

exeter college



Risk Management Policy

Written by: Head of Governance /Executive Director of Finance
SLT Sponsor: Executive Director of Finance
Consulted with: SLT and Audit and Risk Assurance Committee
Next Review Date: June 2026
Version: 5

1 Purpose

- 1.1 This risk management policy (“the policy”) forms part of the College’s internal control and corporate governance arrangements.
- 1.2 The policy explains the College’s underlying approach to risk management, documents the roles and responsibilities of the Board, the SLT and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures.
- 1.3 In addition, it describes the process the Board will use to evaluate the effectiveness of the College’s internal control procedures.
- 1.4 Risk Management is used to complement the College’s business planning and resource allocation processes, at a strategic level or at a departmental, project, function or site level. However, it is not a process for avoiding risk. When used well, it can actively encourage the College to take on activities that have a higher level of risk, because the risks have been identified and are being well-managed, so the exposure to risk is both understood and acceptable.
- 1.5 The following key principles outline the College’s approach to risk management and internal control:
 - The Board has responsibility for overseeing risk management within the College as a whole;
 - An open and receptive approach to solving risk problems is adopted by the Board;
 - The Principal/CEO and the SLT propose, support and implement policies approved by the Board;
 - The College makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
 - Senior and middle managers are responsible for encouraging good risk management practice within their designated managed areas;
 - Key risk indicators will be identified and closely monitored on a regular basis. Each faculty and department shall maintain a risk register; and
 - Each risk is mapped to the responsible SLT member and committee, and mitigating actions are monitored at each committee meeting.
- 1.6 The Board’s role in the management of risk is to:
 - Set the tone and influence the culture of risk management within the College, including:
 - Determining whether the College is ‘risk taking’ or ‘risk averse’ as a whole or on any relevant individual issue at any given point in time;
 - Agree the risk appetite in relation to strategic risks;
 - Determining what types of risk are acceptable and which are not; and
 - Setting the standards and expectations of staff with respect to conduct and probity.
 - Scrutinise potential development opportunities and evaluate the associated risk;
 - Approve major decisions affecting the College’s risk profile or exposure;
 - Monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact;
 - Map each risk to the appropriate committee for members to monitor, together with mitigations, having due regard for committees’ terms of reference;
 - Ensure that each committee reviews the composition of the College risk register and monitors the risks for which it is responsible
 - Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and are working effectively;

- Review the College’s approach to risk management and approve changes or improvements to key elements of its processes and procedures.

1.7 Key roles of the SLT, in its capacity as the Risk Management Group, is to:

- Take overall responsibility for the implementation of the risk management process;
- Identify and evaluate the significant risks faced by the College for consideration by the Board;
- Regularly review the College Risk Register;
- Provide adequate information in a timely manner to the Board and its committees on the status of risks and controls; and
- Undertake a regular review of effectiveness of the system of internal control and provide a report to the Board.

2 Definitions

Risk	The threat that an event or action will adversely affect the ability of the College to achieve its objectives and/or execute its strategies.
Risk Management	The identification, assessment, economic control and continued monitoring of those risks which threaten the achievement of College, Faculty & Departmental objectives.
Significant Risk	A risk with high perceived impact and likelihood.
Impact	The financial or non-financial consequences of an event.
Likelihood	The possibility of an event occurring.
Mitigators	Management controls in place to manage, mitigate or transfer risk.
Risk Appetite	A measure of the desire of the College to take risk.
Risk Register	The list and description of all risks identified.
Risk Driver	Events or occurrences or causes that increase the likelihood of a risk manifesting.
Early warning indicators	Any indicator linked to an identified risk or risks that monitors performance to enable the College to take action as appropriate.
SLT	Senior Leadership Team
RMG	Risk Management Group

3 Policy

Risk Management as part of the System of Internal Control

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 College to respond to a variety of operational, financial, and commercial risks. These elements include:

3.1 Policies and Procedures

Attached to significant risks are a series of policies that underpin the internal control process. Policies are approved by SLT, Committees or the Board where appropriate, and implemented and communicated by senior management to staff. Written procedures support the policies where appropriate.

3.2 Termly Reporting

Comprehensive termly reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the SLT and the next Board cycle if appropriate.

3.3 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 objectives and the Strategic Plan is monitored regularly.

3.4 High Level Risk Action Plan (significant risks only)

The risk register is compiled by the SLT and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the College. The document is reviewed termly, ahead of the scheduled Audit and Risk Assurance Committees, but emerging risks are added as required, and improvement actions and risk indicators are monitored.

3.5 Faculty Risk Registers

SLT members develop and use this framework to ensure that significant risks in their areas of responsibility are identified, assessed and monitored. The document is formally reviewed via the termly Quality and Resources Reviews (QRR), but emerging risks are added as required, and improvement actions and risk indicators are monitored.

