

# RISK MANAGEMENT POLICY

## Policy Document Purpose Statement

This document sets out the policy for the management (recording, monitoring and control) of risk throughout The Cornwall College Group.

## Application

The objective of this document is to provide a framework to identify, record and actively manage Risk across the organisation.

## Interpretation

Further guidance on the use or interpretation of this policy may be obtained from the responsible post holder.

## Legislator / Regulatory Compliance

Compliance with relevant current Health and Safety legislation, Data Protection Act and other legislation / regulations named within the body of the document.

## Publication Restrictions

A version of this document is available to view on the Cornwall College Website.

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# RISK MANAGEMENT POLICY

## 1. INTRODUCTION

- 1.1. Risk can be defined as the combination of the probability of an event and its impact on operations. In all types of undertaking, there is the potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside). Risk management is a central part of any organisation's strategic management. It is the process whereby organisations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities. The Risk Register is regularly updated and monitored, and in turn informs the Board Assurance Framework, the Balanced Scorecard, Strategic Plan and Operating Statement.
- 1.2. Risks should be managed to ensure they are identified, evaluated and controlled but should not prevent risk taking, which may lead to an opportunity with a positive outcome. On an annual basis, the Governing Body will review the risk appetite of the organisation.
- 1.3. Risk management is the process that provides assurance that:
  - 1.3.1. Objectives are more likely to be achieved
  - 1.3.2. Damaging events will not or are less likely to happen
  - 1.3.3. Any associated impact to the organisation is reduced through mitigating actions
  - 1.3.4. Beneficial outcomes will or are more likely to be achieved.
- 1.4. The aims of the risk management policy are to:
  - 1.4.1. Secure the assets of the Corporation
  - 1.4.2. Secure the earning capacity of the Corporation
  - 1.4.3. Reduce the total cost of risk to which the Corporation is exposed
  - 1.4.4. Reduce the cost of insurance premiums
  - 1.4.5. Promote risk awareness and its benefits
  - 1.4.6. Avoid prosecution
  - 1.4.7. Promote good corporate governance.

## 2. POLICY STATEMENT

- 2.1. The risk management policy of the Cornwall College Group (the Group) is to adopt best practice in the identification, evaluation and cost-effective control of risks to ensure that they are eliminated or reduced to a level that is acceptable to the Corporation Board. This involves using a Board Assurance Framework that details the methods of assurance available to the Board, linking these to the Strategic Intent and the Cornwall College risk register.

## 3. PURPOSE OF RISK MANAGEMENT POLICY DOCUMENT

- 3.1. The risk management policy forms part of the Group's internal control and corporate governance arrangements and explains the underlying approach to risk management, documents the roles and responsibilities of the Board of Governors, the Senior Post Holders and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures. In addition, it describes the process the Board of Governors will use to evaluate the effectiveness of the Group's internal control procedures.
- 3.2. Objectives
  - 3.2.1. The risk management objectives of the Corporation are to:

- Integrate risk management into the culture of the Corporation
- Manage risk in accordance with best recommended practice
- Establish legal compliance as a minimum standard
- Respond to changing social, environmental and legislative requirements
- Prevent injury and damage wherever possible and so reduce the cost of risk
- Continually raise awareness amongst all employees of the need for management of business risk.

3.2.2. These objectives will be co-ordinated by the Senior Post Holders and achieved by:

- The continuous development of risk management strategies throughout the Group
- Monitoring and updating the Cornwall College risk register
- The provision of risk management awareness training to the Board of Governors
- The dissemination of information relating to risk management to relevant staff to maintain effective communications of this key activity
- The development and maintenance of appropriate procedures and records to assist in the management of risk
- The maintenance of contingency plans in those areas and activities that are deemed to be potentially high risk.

#### **4. PRINCIPLES OF RISK MANAGEMENT AND INTERNAL CONTROL**

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

- 4.1.1. An open and receptive approach to solving risk problems is adopted by the Board of Governors
- 4.1.2. The Senior Post Holders support, advise and implement policies approved by the Board of Governors
- 4.1.3. The Group makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
- 4.1.4. Senior Post Holders are responsible for reinforcing the risk management policy in the organisation and communicating its importance
- 4.1.5. Senior and middle managers are responsible for encouraging good risk management practice within their designated managed area on an operational basis
- 4.1.6. Key risks will be identified and closely monitored on a regular basis.
- 4.1.7. Risk Management forms an active agenda item on Executive and Operational Leadership Team meetings.

