
DURHAM\$U

RISK POLICY

SEPTEMBER 2019

INTRODUCTION

Durham SU uses 'risk' to describe the uncertainty surrounding events and associated outcomes which may have a significant impact, either enhancing or inhibiting any area of operations. The Risk Policy, therefore, seeks to:

- Provide a methodology for assessing risk.
- Guide Durham SU's management in managing risk successfully.
- Provide an evaluative framework to assess whether risk has been managed successfully.
- Give confidence to Durham SU's stakeholders that risk is appropriately considered in the delivery of strategy and operations.

UNDERLYING APPROACH TO RISK MANAGEMENT

Durham SU is required to review the major risks to which the organisation is exposed, and the trustees have a specific responsibility to make a statement about risk management in their annual report.

The Board sets Durham SU's risk appetite after considering each strategic risk individually, and the consolidated Strategic Risk Register. The risk appetite refers to the amount of risk that Durham SU will accept or seek in pursuit of its objectives.

The principles which inform Durham SU's Risk Management Policy are:

- The Board has overall responsibility for effective identification and management of risk, which it does through the adoption and promotion of a positive risk culture, and approval and oversight of a Strategic Risk Register.
- The management of operational risk is delegated to a senior leadership team, who support, advise on, and implement policies and measures approved by the Board. They may create Risk Assessments as appropriate.
- Durham SU has an open and transparent approach to addressing risk, and purposefully considers it in terms of both opportunity and threat.
- Foresight is necessary to appropriately consider risk, and all staff and volunteers have a responsibility to support good risk management practice.

INTERNAL CONTROLS

Durham SU routinely applies a number of organisational controls and processes which support its approach to risk management.

Policies and procedures

A range of policies and procedures cover the legal duties and the day to day provision of services. These form an essential part of the controls employed to manage significant risks to the organisation. These policies are approved by the Board of Trustees and disseminated through the organisation by the senior leadership team. Examples may include Data Protection policies, Cash handling policies, Fire evacuation procedures and Pregnancy risk assessments.

Urgent reporting by staff and managers responsible for managing risks

Strategic risks which require immediate attention will be drawn to the attention of a nominated trustee (the Chair of Performance and Delivery Committee) by the senior leadership team. If a Risk Assessment suggests that a new entry needs to be made to the Strategic Risk Register, the senior leadership team will report to the next appropriate meeting.

All staff and volunteers should be made aware of their responsibility to report through their line manager.

Development and Monitoring of the Strategic Risk Register

The Strategic Risk Register framework is used to identify, assess and monitor risks facing the organisation and contains review dates for each action and control. The Board of Trustees annually reviews the Strategic Risk Register. The Performance and Delivery Committee regularly monitors progress against actions to control strategic risks, and recommends emergent risks to be added as required

Strategic planning and budgeting

The Durham SU Strategy and the Durham SU Annual Plan determines the priorities for the organisation and identifies appropriate targets. The annual budget setting process ensures resources available are allocated to deliver those priorities. The senior leadership team is responsible for performance and budget monitoring and reporting progress to the Board.

Risk Assessments

Risk Assessments are routinely used across the organisation to identify risks and appropriate responses in the day to day operations of the organisation. Risk Assessments provide a framework for the consideration of risks to:

- Good governance, including furtherance of Durham SU's objectives and strategy.
- Health and safety, including safeguarding of vulnerable people.
- Stakeholder relationships, including the strength of Durham SU's and students' good reputation.
- Legal or regulatory compliance, including data protection.
- Financial sustainability.

Durham SU's clubs and societies present significant continuing risks, as they are hundreds of different student activity groups with a high degree of autonomy. Durham SU will consider the risks inherent in each of these individual groups, as well as the activities they undertake.

External audit

An annual external audit provides feedback to the Board on the effectiveness of the internal financial control, and recommendations for refinement of controls if necessary.

The Durham University Audit Committee also commissions the University Assurance Service to provide assurance on Durham SU's risk profile at intervals of some years, which provides further recommendations on the effectiveness and development of internal controls.

Third party reports

Durham SU will use external consultants to give advice on specialist areas from time to time. This use of third parties can increase the reliability of external controls.

Networks

Durham SU recognises that informal and formal networks and ad hoc meetings are an essential part of identifying new opportunities and threats which could present risks.

THE STRATEGIC RISK REGISTER

The Strategic Risk Register complements Durham SU's Risk Policy by consolidating the identified risks facing the organisation in a single document which is accessible to stakeholders. The Register outlines the management actions in response to risks, and clarifies accountabilities and timelines for resolution. It is reviewed annually by the full Board and progress is monitored at each meeting of the Performance and Delivery Committee.

