

CHRIST CHURCH
STUDENTS'
UNION



**'to better student life and enrich student experiences
at Canterbury Christ Church University'**

RISK MANAGEMENT POLICY

Officer Champions	Students' Union President President (Sports)
Staff Champions	Managing Director Finance Manager & Company Secretary
Approval bodies and date passed	Board of Trustees, 6th May 2016
To be reviewed by	May 2018

[What is risk management?](#)

[Defining risk](#)

[Types of risk](#)

[Underlying approach to risk management?](#)

[The function of the Risk Management Policy](#)

[Outcomes of a successful Risk Management System](#)

[The Role of the Board of Trustees](#)

[The Role of Finance & Risk Committee](#)

[The role of Management Team](#)

[Risk management as part of the system of internal control](#)

[The Risk Register & Dashboard](#)

[Scoring of risks](#)

[Risk Matrix](#)

1. What is risk management?

- a. Risk management is the structured identification and assessment of risks followed by decisions on the appropriate action to be taken in response to each significant risk which has been identified. It provides a framework within which to assess, evaluate and take action to mitigate risks to Christ Church Students' Union (CCSU or the Union). Risk management facilitates the attainment of organisational goals and helps to ensure the success of the organisation and the protection of assets. Risk management involves addressing risk and balancing risk versus reward.

2. Defining risk

- a. Raw risk is the level of risk faced by an organisation before any internal controls are applied. Internal control is a process, effected by an organisation's Board of Trustees, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories;
 - i. effectiveness and efficiency of operations;
 - ii. reliability of financial reporting;
 - iii. integrity and security of assets; and
 - iv. compliance with applicable laws and regulations.
- b. Residual risk is the level of risk faced by an organisation after internal controls are applied.

3. Types of risk

- a. Risks to might be of the following types, although the list is not intended to be exhaustive; constitutional; compliance; environmental, financial; governance; health &

safety; legal; operational; recruitment and retention; reputation; security; technological; and related to the wellbeing of staff, officers and volunteers.

4. Underlying approach to risk management?

- a. The following key principles underlying the Union's approach to risk management and internal control:
 - i. The Board of Trustees recognises the crucial importance of risk management in their decision-making processes.
 - ii. The Finance & Risk Committee has delegated responsibility from the Board of Trustees for overseeing risk management within the Union as a whole.
 - iii. An open and receptive approach to solving risk problems is adopted by the Board of Trustees and Finance & Risk Committee.
 - iv. Managers support, advise and implement policies approved by the Board of Trustees and Finance & Risk Committee.
 - v. The Union makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
 - vi. All staff are responsible for encouraging good risk management practice within their area of control.
 - vii. Key risk indicators are identified and closely monitored on a regular basis as detailed in the Policy.

5. The function of the Risk Management Policy

- a. The Risk Management Policy has an important role in the Union's internal control and governance arrangements. The Policy explains the Union's underlying approach to risk management and documents the roles and responsibilities of the Board of Trustees, the Finance & Risk Committee, managers and other parties.

6. Outcomes of a successful Risk Management System

- a. Risk management is an extension of good management practice and maintaining focus on key areas of concern or threat. Potential benefits include:
 - i. increased focus on the achievement of specific strategies - risk management will highlight areas in which objectives are unclear or fail to link with the Union's strategy;
 - ii. improved organisational awareness of risk and control and of the benefits of safe risk-taking;
 - iii. empowerment of individuals - through placing their activities in the context of strategy and risk, designating them as risk owners and by eliminating unnecessary controls;
 - iv. improved compliance with external requirements and internal policy;
 - v. increased assurance that there are no significant unexpected events;
 - vi. risk mitigation – reducing the potential impact of risk on the organisation;
 - vii. competitive advantage – using risk management to take better informed decisions to generate performance improvement;

- viii. risk management provides the ability to systematically identify, assess and seize opportunities in ways that are not necessarily possible without a system of risk management being in place;
- ix. projects and initiatives will be better managed;
- x. unnecessary opportunistic risks will be avoided, balanced by the taking of realistic opportunities; and
- xi. demonstrating successful risk management to stakeholders also helps to improve performance as the consequent increase in the organisation's credibility will encourage greater financial investment by stakeholders in The Union.

7. The Role of the Board of Trustees

- a. Although the Board of Trustees has delegated the authority for oversight of the adequacy of the Union's risk management policies, procedures, systems and controls to the Finance & Risk Committee, the Board of Trustees continues to have a fundamental role to play in the management of risk. This is because the Board can delegate authority over risk, but not responsibility for it. Therefore, the Board's role is to provide leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. It fulfils this role by:
 - i. receiving accurate, timely and clear information;
 - ii. constructively challenging when developing strategy; and
 - iii. setting the tone and influencing the culture of risk management within the Union.

8. The Role of Finance & Risk Committee

- a. The Finance & Risk Committee, operating under its delegated authority from the Board of Trustees, has a key role in providing an independent opinion on the effectiveness and adequacy of the Union's systems of risk management and internal controls. This is to ensure maintenance of a sound system to safeguard stakeholders' interests and the organisation's assets, and alerting the Board of Trustees to any emerging risk issues.
- b. The Committee achieves its role by reviewing all material controls, including financial, operational and compliance controls and risk management systems. The Committee further achieves its role by evaluating the effectiveness and adequacy of the Union's internal controls by:
 - i. reviewing the previous year and the Union's performance on risk management and internal control; and
 - ii. considering the internal and external risk profile of the coming year and deciding if current internal control arrangements are likely to be effective.
- c. In evaluating the effectiveness and adequacy of the Union's internal controls the Finance & Risk Committee will consider the following aspects:
 - i. the control environment;

- ii. ongoing identification and evaluation of significant risks;
- iii. information and communication; and
- iv. monitoring and corrective action.

