

Risk Management Process Guidance

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Key Principles

Risk management should be a continuous and developing process whereby the University methodically addresses risks attached to its activities with the goal of achieving its objectives through increasing the probability of success and reducing both the probability of failure and the uncertainty of achieving overall objectives. This enables the University to:

- (1) conduct its business in an orderly and efficient manner and better exploit opportunities
- (2) ensure efficient use of resources as well as safeguarding its assets
- (3) deter and detect errors, fraud, and theft
- (4) ensure accuracy and completeness of its accounting data
- (5) produce reliable and timely financial and management information
- (6) ensure adherence to its policies and plans
- (7) promote continuous improvement and efficiencies
- (8) enhance strategic and business planning
- (9) prepare for or remove the risk of unwelcome surprises
- (10) demonstrate transparency
- (11) improve communications; and
- (12) improve focus and perspective on risk.

The [Risk Management Policy](#) explains our University's underlying approach to risk management, documenting the roles and responsibilities of key parties. The policy also outlines key aspects of the risk management process, identifies main reporting procedures, and describes the processes by which the Board of Governors will evaluate the effectiveness of our University's internal control procedures.

Risk Identification

Risk should be identified as early as possible and should involve key stakeholders and the assigned risk owner. Some common identification methods might include:

- SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis
- A process map
- PESTLE (Political, Economic, Social, Technological, Legislative and Environmental) analysis
- RACI (Responsible, Accountable, Consulted and Informed) model to assist with defining roles and responsibilities
- Reviewing current risk register / sharing good practice with other Schools and Services
- Discussions at leadership team, School Boards / committee meetings, and away days
- As new activities / projects are undertaken which are not covered under existing risks
- Policy / regulation development or changes
- Following reviews / key changes in current activities
- Reviewing lessons learned from previous activities / projects
- Cost and financial risks / implications / financial forecasts / budgeting exercises
- Quality measures
- Influenced by KPIs / from consultation as part of the annual strategic planning cycle
- When considering the University's corporate risks and aligning local risks or when escalating operational (local) risks either in response to local review or in line with findings from the annual review of operational risk management
- Developed in training sessions / workshops / testing exercises
- In response to major incident
- In response to actions arising from internal or external audit observations
- Breach / failure in delivery of activities, occurrence of risk which detects further vulnerabilities, learning from past mistakes
- Third party advice / consultation
- Horizon scanning / external environment e.g., in response to development of new/changes in internal and external policies, sector changed, regulations, law, political etc.

Management of local risk registers and responsibilities

Deans and Directors should use the Corporate Risk Register to inform the treatment of risks in a School / Service context. They are responsible, in consultation with their leadership teams, for identifying, managing, monitoring and reporting risks and controls through the agreed University processes. They should ensure that appropriate linkages are made between local operational and corporate risks where relevant, and where necessary, escalate concerns to the UET lead for that area. The Registrar & Secretary's Office (RSO) facilitates a regular process of review of all School and Service risk registers to ensure that any common issues are identified, and as part of a secondary process for prompt escalation of any significant or emerging risks to the University Executive Team.

Checklist for Schools and Services

A checklist of operational risk management expectations is provided below:

- ✓ Each School and Service is expected to have a local risk register which identifies, monitors and records relevant risks, assigning an owner for each risk. The standard risk register template provided by RSO should be used. Any exceptions to this should be discussed with the RSO in the first instance.
- ✓ The review of risk registers should be used as a means of proactively discussing and managing risk and ensuring that suitable controls are implemented which are proportionate to the level of risk.
- ✓ Each review should consider the Corporate Risk Register which is circulated to members of Senior Management Group **three** times a year following each Audit Committee meeting; this will ensure that local risks have regard to our strategic aims. Review dates should be recorded on the register, to evidence that routine reviews have been carried out.
- ✓ Risk discussions should be **documented**, through agendas and minutes of leadership team meetings in order to provide an audit trail.
- ✓ Risk registers should not contain any gaps in information or missing fields. It is important that the frequency of monitoring and review, deadlines and action owners should be recorded.
- ✓ SMART principles (**S**pecific, **M**easurable, **A**ccurate, **R**ealistic and **T**imely) should be used when documenting risk actions.
- ✓ A copy of the most recent risk register should be provided to the RSO on request to facilitate the annual review of risk management. Each School / Service should retain version control of each local review of their local risk register.
- ✓ Should a School or Service need any advice, guidance or training in relation to risk management then they should contact the Risk & Resilience Manager at governance@leedsbeckett.ac.uk.

