. The approach to risk management is usually approved at the highest level of an organisation and then implemented by management. The approach to risk management is reviewed periodically.
- **Risk Appetite:** is the amount and type of risk that an organisation has actively decided it is willing to take in order to deliver its strategic goals. Risk appetite is usually a decision taken at the highest level of an organisation and reviewed periodically.
- **Risk Register:** is the formal record of identified, classified, quantified and mitigated risks for an organisation. The risk register should be kept under review as a live document.
- **Risk Owner:** is the designated role holder who is responsible for managing a particular risk.
- **Internal control:** is the totality of policies, processes, procedures, activities and other practices or actions that maintain or modify risk for an organisation.

3. Regulatory Framework for Risk Management

The School has adopted the Committee of University Chairs (CUC) Code of Governance for Higher Education (2020). This includes an expectation there are effective systems of control and risk management in place (Element 2 Sustainability).

The School’s primary regulator, the Office for Students (OfS), requires all Higher Education Providers to operate ‘comprehensive corporate risk management and control arrangements (including for academic risk)’ under the Public Interest Governance Principles.

The following features of the OfS framework relating to risk are also reflected in the School’s own approach to risk management:

- The OfS issues a risk rating of all Providers in Spring each year, based on their compliance with the regulatory framework, analysis of accountability returns and

¹ ISO 31000, 2018

other matters brought to its attention. This risk rating will be brought to the attention of the Audit Committee and the Board of Trustees

- Where the OfS identifies particular risks in relation to registration conditions, it may implement enhanced monitoring of the Provider in relation to that condition. Any enhanced monitoring will be brought to the attention of the Audit Committee and the Board of Trustees
- The OfS has a particular interest in how Providers manage the risk of continuation of study for all their students and requires an approved, published Student Protection Plan to be in place. The School will keep its Student Protection Plan under review in relation to its overall approach to risk management
- The OfS has identified a range of reportable events – instances which present a particular risk and which must be reported to the OfS without delay. The [current guidance for OfS reportable events](#) is effective from 1 January 2022, and can be located on the OfS website.
- The OfS Accounts Direction specifies requirements relating to risk management that have a bearing on the annual sign-off of the financial statements. These requirements are reflected in the statement below on how risk management sits within the system of internal control for the School.

4. Risk Management Approach

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

- The School will have in place a published framework (this Policy) for assessing, managing and reporting on risks that could affect its ability to deliver on strategic objectives and regulatory compliance
- The Board of Trustees is responsible for overseeing risk management within the School, delegating particular responsibilities to the Audit Committee to provide

assurance on the School's approach to risk management

- The Board of Trustees will determine a 'risk appetite' for different types of risk and will monitor and review management of risks in relation to determined risk appetite.
- Risk management will be integrated within existing systems for planning, management and reporting as far as possible. This will include a brief risk analysis for any proposals presented to the Board of Trustees or to Executive Board
- The risk framework will specify clear accountabilities and responsibilities for assessing, managing and reporting on risks. This will include the active management of a School risk register, including classification, quantification and mitigation of significant risks.
- The School's approach to risk will be kept under regular review, taking account of approaches in the sector and beyond, internal needs and in response to evaluations of effectiveness and regulatory requirements and expectations.

5. 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 the effective and efficient operation of the School, enabling it to respond to a variety of strategic, operational, financial, reputational, compliance and project-based risks. These elements include:

5.1. Policies and Procedures

Attached to significant risks are a series of policies that underpin internal control processes (for example, relating to the prevention of fraud and bribery). The policies are set by the Executive Board and implemented and communicated by senior management to staff.

Written procedures support the policies where appropriate.

5.2. Regular risk reporting

A comprehensive system of risk reporting is designed to monitor key risks and their controls, including emerging or new risks and those that may have changed. Regular risk reporting of significant strategic or operation risks (risk scores above 15) will be presented to the Executive Board, providing opportunities for challenge and discussion of risk mitigations.

Termly reporting to the Audit Committee provides additional opportunities for independent scrutiny and challenge.

The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly. Risk assessment is incorporated into the business planning process, and risks at the departmental or directorate level will be overseen by Heads of Academic Departments or Directors of Professional Services.

5.3. Risk owners

Executive Board delegates the responsibility for managing specific risks to designated 'risk owners' who are usually Heads of Academic Departments or Directors of Professional Services. Heads and Directors are responsible for monitoring and reporting on existing risks and their mitigation as well as for the identification of new risks.

5.4. Risk framework and risk register

This framework has been designed by Executive Board to facilitate the identification, assessment and ongoing monitoring of risks, which were they to crystallise would have a fundamental effect on the School's ability to achieve its objectives. The Risk Register is comprehensively updated following discussions with Directors and Heads of Departments on a termly basis. Emerging risks are also added as required, and mitigating actions and key risk indicators monitored regularly by risk owners as part of their operational plans.

