This paper outlines the policy for Risk Management for the School of Technology, which was revised November 2006 & March 2007 to reflect changes to the thresholds in sections in 3.2.1 and 3.2.2.

1 BACKGROUND

1.1 The University and its staff have been facing and managing risk successfully for a long time resulting in a unique institution that has exploited opportunities to become one of the UK's and the world's best known universities.

1.2 However, in recent years there has been increasing focus on the corporate governance arrangements of both public and private companies with the aim of achieving greater transparency. During the 1990's there was a series of reports on corporate governance and financial reporting culminating in the Turnbull Report in 1999. The Turnbull Report, titled "Internal Control: Guidance for Directors on the Combined Code", drew together many of the recommendations of the previous reports and was adopted by the London Stock Exchange. The report emphasises the need for the governing body to ensure a high-level, risk-based approach to establishing a reliable system for internal control, is implemented, and reviewed on a regular basis. Although written for Stock Exchange listed companies the principles of the guidance have been adopted by the public sector.

1.3 The Financial Memorandum between the University and HEFCE requires that the Council ensure that the University has a 'sound system of internal financial management and control' and the HEFCE Audit Code of Practice (HEFCE 2002/26) requires that the Audit Committee should provide an annual report, which should include the committee's opinion on the extent to which the governing body may rely on the institution's internal control system and the arrangements for promoting economy, efficiency and effectiveness. The basis for the report being internal and external audit reports using risk assessment as the primary method for an audit programme linked to the University's objectives. These new arrangements came into force on 1 August 2002.

1.4 Additionally, the 'Accounts Direction to Higher Education Institutions for 2001-2002' (HEFCE 14/01) states the requirement for sound corporate governance and effective risk management and sets a timetable for all institutions to comply with the principles of the Turnbull Report.

1.5 The principles of risk management proposed by HEFCE, are specified in the British Universities Finance Directors Group (BUFDG) guidance 'Corporate Governance in Higher Education' and are based on the Turnbull Report. They are that:

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1 Source – University Risk Assessment Website

Revised November 2009
the identification and management of risk should be linked to the achievement of institutional objectives;
the approach to internal control should be risk-based, including an evaluation of the likelihood and impact of risks becoming a reality;
review procedures must cover business, operational and compliance risks as well as financial risk;
risk assessment and internal control should be embedded in ongoing operations;
the governing body, or relevant committee, should receive regular reports during the year on internal control and risk; and
the principal results of risk identification, evaluation and management review should be reported to, and reviewed by, the governing body.

2 DEFINITION

2.1 Risk is the threat or possibility that an action or event will adversely affect an organisation’s ability to achieve its objectives.

2.2 Risk is managed in four stages within the School of Technology:-

2.2.1 Stage 1 - Departments manage risks identified by the criteria set out in this policy as deemed to be a departmental level risk. Appendix 1 outlines some typical examples of generic risks

2.2.2 Stage 2 - Specific types of risk, are identified by the criteria set out in this policy, as potentially requiring inclusion in the School Register. For these types of risk Departments are required to undertake a risk assessment by generating a Risk Assessment Form RM1.
(In addition the Council can ask for this to be undertaken for matters bought before the Council of the School of Technology)

2.2.3 Stage 3 - Risks, determined by their severity, may be included in the School Risk Register.

2.2.4 Stage 4 - Risks included in the School Risk Register will be subject to the application of the full risk scoring methodology, which involves a full risk analysis and assessment of the impact of risk management actions and the monitoring arrangements that will be put in place to manage the risk. The Council of the School is to receive regular reports on the management of the risks contained in School Risk Register.

3 CRITERIA

3.1 The risks stated in section 2.2 should be considered as significant risks and the severity should be assessed to determine whether they pose a School level risk and therefore should be included in the School Risk Register:

3.2 Types of risks, to be notified to the School Office (for consideration for inclusion in the School Risk Register)

3.2.1 Approving recurrent expenditure, e.g. filling of officer level vacancies, or substantial consumable expenditure over a threshold of £100k p.a. (i.e. at the level of senior academic and academic related staff appointment or a group of staff at this level)
3.2.2. Any other ‘significant’ decisions taken by the Department, e.g.
- Making a group of staff redundant
- Restructuring the department
- New building/ extending an existing building
- Moving into radically new areas of research
- Large expenditure (i.e. which would have a significant impact on departmental finances) 2% of Departmental annual income”

3.3 As part of 2.2 above, those conducting the risk assessment may wish to note typical examples of generic risks set out in Appendix 1

4 PROCESS

4.1 If a risk is sufficiently important that it should be monitored at School Level, an RM1 form should be filled in. A copy should be sent to the School Office, for submission to the Council of the School, which will determine whether it should be included in the School Risk Register. The Council of the School of Technology will also have a standing item on its agenda to enable it to request that a risk assessment to be undertaken or for any amendments to the current School Risk Register to be made in the light of any decisions or recommendations that have been made during the Council meetings. The School Office will periodically report on the Risk Register to the Council of the School.