4.2. Risk Appetite

4.2.1. Risk appetite provides a framework which enables an organisation to make informed management decisions. By defining both optimal and tolerable positions, an organisation clearly sets out both the target and acceptable position in the pursuit of its strategic objectives. The benefits of adopting a risk appetite include:

- Supporting informed decision-making
- Reducing uncertainty
- Improving consistency across governance mechanisms and decision-making;
- Supporting performance improvement
- Focusing on priority areas within an organisation
- Informing spending review and resource prioritisation processes.

4.3. On an annual basis, the Governing Body will review the risk appetite of the organisation.

## 5. ROLES OF CORPORATION BOARD AND MANAGEMENT

5.1. The responsibility for risk management policy and strategy are defined as follows and Annex A refers to a Group governance structure chart:

5.1.1. The Audit and Risk Committee on behalf of the Corporation Board - has responsibility for overseeing risk management within the Corporation as a whole and its role is to:

- Develop, adopt and review the Assurance Framework.
- Influence the culture of risk management within the institution to include:
- Determining whether the institution 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.
- Determine the appropriate level of risk exposure for the Corporation.
- Approve major decisions affecting the Corporation's risk profile or exposure.
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises.
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- Annually review the Corporation's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

5.1.2. Audit and Risk Committee - the Audit and Risk Committee in its report to the Corporation Board on internal controls should alert Governors 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 on the effectiveness of the internal control system, including the Group's system for the management of risk.

5.1.3. Corporation Board's committees - Specific risks of the organisation will be reviewed at the relevant Board committees. For example, the Finance & Resources Committee will review risks under the strategic aim 4. (Position & Financial Viability) and 5. Infrastructure. On an annual basis, the full Corporation Board will review the risk appetite of the organisation.

5.1.4. Senior Post Holders - the Corporation Board and its committees each have a role in monitoring, on a regular basis, the implementation of the Cornwall College Risk Register in their area of responsibility. The Senior Post Holder serving each committee will be responsible for providing to the relevant committee the reports to provide assurance to the Corporation Board as per the Assurance Framework. In turn the Corporation Board will consider the Cornwall College Risk Register and approve or make changes as necessary.

- The Senior Post Holders responsibilities are:
  - Take overall responsibility for the administration of the risk management process
  - Implement risk management policy and internal control
  - Identify and evaluate the significant risks faced by the Corporation for consideration by the Corporation Board

- Provide adequate information in a timely manner to the Corporation Board and its committees on the status of risks and controls
  - Undertake an annual review of effectiveness of the system of internal control and provide a report to the Corporation Board.
  - Review and update the Cornwall College Risk Register with senior managers at the Executive Leadership Team (ELT) meetings on at least an annual basis.
- The Senior Post Holders are:
- Principal and Chief Executive
  - Group Deputy Principal - Group Operations
  - Group Deputy Principal - Curriculum and Quality
- 5.1.5. Operational Leadership Team (OLT) – own and manage risk for their teams, and ensure it is regularly discussed and monitored at OLT meetings. They will feed in risk management concerns to the ELT. Senior Post Holders will ensure any significant risks are reflected in the Cornwall College Risk Register.
- 5.1.6. Emergency Management and Business Continuity Plan – covers the actions to be taken from a loss of IT systems, buildings, serious injuries/fatalities and response to emergencies.

## 6. INTERNAL CONTROL AND REVIEW

### 6.1. Internal Control

- 6.1.1. The system of internal control incorporates risk management which together facilitate an effective and efficient operation enabling the Corporation to respond to risks. These include:
- Policies and procedures
    - Policies and any amendments to policies, where appropriate, are approved by the Corporation Board. Procedures underpin the fundamental principles of the Policies and can be updated by management without approval by the Corporation Board.
  - Regular reporting
    - The Cornwall College Risk Register will be reviewed and updated a minimum of three times per year for Audit Committee and the Corporation Board. Important decisions will be made by Senior Post Holders and referred to the Corporation Board as appropriate.
  - Audit Committee
    - See section 5.1.2 above.
  - Internal audit programme
    - Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation. This is reported to the Audit Committee.
  - External audit.
    - External audit provides feedback to the Audit Committee on the operation of the internal financial controls, corporate governance and risk management as part of the annual financial statements and regularity audit.

- Inspection
  - The Group is subject to regular audit visits from awarding bodies, funding bodies and inspection teams.

