ORDINANCE 22

RISK MANAGEMENT POLICY

INTRODUCTION

1. The Statutes provide that the Board of Trustees shall exercise responsibility:

    10.1.2 to exercise guardianship over and ensure the effective management, control and use of the University's assets and resources;

    and

    10.1.7 to ensure the effective management of the University's Central Academic Bodies and Central Activities.

2. This Risk Management Policy (the Policy) is promulgated by the Board of Trustees to contribute to the fulfilment of these Statutes as part of the internal control and corporate governance arrangements of the University of London. The University shall, in common with all other higher education institutions, be obliged to disclose its compliance with the full principles of corporate governance, including the key principles of effective Risk Management.

GENERAL APPROACH TO RISK MANAGEMENT

3. Risk Management is a process that demonstrates that the University is acting appropriately in order to avoid excessive risk, and that the University's response to risk – whether by insurance, active control measures or avoidance of risk – is proportionate and effective.

4. It is the policy of the University that Risk Management is not an isolated activity – it is one element, together with planning and performance management, of the governance and management of the University. Risk Management also forms a part of the structure of internal control, and in particular will drive activity undertaken as part of the internal audit process. Furthermore, Risk Management is an activity that should be carried out at every level of the University to shape the work of departments, teams and individuals.

5. At a corporate level the purpose of Risk Management is:

    (i)   to assist senior managers and the Board of Trustees in planning and decision-making by identifying potential barriers, costs and rewards;

    (ii)   to allow the University to anticipate and adapt to changing circumstances; and

    (iii)   to identify areas of concern (or opportunity) where action is needed.

These three principles are equally applicable to departments, teams and projects across the University.

6. In general, all Risk Management activity should:

    (i)   be in proportion to the scale of risk under consideration;

    (ii) drive actions and changes in policy or practice: and

    (iii) provide information and reassurance to managers and stakeholders on current risks.

RESPONSIBILITY FOR RISK MANAGEMENT

7. The Board of Trustees has responsibility for overseeing Risk Management within the University and is ultimately accountable for it. It shall exercise its responsibility through the Audit and Risk Assurance Committee, which will, as part of its annual report to the Board, provide assurance that the University is acting appropriately to identify risks and taking action to mitigate or eliminate them.

8. The University also recognises that all members of staff should give due attention to managing risk regardless of the role they perform. All staff shall report new risks, or changes to the status of risks, through the management structure.

9. Senior officers such as heads of department, project managers for major capital projects and other staff as appropriate shall have particular responsibilities for Risk Management in their areas of responsibility, as set out in the Risk Management Plan (see below).

RISK MANAGEMENT PLAN

10. The Vice-Chancellor will oversee, through delegation to officers, the preparation of a Risk Management Plan, setting out the detail of the University's Risk Management arrangements, which will cover:

    (i)   Risk Management at a corporate level, including the cycle of risk identification and review, and the actions arising.

    (ii) the University's risk appetite position and its impact on decision-making.

    (iii) Risk Management for departments and capital projects, including arrangements for monitoring and review.

11. The Risk Management Plan as a whole will be reviewed annually by the Audit and Risk Assurance Committee.

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