9. The role of Management Team

- a. The Management Team, consisting of the Managing Director, Finance Manager & Company Secretary, Membership Services Manager and Comms & Development Manager are responsible for the daily management and monitoring of risk. They do this by:
 - i. identifying and evaluating significant risks faced by the Union;
 - ii. identifying and suggesting mitigative action for risk reduction and internal control;
 - iii. reviewing the Risk Register & Dashboard on a monthly basis, assessing progress against risk mitigation action plans; and
 - iv. providing adequate information in a timely manner to the Finance & Risk Committee on the status of risks and controls.

10. Risk management as part of the system of internal control

- a. The Union's system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the Union to respond to a variety of operational, financial, and commercial risks.
- b. Risk Register and Dashboard
 - i. The Risk Register and Dashboard helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the Union.
- c. Strategic planning
 - i. The strategic planning process, which take place in 3-yearly cycles, helps the Union to identify large-scale opportunities and threats that the Union and trustees need to be aware of to ensure the charity is able to fulfil the stated charitable objects and purpose, for the benefit of members.
- d. Annual Budgeting
 - i. The budgeting process agrees objectives, action plans, resources and budgets for each budget holder, each financial year. These will take consideration of the three year strategic plan.
- e. Policies and procedures
 - i. Attached to significant risks are a series of policies that underpin the internal control process.
- f. Monitoring and reporting

- i. Comprehensive and regular reporting is designed to monitor significant risks and their controls.
- g. Finance & Risk Committee
 - i. The Finance & Risk Committee meets six times a year, usually two weeks before the Board of Trustees, and operates under its delegated authority from the Board of Trustees.
- h. External audit
 - i. External audit provides feedback to Finance & Risk Committee and trustees in the form of the Management Letter which comments on the operation of the internal financial controls reviewed as part of the annual external audit.
- i. University scrutiny
 - i. The University, via the Finance & General Purposes Committee, Health & Safety Committee and other appointed liaisons, has oversight of the Union's finances and activity.
- j. Third party reports
 - i. From time to time, the use of external consultants will be necessary in areas of specialist expertise, such as health and safety. The use of specialist third parties for consulting and reporting can increase the reliability of internal controls.

11. The Risk Register & Dashboard

- a. The Union's Risk Register & Dashboard is a key component of the system of internal controls and risk management and helps to facilitate the identification, assessment and ongoing monitoring of the 10 most significant to the Union. The Risk Register & Dashboard evolves as the objectives and obligations of the Union change and develop.
- b. The Risk Register & Dashboard is formally reviewed every month at Management Team, detailing progress against risk mitigation plans, with emerging risks are added and reduced risks deleted, as required.
- c. The Risk Register & Dashboard is then reviewed at every meeting of the Finance & Risk Committee, which occurs 6 times a year. It is then formally submitted to the Board of Trustees for Note.
- d. The Risk Register & Dashboard is updated based on the following:
 - i. input from staff and elected officers;
 - ii. consideration of the internal and external operating environment;
 - iii. with consideration to the Union's strategic plan;
 - iv. with consideration to the Union's Key Performance Indicators; and
 - v. with consideration to the Union's annual operating plan.

12. Scoring of risks

- a. Risks are measured in terms of their likelihood of occurrence and their potential impact. The Union measures likelihood and impact scores on a scale of 1 to 5 (where 1 is a very low likelihood and 5 is very high, and where 1 is an insignificant impact and 5 is very serious). A measure of total risk can be ascertained by multiplying the two scores together, so the minimum score will be 1 and the maximum would be 25. Any risk scoring 12 or more is defined as a significant risk to the Union.

Score	Frequency	Description	Score	Impact	Description
1	Rare	This will probably never happen or recur	1	Negligible	No material negative impact
2	Unlikely	Do not expect it to happen or recur but it is possible it may do so	2	Minor	Impact would be felt, but this is not considered significant
3	Possible	Might happen or recur occasionally	3	Moderate	Impact would be localised and control measures should be actively considered
4	Likely	Will probably happen or recur, but it is not a persisting issue / circumstance	4	Major	Impact would be significant so robust control measures are required and active monitoring of these - F&R Aware
5	Almost Certain	Will undoubtedly happen or recur, possibly frequently.	5	Catastrophic	Impact would be devastating, control as above - Board of Trustees Aware

13. Risk Matrix

- a. The Risk Matrix is a simple system utilised to measure raw and residual risk.

		Impact				
Likelihood		Very High = 5	High = 4	Medium = 3	Low = 2	Very Low = 1
Very High = 5		25	20	15	10	5
High = 4		20	16	12	8	4
Medium = 3		15	12	9	6	3
Low = 2		10	8	6	4	2
Very low = 1		5	4	3	2	1

- b. Blue - the risk is very low, and shows no need for concern. These would not usually appear on the Risk Register and Dashboard as the 10 biggest risks the Union faces.
- c. Green - performance is satisfactory and on target. This aspect of the risk is likely to be well managed.
- d. Yellow - performance is adequate and some active risk management is occurring. Progress in managing this risk may have been delayed or a slight adverse trend may have arisen. The risk management process may require attention to ensure the risk does not become increase.
- e. Amber - performance is a cause for concern, and mitigation requires prompt implementation and close monitoring.
- f. Red - The risk management process is not currently working and / or risk exposure continues to remain high.