## 6.2. Regular Review

- 6.2.1. The Audit Committee is responsible for reviewing the effectiveness of internal control based on information provided by senior management on at least an annual basis and advising the Corporation Board as appropriate.
- 6.2.2. The Audit Committee and Board will, therefore, consider aspects of the Cornwall College Risk Register as follows:
- Control environment:
    - The institution's objectives and its financial and non-financial targets
    - Organisational structure and calibre of the Executive Leadership Team
    - Culture, approach, and resources with respect to the management of risk
    - Delegation of authority
    - Public reporting
  - 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
  - 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
  - Monitoring and corrective action:
    - Ability of the Corporation to learn from its problems
    - Commitment and speed with which corrective actions are implemented

## 7. RISK - IDENTIFICATION AND ASSESSMENT

### 7.1. Identification of risks

- 7.1.1. The Cornwall College Risk Register is made available at every Audit and Risk Committee and Board meeting. A new format for the risk register was introduced by the Group Deputy Principal - Group Operations during 2020, enabling the clear and transparent reporting and monitoring of major risks. The risk register has been enhanced further during 2022 to include a target risk for each risk item which identifies the impact the organisation can have on both impact and likelihood of a risk materialising. A reference system to link to other strategic documents including the Board Assurance Framework, the Balanced Scorecard, Strategic Plan and Operating Statement has been incorporated into the document.

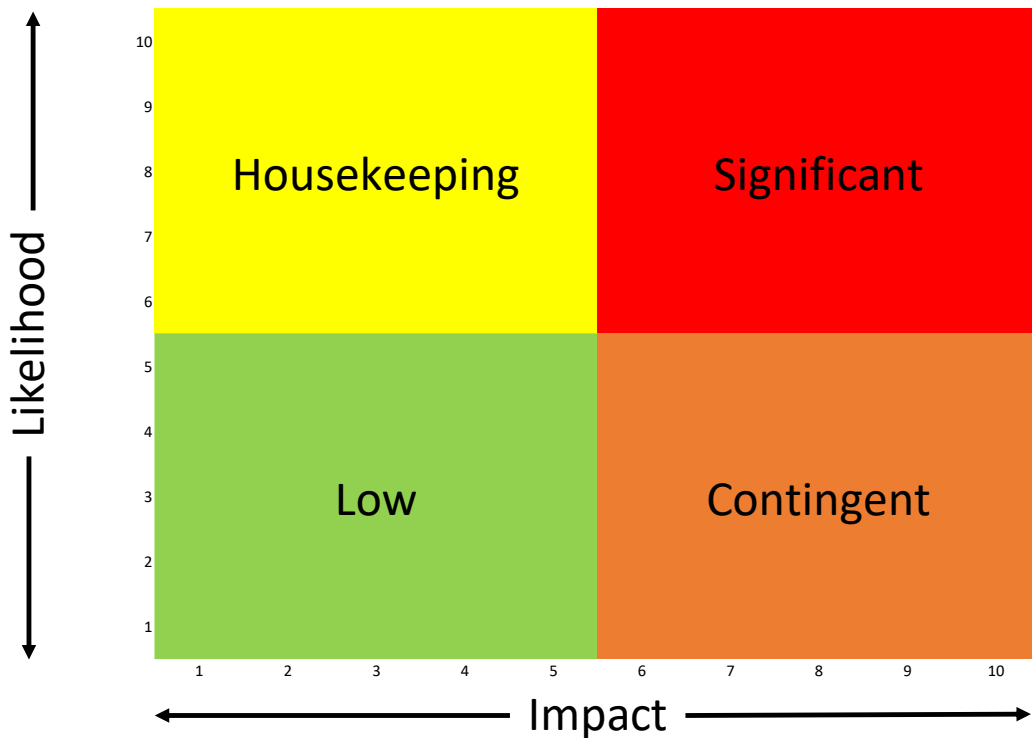
### 7.2. Assessment of risks and contingency planning

- 7.2.1. The format of the register is classified by strategic aim and includes:-
- Responsible person
  - Description of risk
  - Previous assessment of risk
  - Current assessment of risk
  - Change in assessment (up, down or remaining the same)

- Impact on the organisation, if risk were to materialise.
- Mitigating actions being taken
- Target Risk

### 7.3. Scoring of Risks

7.3.1. Scoring will be done according to likelihood and impact. Both elements are out of a possible 10 with the resulting scores plotted on a risk matrix as follows:



7.3.2. Each risk will be classified into one of four types.

- Significant
- Contingent
- Housekeeping
- Low

7.3.3. The risk category then has a bearing on how the risk is managed.