Significant risks (as defined in the School's Guide) are escalated for consideration by Executive Board routinely on a termly basis, but as and when new or changing risks emerge.

5.5. Risk and governance

Risk management is embedded in the School's governance framework, providing opportunities for dialogue and challenge on the management of risks and providing assurance to the Board of Trustees on the School's approach.

5.6. Audit Committee

The Audit Committee is required to report to the Board of Trustees on the effectiveness of internal controls and alert the Board to 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 School's system for the management of risk.

The Committee's annual report to the Board of Trustees provides its opinion on the effectiveness of the School's approach to internal control and risk management.

5.7. Other committees of the Board

The strategies within the overarching Strategic Plan for the School are mapped onto and monitored by relevant committees including Resources and Planning, Governance and Nominations Committee and Academic Board. Further information is provided under the Roles and Responsibilities section below.

5.8. Lead Trustee model

In addition to the assurance provided through committee monitoring, the Lead Trustee model operated by the School provides opportunities for review and challenge of risk management, as well as assurance to the Board of Trustees on the effectiveness of risk management.

5.9. Internal audit

Internal audit is an important element of the risk management framework. The annual Internal Audit Strategy is linked to the School's Strategic Plan, underpinning objectives and KPIS and Risk Register. Internal audit reports throughout the year provide the Audit Committee with information on how risks are being managed and where further action may be required. In addition to its specified programme of work, internal audit will report on the effectiveness of the internal control system and risk management

within the School.

5.10. External audit

External audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit.

5.11. Risk-based decision-making

The School embeds risk thinking in taking all major decisions. Financial and nonfinancial risks are identified and documented alongside ways of managing risks so that they sit within the School's 'appetite' range, depending on the risk categorisation.

5.12. Risk training and support

As part of the Risk Management process, training and support are provided for Heads of Departments and Directors by the Governance Directorate to support understanding of key risk concepts, risk based decision-making and the managing and monitoring of risk. The School's Guide to Risk Management and links to other resources and templates are provided for regular reference.

5.13. Business Continuity

Business Continuity plan forms an important element within the system of internal controls.

5.14. Continuous Learning and Improvement

From time to time, external reviews or audits (either commissioned by the School itself or as a regulatory requirement) will provide information on the School's approach to risk management. For example, reviews might be conducted by the QAA, Research England or the Office for Students. The School will ensure that relevant third party reports are used to inform its approach to risk management and are shared with the Audit Committee as appropriate.

5.15. Annual Review of effectiveness

The Board of Trustees is responsible for reviewing the effectiveness of internal control of the School, based on information provided by the Executive Board.

Board of Trustees Annual Review of Effectiveness

The Board of Trustees will:

- For each strand of the strategy, to review the previous year's progress, effectiveness of risk tracking, identification and mitigation and quality of internal control
- Review the overarching long term risk register, the quality of assurances provided and approve Audit Committee's recommendations as to whether any of the risks have increased or decreased in likelihood and therefore amendments to the School's monitoring approach need to be made
- consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

In making its decision, the Board of Trustees will consider the following aspects.

- a) Control environment:
 - the School's objectives and its financial and non-financial targets;
 - organisational structure and calibre of the Executive Board;
 - culture, approach, and resources with respect to the management of risk
 - delegation of authority;
 - public reporting.
- b) 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.
- c) 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.
- d) Monitoring and corrective action:
 - ability of the School to learn from its problems;
 - commitment and speed with which corrective actions are implemented.

The Governance team will prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Audit Committee and the Board of Trustees.

6. Roles and Responsibilities

Responsible Group/ Individuals	Roles and Responsibilities	Regularity of Risk Review
Board of Trustees	<ul style="list-style-type: none"> • Set the tone and influence the culture of risk management within the School. • Determine the appropriate risk appetite or level of exposure for the School. • Approve major decisions affecting the School's risk profile or exposure. • Monitor the management of significant risks (strategic risks which score over 15) to reduce the likelihood of unwelcome surprises. • Satisfy itself, largely through assurance from the Audit Committee, that the less significant risks are being actively managed, with the appropriate controls in place and working effectively. • Annually review the School's approach to risk management and approve changes or improvements to key elements of its processes and procedures. • Provide assurance to the regulator that the School's approach to risk management is robust and appropriate. • Scrutinise and challenge the key risks identified by the Executive Board, reviewing the School's Strategic Risk Register on a termly basis. 	<p>Conducting annual Review of Risk Management Effectiveness</p> <p>Routine review of the School's Strategic Risk Register on a termly basis, and advised of new or changing strategic risks as they arise</p>
Lead Trustees	<ul style="list-style-type: none"> • Review and challenge risk management in relation to areas of responsibility, providing feedback direct to management. • Provide assurance to the Board of Trustees on the effectiveness of risk management. 	
Audit Committee	<ul style="list-style-type: none"> • Scrutinise and challenge the key risks identified by the Executive Board, reviewing the School's Strategic Risk Register on a termly basis. • Report annually to the Board of Trustees on the School's systems of internal control and risk management. 	

