



RISK MANAGEMENT PLAN

Underlying approach to risk management

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

- the Management has responsibility for overseeing risk management in relation to all the Polytechnic activities and is seeking to foster a culture in which staff have a positive attitude to risk management, accepting that risk-taking and risk management are a normal part of good business practice, which needs to be encouraged if the Polytechnic is to continue moving forward;
- an open and receptive approach to solving risk problems is adopted by the Management;
- the Management supports, advises and implements policies approved by the Executive Committee ;
- the Polytechnic makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- managers are responsible for encouraging good risk management practice within their teams;
- every member of staff has a responsibility to take full account of the principles of risk management in their day to day work and to adhere to the Polytechnic's policies and procedures; and
- key risk indicators will be identified and closely monitored on a regular basis.

Risk assessment

A five point impact and likelihood assessment scoring system will be applied in accordance with Appendix C. The 'size of risk - impact guide' in Appendix C is for guidance only.

Risk Management Register

A single register shall be maintained. See attached appendix A for format.

Reporting

The level and frequency of reporting will be in accordance with the "Total risk score" as in Appendix B. Key risks as reported to the Risk Management committee to be defined as all risks falling into the orange and red category within the traffic light colour coding system.

Role of the Management

The Management role in the management of risk is to:

- a set the tone and influence the culture of risk management within the Polytechnic, including:

- determine whether the Polytechnic is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue and annually review and articulate its level of risk tolerance
 - determine what types of risk are acceptable and which are not, and setting the standards and expectations of staff with respect to conduct and probity.
- b satisfy itself that management have implemented and embedded a robust risk control framework
- c approve major decisions affecting the Polytechnic's risk profile or exposure. All new projects / programmes to complete the 'Risk Assessment Checklist for Proposed Projects'. Appendix D
- d monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact.
- e satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- f annually review the Polytechnic's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

Role of the Risk Management Group

Key roles of the Risk Management Group are to:

- take overall responsibility for the administration and implementation of the risk management process;
- take into consideration the cost of controls in proportion to the impact of the risks that they are designed to manage;
- identify and evaluate the significant risks faced by the Polytechnic for consideration by the Management;
- ensure that risks are considered and identified on a regular basis (as a continuum rather than as a series of discrete events only)
- provide adequate information in a timely manner to the Management and its committees on the status of risks and controls;
- report on risk management action plan implementation at each meeting of the Executive Committee. Undertake an annual review of effectiveness of the system of internal control and provide a report to the Management.

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 an effective and efficient operation, enabling the Polytechnic to respond to a variety of operational, financial, and commercial risks. These elements include:

a *Policies and Procedures*

The Polytechnic has developed policies and procedures to manage risk. The policies are set by the Executive Committee and approved by the Management. Written procedures support the policies where appropriate. All new projects / programmes to complete the 'Risk Assessment Checklist for Proposed Projects'. Appendix D

b *Monthly Reporting*

Comprehensive monthly reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Executive Committee and the Management if appropriate.

c *Business Planning and Budgeting*

The strategic planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

d *High Level Risk Action Plan (significant risks only)*

The Risk Management Top Ten Risks Action Plan is compiled by the Risk Management Group and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the Polytechnic. The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

e *Programme Business Plans (where risk management is embedded within the strategic planning process)*

Heads of Programme develop and use these plans to ensure that significant risks in their department are identified, assessed and monitored. The document is formally appraised through the management review process but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly by programme area.

f *Audit Committee*

The Audit Committee, in their report to the Management on internal controls, alert IAT / Board of Trustees to any emerging issues. In addition, the committee oversees internal audit, external audit and management responses 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 Polytechnic's system for the management of risk.

g *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. Internal audit is required to provide an annual opinion on the adequacy and effectiveness of arrangements for risk management, governance and internal control.

h. *Third Party Reports*

From time to time, the use of external consultants may be necessary in areas such as Facilities and Human Resources. The use of specialist third parties for consulting and reporting will increase the reliability of the internal control system.

Annual Review of effectiveness

The Management is responsible for reviewing the effectiveness of internal control of the Polytechnic, based on information provided by the Risk Management Group. Its approach is outlined below.