3.6 Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee is required to report to the Board on internal controls and alert governors 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 Board on the effectiveness of the internal control system, including the College's system for the management of risk. It also requests and receives updates on areas where the Board seeks additional assurance through Deep Dives on specific risks.

3.7 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. This underpins the work of the Audit and Risk Assurance Committee. Risks on the Risk Register are mapped to the approved internal audit plan, providing a framework for assurance that specific risks are being dealt with appropriately.

3.8 External Audit

External audit provides feedback to the SLT, Audit and Risk Assurance Committee and the Education and Skills Funding Agency (ESFA) on the operation of the internal financial controls reviewed as part of the annual audit.

3.9 ILR Audit (where applicable)

The ILR auditors provide feedback to the SLT, Audit and Risk Assurance Committee and the relevant funding bodies on the operation and effectiveness of the student record systems and associated controls.

3.10 Third Party Reports

From time to time, the use of external consultants will be necessary in areas such as information security, 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.

4 Implementation

4.1 Review of Effectiveness

The Board is responsible for reviewing the effectiveness of internal control of the College, based on information provided by the SLT/Risk Management Group (RMG). Its approach is outlined below.

4.1.1 For each significant risk identified, the Board will:

- Review the risk and its assigned rating at every meeting;
- Consider the internal and external mitigations and whether current internal control arrangements are likely to be effective;
- Assign the risk to a nominated committee which monitors mitigations via reports for scrutiny to provide assurance;
- Review risk appetite;
- Monitor the number of significant risks and compare with previous years;
- Map the risks against the approved internal audit plan to ensure the adequacy of controls is independently reviewed;
- Receive Executive Summaries from the nominated committee, providing assurance that the risk is managed.

4.1.2 In making its decision the Board will consider the following aspects:

- Control environment;
- The College's objectives and its financial and non-financial targets;
- Culture, approach, resources with respect to the management of risk;
- Delegation of authority; and
- Public reporting.

4.1.3 On-going identification and evaluation of significant risks:

- Timely identification and assessment of significant risks; and
- Prioritisation of risks and the allocation of resources to address areas of high exposure.

4.1.4 Information and communication

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

4.1.5 Monitoring and corrective action:

- Ability of the College to learn from its problems and
- Its commitment and responsiveness with which corrective actions taken are implemented.

4.1.6 The SLT will prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Board, via the Audit and Risk Assurance Committee, at its meeting in December each year.

4.2 Flow chart of Risk Management Process



4.3 Risk Identification and the Risk Register

The College needs to ensure that all significant risks are identified and evaluated on an ongoing basis. The College has a College Risk Register (see separate document, which should be considered in conjunction with this policy and framework). The Risk Register is constructed in a structured and systematic way and is regularly maintained.

The following criteria have been established for defining, evaluating and reporting of risks on an ongoing basis.

4.3.1 Risk Threshold and Risk Criteria Rankings

In order to effectively rank identified risks, the following risk criteria are established based on a materiality threshold for the College. Threshold levels may need to be adjusted at Departmental level. (The risk criteria listed below relate to the Risk Rankings)

Risk Ranking and Definitions

To effectively evaluate the identified risks each risk is ranked in terms of its impact and likelihood. The following Corporate level rankings and definitions have been used:

Impact	
1	Negligible: very low effect on service, performance, project or business area. No impact on learners, staff or wider public. No financial loss. No external interest, no reputational impact. Organisationally localised, position easily recoverable. Examples include near misses, delays to meet minor project deadlines.
2	Low: minimal disruption to service, performance, project or business area. Limited impact on learners, staff or wider public. Limited financial loss. Short term, minimal reputation impact. Examples include uncontrolled course set-up and links with third parties.
3	Moderate: Medium impact on service, performance, project or business area. Medium impact on learners, staff or wider public. Medium financial loss. Medium level of reputation impact. Examples include. Examples include disruption to partnership arrangements or a low-level fraud.
4	High: major effect on service, performance, project or business area. Major impact on learners, staff or the wider public. Major financial loss. High level of reputational impact. Examples include medium term financial instability, attention of legislative/regulatory bodies, major press interest, failure to settle staff disputes.
5	Catastrophic: loss of service, project or business area. Detrimental effect on learners, staff or the wider public. Significant financial loss. National reputational damage with the potential for rapid intervention of legislative/regulatory bodies. Examples include serious or long term financial failure, failures in governance, serious breach of health and safety legislation or catastrophic incident.