	<ul style="list-style-type: none"> • Deploy internal and external audit services to help inform its view of the School's management of risk. 	
Other committees of the Board	<ul style="list-style-type: none"> • Review risks and their mitigation relating to their specific area of oversight, taking a particular role in horizon-scanning for new and changing risks. 	Routine review of the School's Strategic Risk Register on a termly basis, and advised of new or changing strategic risks as they arise
Executive Board	<ul style="list-style-type: none"> • The Executive Board delegates the responsibility for managing specific risks to designated 'risk owners' who are usually Heads of Academic Departments or Directors of Professional Services. • Review the School's Risk Register on a termly basis, taking a particular role in horizon-scanning for new and changing risks. • Identify and evaluate the significant risks faced by the School for consideration by the Audit Committee. • Provide adequate information in a timely manner to the Audit Committee on the status of risks and controls. • Develops and oversees compliance of risk management policy. 	
Chief Operating Officer	<ul style="list-style-type: none"> • Strategic Lead and accountability for School approach to risk management. • Strategic Lead for alignment of School approach with regulatory expectations. • Sponsor for papers to Executive Board, Audit Committee and Board of Trustees on risk management. 	Routine review of the School's Strategic Risk Register, and to be advised of new or changing strategic risks as they arise
Directors and Heads of Departments and other risk owners (SRO for working groups or project teams)	<ul style="list-style-type: none"> • Promote risk management to managers to deploy on a day-to-day basis as an important tool of good management. • Heads and Directors are responsible for monitoring and reporting on existing risks and their mitigation as well as for the identification of new risks. • Implement and champion the approved risk management policy 	1. Routine review of operational risk registers and to report any significant risks through internal governance channels

	<ul style="list-style-type: none"> • Identify and evaluate significant risks faced by the School, working collaboratively with colleagues and reporting significant risks through internal governance groups • To oversee and manage operational risk registers, and to ensure • Provide information in a timely manner, through the Governance and Risk Manager, to EB, Audit Committee and the Board of Trustees on the status of risks, controls and early warning mechanisms in accordance with the risk management reporting cycle. • Assist with the annual review of risk management by the internal auditors. • Ensure that the connections between strategic and operational risks are understood and managed, so that fluidity and actions are maintained between these two levels of risk management. • Ensure that the risks for which they are the owners are properly managed/mitigated. 	
Governance and Risk Manager	<ul style="list-style-type: none"> • Operational Lead for School approach to risk management, providing oversight and co-ordination of the risk management process. • Lead for engagement with and support for Directors and Heads of Departments on risk management. • Update the strategic risk register based on information from Heads of Department and Directors. • Prepare reports to Executive Board prior to submission to Audit Committee and the Board of Trustees. • Review and update Risk Management Policy and Risk Management Guide annually. • To provide advice, support and training to risk managers as required • To conduct regular reviews of operational and programme risk registers, and to report any issues through internal governance channels as required. • To support the development of the Student Protection Plan, and institutional 	<p>Annual review of the Risk Management Policy and Risk Management Guide</p> <p>Routine review of operational risk registers and to report any significant risks through internal governance channels regular reviews of operational / programme risk registers, and to</p>

	<p>risks reported to the Office for Students</p> <ul style="list-style-type: none">• To act as the point of contact for the Office for Students in relation to reportable events	<p>report any issues through internal governance channels as required</p>
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Appendix 1: Risk Management Guidance and Definitions

1. Risk Appetite

IMPACT	Averse	Minimalist	Cautious	Open	Hungry
Strategy					
Student Experience					
Research					
Global Engagement					
Learning & Teaching					
Financial					
Operational					
Reputational					
Compliance					
Project					

2. Risk Scoring Matrix

		Likelihood				
		Remote 1	Low 2	Moderate 3	High 4	Very High 5
Impact	Catastrophic (5)	5	10	15	20	25
	Significant (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5

Key	Oversight and Management
Low	Low risk (scores 1 - 4 inclusive) Tolerate within existing controls, and managed locally
Med	Med risk (scores 5 - 12 inclusive) Risk oversight by Directors and Heads of Department
High	High risk (scores 15 - 25 inclusive) Risk oversight by Executive Board, Audit Committee and Board of Trustees