Guidance for completing a School / Service risk register

Please refer to the University's [Risk Appetite Statement](#) which outlines the University's guiding principles to assessing and responding to risk, including the framework for defining how risks are scored in terms of likelihood and impact. Further detail on the University's approach to risk management is available in the [Risk Management Policy](#).

Risk registers are not time-bound and should include current risks and future risks identified as part of the strategic planning process. **Closed risks** should be recorded on the '*closed risks*' tab on the register template and should retain their unique risk ID number.

The risk register template is incorporated onto an Excel spreadsheet. Each section should be completed using the following guidance:

- Each risk should first be categorised into one of the University's three core risk themes on the summary tab – 'Quality', 'Business Continuity' or 'Financial Sustainability'.
- **Risk ID** - a unique identification reference should be used to identify the risk starting with 3 letters relating to the School/Service/Project (e.g., GLS-01, GLS-02) and the risk should keep this reference permanently.
- **Risk summary** - the name of the risk should be an event/risk theme that could affect the achievement of the School/Service/Project's objectives.
- **Risk Description** - describe the risk in terms of: '*if*' the event/risk that could occur; '*caused by*' describing the things that may cause the risk to occur; and '*then*' outlining the consequence. If there is an obvious financial impact to the risk, then this should be stated.
- **Risk owner** - the role of the individual who will be responsible for the risk at a School/Service/Project leadership level and will implement/monitor controls and actions.
- **Raw (Gross) risk score** - represents the assessment of a risk before control measures are put in place to mitigate or manage it. Apply the [Risk Likelihood Framework](#) and [Risk Impact Framework](#) located in Scoring Matrix tab to score the risk.
- **Residual (Net) risk score** - represents the remaining level of risk after control measures have been exercised. Apply the [Risk Likelihood Framework](#) and [Risk Impact Framework](#) located in Scoring Matrix tab to score the risk.
- **Key controls / mitigations** - the current key controls and mitigations in place should be detailed. If an audit were to be undertaken of the management of the risk, each key control or mitigation should be able to be tested to ensure they are working.
- **Insurance and other risk transfer arrangements** - the current insurance covers where known, and/or other risk transfer arrangements such as emergency/recovery assistance.

- **Latest information on changes to risk** (to reflect whether the risk is increasing, changing, etc.) – this section should detail the latest information since the last review on internal and external factors that may affect the likelihood or impact of the risk materialising. This may be University / local / national / international issues, statistics or events.
- **Latest evidence of ongoing risk management / mitigation** – this section should detail the latest actions taken to manage the risk, or evidence that key controls or mitigations are working as intended eg. KPI data, policy reviews, decision making or instances of the risk materialising and how it was managed.
- **Actions Planned** - any further actions to be undertaken to manage the risk should relate to the causes of the risk and any action needed to address gaps in the management of the risk. An action owner and target deadline date for each action should also be included. Wherever possible actions should be set out using SMART (specific, measurable, achievable, relevant, and time-bound) principles and any supporting action plans that sit outside the risk register should also be set out using SMART principles. Progress on each action should be reported in the 'Update / Complete' part of this section.

Further information

For further support or information, please contact the Risk & Resilience Manager by emailing governance@leedsbeckett.ac.uk.