Thresholds in terms of the likelihood of a risk becoming a reality are also discussed and have been agreed as follows:

Likelihood		
1	Highly unlikely	Rare probability of occurring but not impossible: 1-10 percent chance of occurring
2	Unlikely	Relative low chance of occurring: 11 – 40 percent chance of occurring
3	Possible	Risk may happen: 41-60 percent chance of occurring
4	Likely	Risk needs regular attention, bound to occur and requires consistent mitigation: 61-91 percent chance of occurring
5	Highly likely	Risk almost certain, 91 percent chance of occurring

4.3.2 Controls and the assessment of net impact and probability

Members of the SLT document existing controls, link them to known areas and College development plans, then assess the effectiveness of the controls currently in place. In doing so, they take account of the results of internal audit work and known weaknesses. They considered net impact and probability - exercising judgement to arrive at net figures. Each risk is allocated to a responsible SLT member and committee of the Board.

4.3.3 Review / Monitoring / and Reporting Procedures.

An appropriate risk management infrastructure is provided within the College. This includes:

- Termly review and update of the College risk register;
- Adequate ongoing monitoring arrangements including the effectiveness of early warning triggers/indicators;
- Appropriate structures for review and update of the risk register;
- Regular reporting on individual risks to an appropriate level of management and/or the Board;
- Integration of risk management with the College's business planning process;
- Personal objectives and appraisals include a link to the management of certain risks;
- Key risk indicators are reported in regular reports with other performance measures through the academic planning arrangements;
- Mapping key risks identified in the risk management process to the Internal Audit Plan; and
- Monitoring the number of key risks and comparing with previous years

4.4 Roles, Responsibilities and Reporting Requirements

Roles and Responsibilities	Reporting Requirements
Governing body (via the Audit and Risk Assurance Committee)	
<ul style="list-style-type: none"> - Establish and communicate Risk Management Policy and Framework - Ensure resource and support is made available - Ensure that the management of <i>Significant Risks</i> is communicated to key stakeholders - Agree information for annual report and accounts - Approve amendments to the risk register and risk management plans as new risks are identified during the year 	<ul style="list-style-type: none"> • Opportunities and Developments Risk Register a standing item at Business Services Committee and Board. • Assurance audit report from the Audit and Risk Assurance Committee. • Committee with nominated responsibility receives reports for assurance and updates the Board via Executive Summary
Executive Director of Finance	
<ul style="list-style-type: none"> • Sets, reviews and communicates risk threshold • Delegates responsibility of day-to-day management of RM to the Heads of Faculty and Support Departments • Provides termly risk reviews to the Governing Body 	<ul style="list-style-type: none"> • Opportunities and Developments Risk Register a standing item at Business Services Committee and Board.

<ul style="list-style-type: none"> Keeps abreast of funding council and Corporate Governance requirements Prepares the information for the annual report and accounts 	<ul style="list-style-type: none"> Termly reporting from SLT and other College Departments
Risk Management Group (SLT)	
<ul style="list-style-type: none"> Develop and monitor RM policies, procedures and practices Conduct termly reviews of the <i>Significant and Contingent Risks</i> Knowledge sharing, communication of risk and best practice Educate individuals in risk management Keep up-to-date with risk management thinking and techniques Co-ordinate the activities in their areas of responsibility Manage the response to new risks as they are identified 	<ul style="list-style-type: none"> Exception Reporting from Faculties and Departments. Reporting via QRR process and at SLT meetings.
Heads of Faculty and Support Departments	
<ul style="list-style-type: none"> Have overall responsibility for risk in their individual areas. Keep up-to-date with risks in their area and potential exposures including provision of their own risk register. Ensure risk-based decision making processes are in place. Development planning reports include risk management report. Regular departmental meetings (review risk management and risks within the department). Ensure that risk information from the individual sections includes risk indicators and information from all assurance processes. 	<ul style="list-style-type: none"> Regular updates from Heads of Faculty and Support Departments.

4.5 Early Warning Indicators and Mechanism

The College's risks have been identified, together with monitoring and early warning systems. Current risks are mapped to Committees and at each meeting the Committee considers the reports and whether they provide mitigation for the risks identified. Report summary sheets also cross reference to the risk register reference. A committee may identify a new risk and request information on areas of concern and specify the frequency of reporting. Committees provide an Executive Summary to the Board highlighting key issues and risks, and the Board recommends issues for inclusion on the Risk Register based on the internal and external environment.

Early warning indicators are important to alert management that additional action needs to be taken with respect to a certain risk. Often risk indicators have triggers and are used with exception reporting. For example, if the number of incidents is above a certain level then the Health and Safety Committee is alerted and it can then escalate on the appropriate action.

Example – Health & Safety Committee

Risk	Early warning indicator
Accidents involving students	Adverse report of incidents per month
Serious breach of legislation	Adverse report from H&S officer

4.6 Annual Assessment

The need and focus for risk management will change from year to year. An annual review is a good opportunity to reflect on the success of risk management in the previous year, and to recommend improvements for the year ahead. It will help to ensure the process continually improves and delivers the expected benefits.