Strategic risks are assessed by likelihood of occurrence and by potential impact. This enables the Trustees to make a decision on whether to accept the risk, and to prioritise its control activity. The Strategic Risk Register considers risks presented to:

- Governance
- Delivery
- Financial
- People
- Student Groups
- Stakeholder management

Risks are identified and assessed based on the potential impact and likelihood of occurrence, using the criteria in the tables below, and a total score given by multiplying impact score by likelihood score. A risk will have a gross rating (before any controls are put in place) and a net rating (after controls are put in place).

Impact

Score	Description	Definition
1	Minor	Financial impact on the organisation likely to be less than £25000. No impact on Durham SU's ability to deliver strategic priorities. Unlikely to raise concerns with key stakeholders (students, staff, Board, University, external partners).
2	Moderate	Financial impact on the organisation likely to be more than £25000 but less than £50000. May impact on Durham SU's ability to deliver strategic priorities. Likely to raise concerns with staff, students, trustees and partners.
3	Major	Financial impact on the organisation is likely to exceed £50000. Significant impact on ability to deliver strategic priorities. Damage to Durham SU's key partnerships or reputation. Failure to meet legislative or regulatory requirements.
4	Critical	Financial impact on the organisation is likely to exceed £100000. Significant impact on ability to deliver strategic priorities. Long term damage to Durham SU's key partnerships or reputation. Failure to meet legislative or regulatory requirements leading to legal claims or financial sanctions.

Likelihood

Score	Description	Definition
1	Remote	Not likely to occur in a 5 year period and has not occurred in previous 5 years.
2	Possible	Likely to occur in next 3-5 years. This has occurred in previous 5 years or influencing external factors (changes to grant funding, or political control) are anticipated over next 5 years.
3	Likely	Likely to occur over next 1-3 years. This has happened in previous 1-3 years.
4	Very likely	Likely to occur at least annually.

Assessment grid

Impact	4	Reduce	Reduce	Avoid	Avoid
	3	Reduce	Reduce	Avoid	Avoid
	2	Accept	Reduce	Reduce	Reduce
	1	Accept	Accept	Reduce	Reduce
Likelihood	1	2	3	4	

Durham SU's general risk appetite is to accept an activity which receives a net score of 8 or less but will decide to accept the risk presented by each activity based upon the full assessment. The purpose of risk assessment and the implementation of controls, of course, is to minimise risk wherever possible so a 'reduce' or 'accept' rating also requires appropriate controls to be considered, designed and implemented, to bring the net score as low as possible.

Activities which retain a net risk assessment outcome of 'avoid' but where there is a desire to continue, should be separately considered by the senior leadership team, and Performance and Delivery Committee if appropriate.

ROLE AND RESPONSIBILITIES

Board of Trustees	Establish the tone and influence the culture of Durham SU's risk management, including the identification of a risk appetite. Approve a sound system of internal controls. Annually approve the Strategic Risk Register.
Performance and Delivery Committee	Regularly monitor progress against actions to control strategic risks Consider an appropriate response to emergent risks under delegated authority from the Board. Scrutinise the senior leadership team's effective management of risk.
Chief Executive	Prepare the Strategic Risk Register for Board approval. Prepare reports on progress and exceptions for Performance and Delivery Committee approval. Maintain good risk management practice. Authorise the creation and approval of operational risk assessment.
Senior leadership team	Design and implement policies and procedures on risk management and internal control. Assess any emerging risks and ensure appropriate controls are put in place. Authorise activity within operational risk assessments.
Departmental Managers	Support the senior leadership team in the identification, management and monitoring of risks affecting their departments Inform the senior leadership team of progress against actions and controls Inform the senior leadership team of emerging risks Inform the senior leadership team of actions taken or necessary to control immediate threats
All Staff	Ensure any actions or controls are employed as directed Inform the senior leadership team of any potential risks
Student Officers	Ensuring the Durham SU policies in relation to risk management and followed; act as good ambassadors for Durham SU's risk management work. Informing the senior leadership team of any potential risks

MONITORING AND REVIEW

The Strategic Risk Register is reviewed and updated annually by the Board of Trustees. For each strategic risk, the Board will consider a report from the Chief Executive on:

- The previous year's activity, and Durham SU's record in managing the identified risk.
- The internal and external risk profile for the coming year, to consider if current controls are sufficient and likely to be effective.

In making its decision the Board will consider:

Control environment

- Durham SU's objectives, including financial and non-financial targets.
- Organisational structure and skills.
- Culture, approach, and resources with respect to the management of risk.
- Delegation of authority.
- Public and stakeholder reporting.

Continuous 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.

Information and communication

- Quality and timeliness of information on significant risks
- The time it takes for control breakdowns to be recognised or new risks to be identified.

Monitoring and corrective action

- Ability of the Union to learn from its problems
- Commitment and speed with which corrective actions are implemented.