For each significant risk identified, the Management will:

- review the previous year and examine the Polytechnic's track record on risk management and internal control
- consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

In addition the Management will review any risks that have crystallised during the year and any lessons learnt and/or controls introduced as a consequence.

In making its decision, the Management will consider the following aspects:

a control environment :

- the Polytechnic's objectives and its financial and non-financial targets;
- organisational structure and calibre of the Executive Committee;
- culture, approach and resources with respect to the management of risk;
- delegation of authority; and public reporting

b On-going identification and evaluation of significant risks :

- timely identification and assessment of significant risks; and 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 and time it takes for control breakdowns to be recognised or new risk to be identified.

d Monitoring and corrective action :

Ability of the Polytechnic to learn from its problems and its commitment and responsiveness with which corrective actions taken are implemented.

The Risk Management Group will prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Executive Committee

Possible Risks

RISK CATEGORIES	POSSIBLE RISKS
Finance	Insufficient funding, Poor Financial Management - Foreign exchange exposures – asset management – debtors – payroll – commercial arrangements – cash management / slow payment– purchasing – joint ventures exposure, lack of suppliers
Health, Safety and Environment	Hazardous substances – staff and student safety – civil disturbance – plant and equipment – civil disturbance – bullying – organized acts of violence – ergonomics – pandemic disease
Human Resources	Incapacity to attract staff - Downsizing / restructuring; secondary employment; staff selection / retention; personal development; succession planning; confidentiality of information; leadership development
Infrastructure	Building regulation breaches – loss and damage to infrastructure – ageing infrastructure – relations with local government – capacity to meet college growth – maintenance cost – student experience – image/reputation – capacity to meet teaching needs
Legal and regulatory	Non-compliance with legislation – insurance cover – agreements/contracts – stakeholder engagement – Polytechnic reputation
Project Management	Projects do not meet timelines – projects are over-budget – not meeting stakeholder expectations – misalignment with college needs – lack of project management capabilities – project governance –risks not identified or mismanaged – records not kept
Research	Recruitment and retention – research ethics – funding – integrity of research – partnerships/joint ventures – reputation – governance structures
Students	Poor student recruitment - Student records – student satisfaction – student safety – recognition of prior learning
Systems and Processes	Governance structures – inadequate procedures – strategic planning – corporate culture – lack of communication – monitoring and reviewing – lack of clear KPIs – separation of duties – lack of stakeholder consultation – lack of appropriate data
Teaching and Learning	Curriculum management – course approval – delivery of courses – assessment of grades – teaching capability – competition from other institutions – stakeholder engagement – student load
Technology	Unauthorized access – equipment failure – unauthorized changes to data resulting in corruption of live systems –information systems not available – interruptions to computer processing



RISK MANAGEMENT REGISTER

Department/Unit						Date			
#	Risk Description <i>What/how can it happen</i>	Risk Category <i>In what category is this risk</i>	Linked College Goal <i>which goal will be affected by the risk</i>	Risk Owner <i>Department/Staff responsible for the risk</i>	Existing Risk Management Policies <i>Established actions that can mitigate the Risk</i>	Risk Analysis			Priority <i>High, moderate, low</i>
						Likelihood	Consequence	Risk Rating	
1									
2									
3									
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Size of Risk – Impact Guide -Total Risk Score RISK ASSESSMENT MATRIX

The Impact guides are only for guidance and are not intended to be prescriptive. It should be the worst-case scenario that is usually used to rate the risk.

