



Code: QA301
Title: **Risk Management**
Date: Nollaig 2013
Approval: FRC and RMG

1.1 Risk Management

The University defines risk as *'the threat or possibility that an action or event will adversely or beneficially affect an organisation's ability to achieve its objectives'*¹. Risk management involves the following:

- the identification of risks that threaten achievement of objectives;
- the evaluation of the likelihood of occurrence and potential impact of the risks identified;
- the segregation of risks according to their gravity;
- an appraisal of the techniques employed to manage the fundamental risks and identification of any further steps that should be taken;
- an appraisal of the levels of residual risk: after the application of management techniques and whether the residual level is acceptable;
- identification of the risk owner including continuous monitoring of the effectiveness of controls and management techniques; and
- decision-making informed by the risk management process.

2.1 Purpose

This policy forms part of the University's internal control and governance arrangements. The purpose of this policy is to define for all staff:

- the University's approach to risk management;
- the roles and responsibilities;
- the procedures to compile and report risk information; and
- the process to evaluate the effectiveness of the University's procedures

Note: Procedures for Risk Management and for the guidance of staff on the management of risk will be included in separate Risk Management Procedures Manual? TBA.

¹ Higher Education Funding Council for England

3.0 Policy Statement

The University's general approach is to minimise its exposure to risks; it will take steps to identify, assess and manage risks so as to mitigate their adverse consequences.

However, the University recognises that in pursuit of its mission and academic objectives it may choose to accept an increased degree of risk. It will do so subject always to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

This Risk Management policy is supported by related University policies.

4.1 Risk Management Framework

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

- Údarás na hOllscoile has responsibility for overseeing the management of risk within the University as a whole.
- All members of the University community have a responsibility to engage in effective risk management.
- Risks and controls will be identified within the risk framework by considering them in the context of the units and University objectives as set out in the strategic plan and unit operational plans.
- Risks will need to be managed and not necessarily avoided.
- The risk management process will be fully embedded in the normal management structures and processes so that risk issues are considered by those involved in the day to day running of University who are charged with the achievement of objectives. Proposals brought forward for decisions should include a specific section on the assessment of risk and how it will be managed.
- The assessment of risks will be completed at both a high strategic level that is concerned with risks fundamental to the University as a whole as well as at the level of College, Support & Research Unit.
- The main forum for risk management of the capital programme is the Working Group on the Implementation of the Capital Programme (WGICP) (*see Appendix 2*).
- The NUI, Galway standard means of scoring risks is based on the likelihood of a risk becoming a reality combined with the severity of that risk (*see Appendix 1 for Risk Matrix*).

Roles within the Framework are outlined in greater detail in TBA? Procedures Manual?

5.0 Risk Appetite²

The risk appetite is the tolerance level for risk. The approach to risk taking is "conservative" except in the areas of research and strategy. "Conservative" is defined in Appendix 1. Risks being carried above the appetite level should be brought to the attention of Risk Management Group immediately they are identified.

² This needs to be further considered by the Risk Management Group

6.0 Responsibilities

Recognition and management of risk is the responsibility of everyone with the responsibility for the allocation and/or exploitation of resources.

Name	Responsibility
Údarás na hOllscoile	Policy Owner
UMT	Overall responsibility for implementation of this policy.
Risk Management Group	Oversight and facilitation of the development of policy and risk registers.
Risk Advisory Group	Review of compliance with policy and significant risks as detailed in risk registers from Unit Heads.
Unit Heads	Deans, Heads of School and Support Service unit heads are responsible for ensuring compliance with risk policy.
Working Group on the Implementation of the Capital Programme (WGICP)	The Working Group on the Implementation of the Capital Programme is responsible for ensuring compliance with risk policy.
All University Committees (APRC, SSC)	Approval and oversight of risk registers for academic and support service units.
Director of Internal Audit & Risk Management	Ensuring the implementation of NUI Galway's risk management policy and reporting to President.
Audit Committee	Charged by FRC with keeping under review the effectiveness of the risk management and reporting on this annually.

Appendix 1

Severity (Note 2)	Multiplier					
Very Serious	5	5	10	15	20	25
Serious	4	4	8	12	16	20
Significant	3	3	6	9	12	15
Minor	2	2	4	6	8	10
Insignificant	1	1	2	3	4	5
	Multiplier	1	2	3	4	5
Likelihood (note 3)		Very Unlikely	Improbable	Possible	Quite Possible	Very Probable

Description	Significance	Risk Appetite Response
	(Note 4)	
Very Serious	20 - 25	Unacceptable level of risk exposure which requires immediate corrective action to be taken
Serious	12 - 19	Unacceptable level of risk exposure which requires constant active monitoring, and measures to be put in place to reduce exposure
Moderate	8 - 11	Acceptable level of risk exposure subject to regular active monitoring measures
Minor	3 - 7	Acceptable level of risk exposure subject to regular passive monitoring measures
Insignificant	1 - 2	Acceptable level of risk subject to periodic passive monitoring measures

Note 1. Detailed explanations of **Risk Assessment Criteria** used are included in Appendix A.

Note 2. The **Severity** score was assessed without considering the controls which are in place to mitigate each risk and is therefore represents the **Gross or Inherent Risk**.

Note 3. The **Likelihood** score was assessed considering the effectiveness of the control environment and represents the **Net Likelihood**.

Note 4. The **Significance** score is the multiple of **Severity** and **Likelihood** and represents the **Net Risk**.

Note 5. **Conservative** is defined as risk scores of 12 and above.

Appendix 2

Risk Management and the Capital Programme

1. The main forum for risk management of the capital programme is the Working Group on the Implementation of the Capital Programme (WGICP), a sub-committee of the Finance/Resource Committee of Údarás na hOllscoile. Routine buildings-related risks continue to be monitored and managed by the Buildings Office.

The Working Group on the Implementation of the Capital Programme provides oversight in relation to risks relating to the capital programme as a whole and to individual projects within the programme. The Vice-President for Capital Projects will provide regular reports to the Risk Management Group on such risks.

2. In the event that the capital programme as a whole is judged by the Vice-President for Capital Projects or the WGICP to pose a potentially *Serious* risk to the University (see paragraph 10 of the *Risk Management Strategy* (FR/WG/10/A1/3(b))), this will be reported to the Risk Management Group.
3. The Vice-President for Capital Projects and the Director of Physical Resources meet regularly to discuss progress on individual capital projects. If on the basis of these discussions specific risks are identified which may move into the *Serious* category (see paragraph 10 of the *Risk Management Strategy* (FR/WG/10/A1/3(b))), a risk assessment document is prepared for the Working Group on the Implementation of the Capital Programme and/or the UMT. A summary of these risks will be reported to the Risk Management Group.