3. Definitions of Risk Likelihood

Likelihood	Guidance
Very High 5	Very high probability (>75% likelihood) that the risk will occur - almost certain to occur
High 4	High probability (50 - 75% likelihood) that the risk will occur - more likely than not
Moderate 3	Moderate probability (25 - 49% likelihood) that the risk will occur
Low 2	Low probability (5 - 24% likelihood) that the risk will occur
Remote 1	Remote like probability (< 5% likelihood) that the risk will occur

4. Risk Classification and Impact Matrix

Risk Classification									
	Strategic	Financial	Operational Performance	Reputation	Compliance	Programme/Project	Workforce	Environmental	
Impact	Catastrophic 5	Prevents successful achievement of several strategic priorities	≥ 10% turnover	<ul style="list-style-type: none"> Inability to deliver core services with widespread impact on student programmes and impacting on other stakeholders. Interruption of critical service(s) including student services > four days and/or during critical period 	<ul style="list-style-type: none"> Severe criticism in national press Permanent damage to regulator/partner relationship > 12 months to restore credibility 	<ul style="list-style-type: none"> Major legislative breach suspending business. Major health and safety incident resulting in multiple serious injuries / death 	<ul style="list-style-type: none"> Delay > 12 months. Failure to deliver more than one of the major benefits 	<ul style="list-style-type: none"> Non-delivery of key objectives due to lack of staff Loss of several key staff No staff attending mandatory training on an ongoing basis 	<ul style="list-style-type: none"> Permanent loss of service or facility Catastrophic impact on environment
	Significant 4	Prevents successful achievement of one strategic priority	< 10% but ≥ 2% turnover	<ul style="list-style-type: none"> Inability to deliver core services, affecting student programmes more widely and potentially impacting on other stakeholders. Interruption of critical service(s) including student services for > two days but < four days and/or during critical period 	<ul style="list-style-type: none"> Criticism in national press Long term damage to regulator/partner relationship 6 - 12 months to restore credibility 	<ul style="list-style-type: none"> Serious legislative breach resulting in legal/regulatory action. Major health and safety incident resulting in serious injury 	<ul style="list-style-type: none"> Delay 6 – 12 months Failure to deliver one of the major benefits 	<ul style="list-style-type: none"> Uncertain delivery of key objectives due to lack of staff Loss of key staff Very low staff morale No staff attending mandatory training 	<ul style="list-style-type: none"> Loss/interruption of >1 week Major impact on environment
	Moderate 3	Restricts ability to achieve one or more strategic priority	< 2% but ≥ 1% turnover	<ul style="list-style-type: none"> Moderate disruption to service(s), affecting a number of student programmes, operational activities or partners. Interruption of critical service(s) including student services < two days and/or during critical period 	<ul style="list-style-type: none"> Criticism in local press Some damage to regulator/partner relationship 1 - 5 months to restore credibility 	<ul style="list-style-type: none"> Significant legislative breach resulting in investigation. Major reversible health and safety incident, not life threatening 	<ul style="list-style-type: none"> Delay 1 – 6 months Significant reduction in more than one benefit 	<ul style="list-style-type: none"> Late delivery of key objectives due to lack of staff Low staff morale Poor staff attending mandatory training 	<ul style="list-style-type: none"> Loss/interruption of >1 week Moderate impact on environment
	Minor 2	Impacts on some aspects of one or more strategic priority	< 1% but ≥ 0.5% turnover	<ul style="list-style-type: none"> Disruption confined to particular programme, operational activity or partner. Manageable disruption to service(s) Interruption of critical service(s) including student services < one day 	<ul style="list-style-type: none"> Programme/subject criticism in local press. Short term disruption to regulator/partner relationship > 1 week < 1 month recovery 	<ul style="list-style-type: none"> Moderate impact leading to warning. Somewhat reversible injuries 	<ul style="list-style-type: none"> Delay 1 – 4 weeks Significant reduction in one benefit 	<ul style="list-style-type: none"> Low staffing level that reduces service quality 	<ul style="list-style-type: none"> Loss/interruption of >8 hours Minor impact on environment
	Insignificant 1	Impacts on minor part of one strategic priority	< 0.5% turnover	<ul style="list-style-type: none"> Very limited disruption to school stakeholder. Manageable disruption; no obvious impact on performance. Interruption of critical services(s) < half a day 	<ul style="list-style-type: none"> Negligible criticism Negligible impact to regulator/partner relationship Recovery within week 	<ul style="list-style-type: none"> Minor impact. No reprimand, sanction etc... Some superficial injuries 	<ul style="list-style-type: none"> Delay < 1 week. Minor reduction in one benefit 	<ul style="list-style-type: none"> Short term low staffing level that temporarily reduces service quality 	<ul style="list-style-type: none"> Loss/interruption of >1 hour Minimal or no impact on environment