Severity descriptors	Possible consequences	Examples ¹
1 - Insignificant	No impact	
2 - Minor Negative outcomes from risks or lost opportunities unlikely to have a permanent or significant effect on the Polytechnic's reputation or performance	<ul style="list-style-type: none"> Less than 0.5% of total turnover financial impact No regulatory consequence Minor adverse publicity Minor reversible injury 	<ul style="list-style-type: none"> Polytechnic sued successfully for wrongful dismissal Lecturer has work related injury e.g. slips
3 - Moderate Negative outcomes from risks or lost opportunities having a significant impact on the Polytechnic. Can be managed without major impact in the medium term	<ul style="list-style-type: none"> Financial loss up to 2% of total turnover in any year Limited regulatory consequence Local adverse publicity of subject area Major reversible injury 	<ul style="list-style-type: none"> Major IT project late or overspent Contractual staff injured due to Polytechnic negligence Loss of a major contract
4 - Serious Negative outcomes from risks or lost opportunities with a significant effect that will require major effort to manage and resolve in the medium term but do not threaten the existence of the institution in the medium term	<ul style="list-style-type: none"> Financial loss over 2% of total turnover in a single year Major savings programme required to break-even in the medium term Significant regulatory consequence Negative headlines in the national press Irreversible injury or death 	<ul style="list-style-type: none"> Research team found to have falsified results with a major impact e.g. on health issues Major overseas recruitment problems due to war or terrorism – potential to escalate to very serious Polytechnic financial systems fail completely and cannot be recovered
5 - Very serious Negative outcomes from risks or lost opportunities which if not resolved in the medium term will threaten the existence of the institution	<ul style="list-style-type: none"> Financial loss (or loss of potential financial surplus) over 2% of turnover for consecutive years Substantial regulatory consequence Sustained negative headlines in national press Major negative sanction by IAT/EASA/GCAA Closure of major part of business Irreversible multiple injury or death 	<ul style="list-style-type: none"> Major accident due to Polytechnic negligence Major fire prevents substantial part of the Polytechnic delivering courses Collapse in student application numbers Sustained failure to recruit staff

Size of risk -Likelihood

Descriptor	Likelihood
1 – Very low	2% likely to happen
2 – Low	5% likely to happen
3 – Medium	10% likely to happen
4 – High	20% likely to happen
5 – Very high	50% likely to happen

Total risk score guide

Descriptor	Guide
0 – 6 Low	Low level of risk, should not require much attention but should be reviewed at least annually
7 – 12 Medium	Medium level of risk, should be monitored and reviewed annually as a minimum, 6 monthly if necessary
13 – 20 High	High level of risk, should be constantly monitored and reviewed quarterly or 6 monthly. Possibly escalate to higher committee if required
20 – 25 Very high	Top level of risk, should be constantly monitored and reviewed monthly. Possibly escalate to RSC

¹ *the examples can move up or down the matrix accordingly to suit a Programme Area or the Polytechnic as a whole

Size of Risk – Impact Guide -Total Risk Score RISK ASSESSMENT MATRIX

Risk Score Calculation

The rating of a risk is obtained by multiplying the selected likelihood and severity rating for each risk.

i.e. $Risk\ Rating = Likelihood \times Severity$

Total Risk Score						
RISK						
Severity	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
	1	2	3	4	5	
	Likelihood					

The aim is to reduce the risk by prevention or control measures so far as is reasonably practicable

Appendix D



RISK ASSESSMENT CHECKLIST FOR PROPOSED PROJECTS

Author of paper		Date	
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Project Title / Initiative	
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Summary of Proposal:

Summary of key risks to be managed:

Action required to manage risks:

Who needs to be informed?

RISK ASSESSMENT CHECKLIST FOR ALL NEW KEY STRATEGIC INITIATIVES

Management / Committee issues

1. Is approval required through the formal Committee system?	Yes	No	N/A
2. Is approval required by any other external body?	Yes	No	N/A
3. Is it appropriate to consult staff and/or students before taking the proposal further?	Yes	No	N/A
Formally or Informally?	Formally	Informally	

Financial Issues

4. Is it within existing budgets?	Yes	No	N/A
5. Is there a potential financial risk?	Yes	No	N/A
Of what magnitude?			

6. Do existing commitments place any constraints on the proposal?	Yes	No	N/A
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HR Issues

7. Could there be an impact on employee relations?	Yes	No	N/A
8. Are there any implications arising from employment law?	Yes	No	N/A
9. Are there any equal opportunity / disability discrimination / Health and Safety issues?	Yes	No	N/A

Risk / Opportunity Issues

10. Could there be an impact on other programme / recruitment activities?	Yes	No	N/A
11. Could there be an external /internal PR impact?	Yes	No	N/A
12. Are there any legal implications not yet addressed?	Yes	No	N/A
13. Should the proposal be included in the risk register?	Yes	No	N/A
14. Is there an action plan to minimise the risk? Is there an existing strategy?	Yes	No	N/A

Monitoring

15. Who is the manager responsible for the project? Who should review this proposal and monitor activity?	
16. What is the timescale for this review?	