4.7 Reporting on risk management and internal control

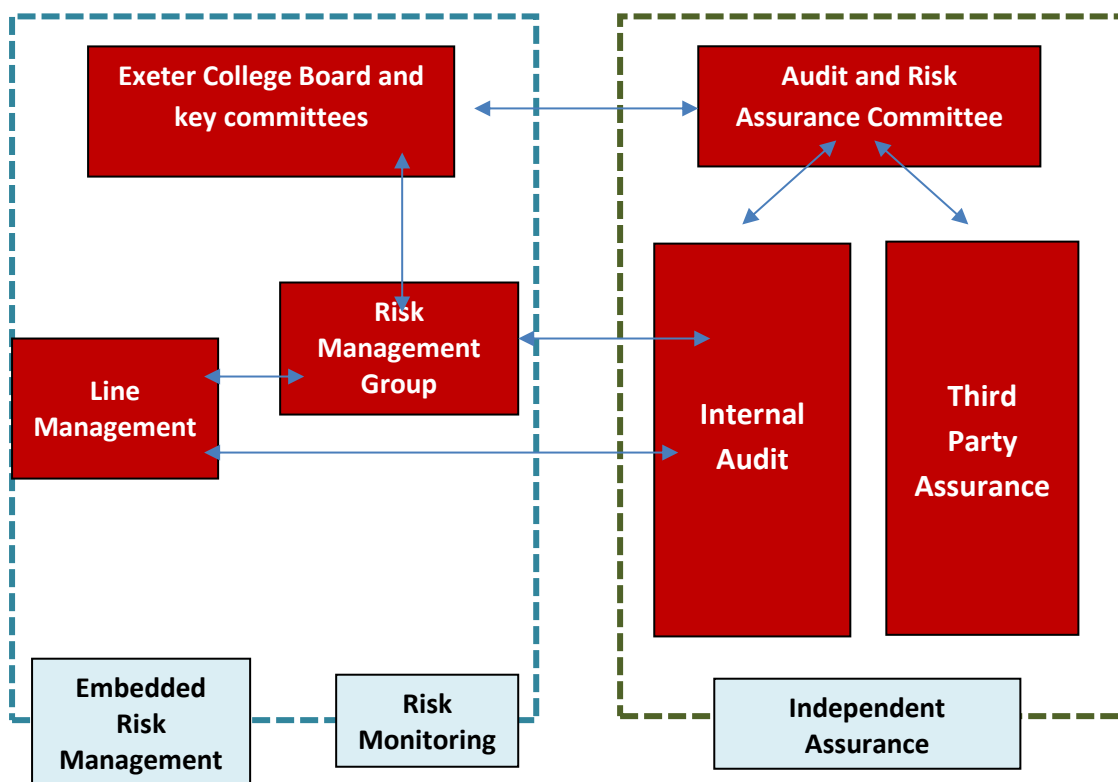
As a direct result of the annual assessment, the College will publish an appropriate corporate governance statement attached to the annual statement of accounts, summarising the main processes that have been in place for risk management and internal control and the findings of the annual review of their effectiveness.

4.8 Independent assurance by internal audit

The governing body must be assured that the College's risk management and internal control systems are working effectively. Best practice includes an annual review of the effectiveness of internal control. This is a function that will be undertaken by internal audit, given their knowledge and their independence, in accordance with the requirements of the Post 16 Audit Code of Practice. Risks are mapped against the internal audit plan to ensure a programme of independent assurance of the College's key risks.

In doing so they will be guided by this risk management policy and arrangements document and their knowledge of the College, to validate the assessment. A report to the governing body via the Audit and Risk Assurance Committee will help give the assurance the governing body will need for its disclosures.

The hierarchy of assurance is represented diagrammatically:



5 Associated Documentation

5.1 Risk Register

5.2 Strategic Plan

6. Monitoring, Review and Evaluation

For biennial review and ratification by the Board

7. Risk Management Implementation Timetable

Date	Action
July	Corporation approval of updated risk management approach, policy and timetable (biennially) Corporation approval of appointment of Internal Auditors Corporation approval of internal audit annual report for current academic year Corporation approval of proposed internal audit plan for following academic year
November, March and June	Review and scrutiny of Risk Register by Audit and Risk Assurance Committee and recommended for Board approval Receipt and scrutiny of internal audit reports and monitoring progress towards recommended actions Additional assurance through Deep Dives
December	Annual risk management report to Corporation as recommended by Audit and Risk Assurance Committee
March	Committee review of performance of External Auditors and recommendation for Board approval to undertake External Audit for current academic year
April	Corporation approval of appointment of External Auditors
June	Committee review of internal auditor's performance and recommendation for following academic year Committee receipt of internal audit annual report for current academic year and proposed plan for following academic year