4.2 Those conducting an assessment of any new risk should carry out the following procedures (as set out in the RM1 form). They should:

1. Identify the risks associated with a project at the planning stages including the type of risk (reputation financial etc),
2. Evaluate their severity and likelihood, ranking accordingly
3. Identify controls to mitigate risks
4. Identify the risk indicators that will help monitor the risk
5. Identify what risk control processes are most suitable
6. Identify who will monitor the risk (including how frequently) and report accordingly to the Council of the School via the School Office.

School Office Role

4.3 The School Office will, at the required times, liaise with those monitoring a given risk to update the School Risk Register. The Council of the School of Technology will be informed of any proposed changes and give its approval before any changes are implemented.

4.4 In addition, the School will conduct an annual overall review of the School Risk Register. The Council of the School of Technology will be informed of any proposed changes and give its approval before any changes are implemented. Any changes made will be reported to the University’s centre. As part of this process, the School Office will consult the University’s Risk Coordinator on any risk management issues.
Role of Departments

4.5 Ultimately the Head of Department is responsible for the management of risks within his/her own department. As part of the risk assessment process, actions should be taken to mitigate and monitor the risk. These might include regular reporting on the status of an activity, having a contingency plan in the event of failure, having a named person who monitors the activity and informing the Head of Department if matters are not progressing to plan.

4.6 Each Department has an identified Risk Coordinator who has overall responsibility for ensuring the Department has the appropriate risk management arrangements in place, including a Departmental Risk Register. Risk coordinators will also liaise with the School Office on risk management issues.

4.7 Risk coordinators will help identify the appropriate individuals, to monitor specific risks on the School Risk Register (‘risk monitors’). The risk monitors will monitor the risk indicators identified in the risk assessment, ensure they are included on the agenda of the appropriate School Committee/s and report any significant issues or variances to the School Office.

4.8 The Departmental Risk Coordinators for the current School Risk Register are identified in Appendix 2.
APPENDIX 1

Reputation:
- Research unlikely to deliver results
- Research in controversial areas such as involving ethical issues
- Redundancies
- *Not* taking on a research project

Financial:
- Overspend on UEF/grant
- Foreign exchange
- Inaccurate costings
- Costs unknown at start of grant
- Inability to recover overheads
- Significant investment in equipment that cannot be used for other projects
- Inability to recover costs (e.g. redundancy or extra pension cost) from sponsor
- Reduced income due to shortfall in students

Operational:
- Department lacks the necessary space
- Project reliant on a key member of staff
- Investment needed in lab/equipment which cannot be used for other projects
- Drain on resources needed elsewhere

Environmental:
- Project demands compliance with environmental legislation
- Lack of necessary expertise
- Likelihood of environmental damage

Governance/legal:
- Health & Safety laws breached
- Employment law breached
- Non-compliance with University rules/regulations
- Poor management or oversight of project
- Sponsorship arrangements entered into without appropriate contractual agreements

Staffing:
- Key member of staff leaves/ goes on extended sick/compassionate leave
- Failure of research leads to redundancies
- Staff injured due to negligence
- Inability to fill vacancies
- Inability to attract key academics
- Fall in students continuing in research after PhD
APPENDIX 2

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<th>Departmental Coordinator</th>
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<tr>
<td>Engineering</td>
<td>Richard Collet-Fenson</td>
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<tr>
<td>Chemical Engineering &amp; Biotechnology</td>
<td>Tom Matthams</td>
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<td>Judge Business School</td>
<td>Steve Lydall</td>
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<tr>
<td>Computer Laboratory</td>
<td>Margaret Levitt</td>
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KL January 2010

Revised November 2009
RISK MANAGEMENT FORM

(This form should be returned to the relevant risk co-ordinator)

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<td><strong>Risks identified/What can go wrong?</strong></td>
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<td>List what the risk is under categories such as:</td>
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<td><strong>Reputation, Governance, Finance, Operational (staff, compliance, estates)</strong></td>
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<td><strong>What are the possible consequences if the risk were to emerge?</strong></td>
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<td><strong>What is the predicted severity of the risk?</strong> (Scale 1–5, see Impact Guide)</td>
<td><strong>What is the predicted likelihood of the risk?</strong> (Scale 1–5, see Impact Guide)</td>
<td><strong>What is the total risk score?</strong> (severity x likelihood, Scale 0–25)</td>
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<td><strong>What actions could be taken to reduce the likelihood and severity of the risk to an acceptable level?</strong></td>
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<td><strong>What risk indicators could be used to monitor the risk?</strong> (These provide early warning, minimum of 3)</td>
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**Recommendation:**

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Guidance on risk management can be found on the Risk Management website (http://www.admin.cam.ac.uk/offices/secretariat/risk/)