



EDINBURGH NAPIER UNIVERSITY RISK MANAGEMENT POLICY

Purpose

1. Risk Management is a fundamental aspect of good corporate governance and the successful delivery of business objectives. This risk management policy forms part of the University's internal control and corporate governance arrangements.
2. The policy explains the University's underlying approach to risk management, documents and the role and responsibilities of the members of Court, the University Leadership Team and other key stakeholders. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.
3. In addition, it describes the process the Court will use to evaluate the effectiveness of the institution's internal control procedures.

Underlying Approach

4. The following key principles outline the institution's approach to risk management and internal control:
 - The Court has responsibility for overseeing risk management within the institution as a whole;
 - An open and receptive approach to solving risk problems is adopted by the Court;
 - The Principal and the University Leadership Team supports, advises and implements policies approved by Court;
 - The institution makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
 - Heads of Schools and Services Directors are responsible for encouraging good risk management practice within their subject areas.
 - Key risk indicators will be identified and closely monitored on a regular basis.

Role of the University Court

5. The Court has a fundamental role to play in the management of risk. Its role is to:



- (a) Set the tone and influence the culture of risk management within the institution. This includes:
 - (i) Determining whether the institution is “risk taking” or “risk averse” as a whole or on any relevant individual issue;
 - (ii) Determine what types of risk are acceptable and which are not;
 - (iii) Setting the standards and expectations of staff with respect to conduct and probity.
- (b) Determine the appropriate risk appetite or level of exposure for the institution;
- (c) Approve major decisions affecting the institution’s risk profile or exposure;
- (d) Monitor the management of significant risks to reduce the likelihood of unwelcome surprises;
- (e) Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and are working effectively
- (f) Annually review the institutions approach to risk management and approve changes or improvements to key elements of its processes and procedures.

Role of the University Leadership Team

- 6. The key roles of the University Leadership Team (ULT) are to:
 - (a) Implement policies on risk management and internal control;
 - (b) Identify and evaluate the significant risks faced by the institution for consideration by the Court;
 - (c) Provide adequate information in a timely manner to the Court and its committees on the status of risks and controls;
 - (d) Undertake an annual review of effectiveness of the system of internal control and provide a report to the Court.

The System of Internal Control

- 7. 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 institution to respond to a variety of operational, financial and commercial risks. These elements include:
 - (a) Policies and Procedures



Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by Court and implemented and communicated by senior management to staff. Written procedures support the policies where appropriate.

(b) Monitoring and reporting

Comprehensive reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the corporate management team and the Court when appropriate.

(c) Business Planning and Budgeting

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

(d) Strategic risk registers (significant risks only)

This corporate risk register is compiled by the University Leadership Team and helps facilitate the identification, assessment and on-going monitoring of risks significant to the institution. The document is formally approved by the Court but emerging risks are added as required and improvement actions and risk indicators are monitored regularly.

(e) Local/Operational risk registers

Deans of Schools and Heads of Professional Services develop and use the operational risk register to ensure that significant risks in their business are identified, assessed and monitored. The document is formally appraised annually but emerging risks are added as required and improvement actions and risk indicators are monitored regularly by business units.

Additional operational risk management guidance accompanying this policy is available to further assist managers deliver their operations risk management responsibilities at a local level.

(f) Audit & Risk Committee

The Audit Committee is required to report to the Court on internal controls and alert members of Court 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 Court on the effectiveness of the internal control system, including the institution'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.

(h) 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.

(i) Third party reports

From time to time, the use of external consultants will be necessary in areas such as health and safety and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

8. Risk Assurance Framework

Risk Assurance Framework

(a) A Risk Assurance framework (fig.1) detailed below summarises how the system of internal controls set out to maintain all required lines of defence at all operational levels.

(b) An accompanying high level Risk Assurance Map demonstrating the integration and interdependence of all Risk Management processes across the University can be found at Fig.2 at the end of this policy document.

Fig. 1 Risk Assurance Framework

Operating Level	Line of Defence		
	First	Second	Third
Strategic Level	Senior management and committees Assurance	Strategic Risk and Quality Assurance	Audit; Internal and External -
Operational Level	Operational Delivery Assurance	Programme and Project Assurance	Legal, regulatory, information and security assurance
Corporate Governance	Performance Management and data quality	Financial Control Assurance	

Annual Review of Effectiveness



9. The Court is responsible for reviewing the effectiveness of internal control of the University, based on information provided by the corporate management team. Its approach is outlined below.
10. For each significant risk identified, the Court will:
 - Review the previous year and examine the institution'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.
11. In making its decision the Court will consider the following aspects.
 - (a) Control environment:
 - The institution's objectives and its financial and non-financial targets.
 - Organisational structure and calibre of the senior management team.
 - 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 institution to learn from its problems.
 - Commitment and speed with which corrective actions are implemented.
12. The University Leadership Team will prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Court.

Dr G C Webber
University Secretary
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Fig 2- High Level Risk Assurance Map

Assurance Map							
Level	Governance	Accountability	identification	Assessment	Addressing	Monitoring/ Reporting	Learning
Organisational	University Court	University Secretary	Risk Management Policy	Institutional Risk Appetite	Risk Management Officer	Internal/ External Audit	Horizon Scanning/ incorporating Best practice
Strategic	Risk Committee; University Leadership Team	Risk Owner	Annual Risk Review	Strategic Risk Register	Actions Plans for unacceptable high risks	Top Risks report; 3 per Academic Year	Risk Management Training Strategy
Operational	Faculty Operational Meetings; Sub Committees	Risk Coordinator	Operational Plans	Operational Risk Register	Escalation Process	Local Gap Analysis	Risk Management Training

