

1. POLICY STATEMENT

Tameside College will adopt, wherever possible, recommended best practice in the identification, evaluation and cost effective control of business risks, to ensure that they are eliminated or reduced to a level that is acceptable to the College.

Rationale

The College has a duty to develop appropriate measures for managing risk. This policy will be reviewed every two years, and updated as necessary to meet the changing demands within the situation.

Strategy

To achieve this we will:

- Integrate risk management into the culture of the College
- Manage risk in accordance with recommended best practice
- Establish legal compliance as a minimum standard
- Anticipate and respond to changing funding, social, environmental and legislative requirements
- Prevent injury and damage wherever possible and so reduce the cost of risk
- Continually raise awareness amongst all employees of the need for management of business risk.

We will meet these by:

- The continuous development of risk management strategies throughout the College, and implementation of Action Plans derived from Risk Registers
- Developing appropriate procedures for control of risk, monitoring the Risk Registers and Management Action Plans, and keeping records
- Maintaining effective communication with members of staff, and providing risk management awareness training to key members
- The preparation of contingency plans, including Business Continuity in areas where there is the potential for an occurrence having significant negative effect on the College and its business activity.

1. The College's Approach to Risk Management

- 1.1 Effective risk management requires a process which measures or assesses risk and develops strategies to manage it. It is a continuous and comprehensive process that has to be embedded within the culture and activities of the organisation. It goes beyond the minimum requirements imposed by regulation or reporting.
- 1.2 Our approach will be to develop effective risk management practice over the medium term, and ensure that it evolves to become progressively embedded within the culture and activities of the organisation.
- 1.3 Implementation will be approached in a structured way with a clear timetable, which factors into or enhances existing processes such as strategic planning and self-assessment.
- 1.4 Key factors in this process will be:
 - The Corporation will have responsibility for overseeing risk management within the College as a whole.
 - They will adopt an open and receptive approach to solving risk problems.
 - The Principal and the Senior Leadership Team (SLT) will support, and implement policies approved by the Corporation, and will have primary responsibility for managing the College's risk profile.
 - The College will make conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
 - Senior and middle managers will be responsible for assuring good risk management practice within their designated areas.
 - Key risk indicators will be identified and closely monitored on a regular basis.

- There will be a direct link between the College Strategy and the Risk Management Plan.

Other factors that will be incorporated into the College’s risk management activities on a regular basis will be:

- The strategic planning processes.
- The depth of existing ‘risk acceptance culture’, which will impact on timescales of implementation.
- The organisational structure.
- Meeting deadlines to fulfil external reporting requirements.
- Committee and internal audit reporting cycles.
- Risk management activities and processes.

2. Risk Management Structures, Roles and Ownership



3. Role of the Corporation

The Corporation’s role in risk management at the College is to:

- 3.1 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.
 - determining what types of risk are acceptable and which are not, and setting the standards and expectations of staff with respect to conduct and integrity.
- 3.2 Approve the College’s Key Strategic Risks on an annual basis.

3. Role of the Audit Committee

The role of the Audit Committee is to:

- 4.1 Act as the Corporation’s risk committee, reviewing the key risks to which the College is exposed, approving the Risk Management Policy, risk register and action plan against significant risks, and monitoring the action plan against significant risks.

- 4.2 Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- 4.3 Prepare on an annual basis a report to the Corporation summarising the Committee's activities, including the Committee's opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution, and the safeguarding of its assets.
- 4.4 Advise and support the Corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.

5. Role of the Risk Management Group (RMG)

The Corporation looks to the Risk Management Group (RMG) to effectively manage all of the risks faced by the College. Day to day accountability for the effective operations of the College's risk management policies and processes is with the Executive Director of Finance and Estates (tbc). The RMG consists of the SLT and other key members of College management.

Key roles of the Risk Management Group are to:

- 5.1 Take overall responsibility for the effective administration and implementation of the risk management process.
- 5.2 Identify and evaluate the significant risks faced by the College for consideration by the Corporation.
- 5.3 Provide adequate information in a timely manner to the Audit Committee on the status of risks and controls.
- 5.4 Report on progress towards meeting Audit Recommendations at each meeting of the Audit Committee.
- 5.5 Undertake an annual review of the effectiveness of internal control and provide a report to the Corporation.
- 5.6 To ensure the effective management of all other risks.
- 5.7 Risk Management will be reviewed termly at each RMG monitoring meeting.

6. Role of the Executive Director Finance and Estates (tbc)

The Executive Director Finance and Estates (tbc) will:

- 6.1 Take overall responsibility for the administration and effective implementation of the risk management process.
- 6.2 Provide advice and support to staff within the broader College and to the Corporation as appropriate.
- 6.3 Provide impetus and drive the risk management process to ensure the implementation timetable is achieved.
- 6.4 Ensure risk management and its processes are disseminated and become embedded through the College.
- 6.5 Ensuring the delivery of a rolling programme of staff training and development at all levels, to ensure a fuller understanding of risk management principles and processes.

7. Role of Internal Audit

- 7.1 Internal audit is an important element in 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.
- 7.2 Internal audit will take account of the corporate risks and the resultant risk register in determining its strategic and annual plan of work.
- 7.3 The College's internal auditors monitor the systems of internal control in accordance with an agreed plan of input, and report their findings to management and the Audit Committee.
- 7.4 Management are responsible for the implementation of agreed recommendations and internal audit will undertake periodic reviews to ensure such recommendations have been implemented.
- 7.5 At least annually, internal auditors will provide the Corporation, via the Audit Committee, with a report on internal audit activity in the College.
- 7.6 This report will include an independent opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

8. Role of External Audit

- 8.1 External audit will ensure that the annual risk management process has been undertaken.
- 8.2 It is not the role of external auditors to ascertain the robustness or accuracy of the risks identified, or of the internal controls over their operation. The auditors do not form an opinion on the effectiveness of the College's corporate governance procedures or its risk and control procedures.
- 8.3 External auditors will express an independent opinion on whether the financial statements give a true and fair view that monies expended out of funds have been properly applied for those purposes and, if appropriate, managed in compliance with relevant legislation. Also, that monies expended out of ESFA funding have been applied in accordance with Financial Memorandum between the ESFA and the College Corporation.

9. Risk Management as Part of the System of Internal Control

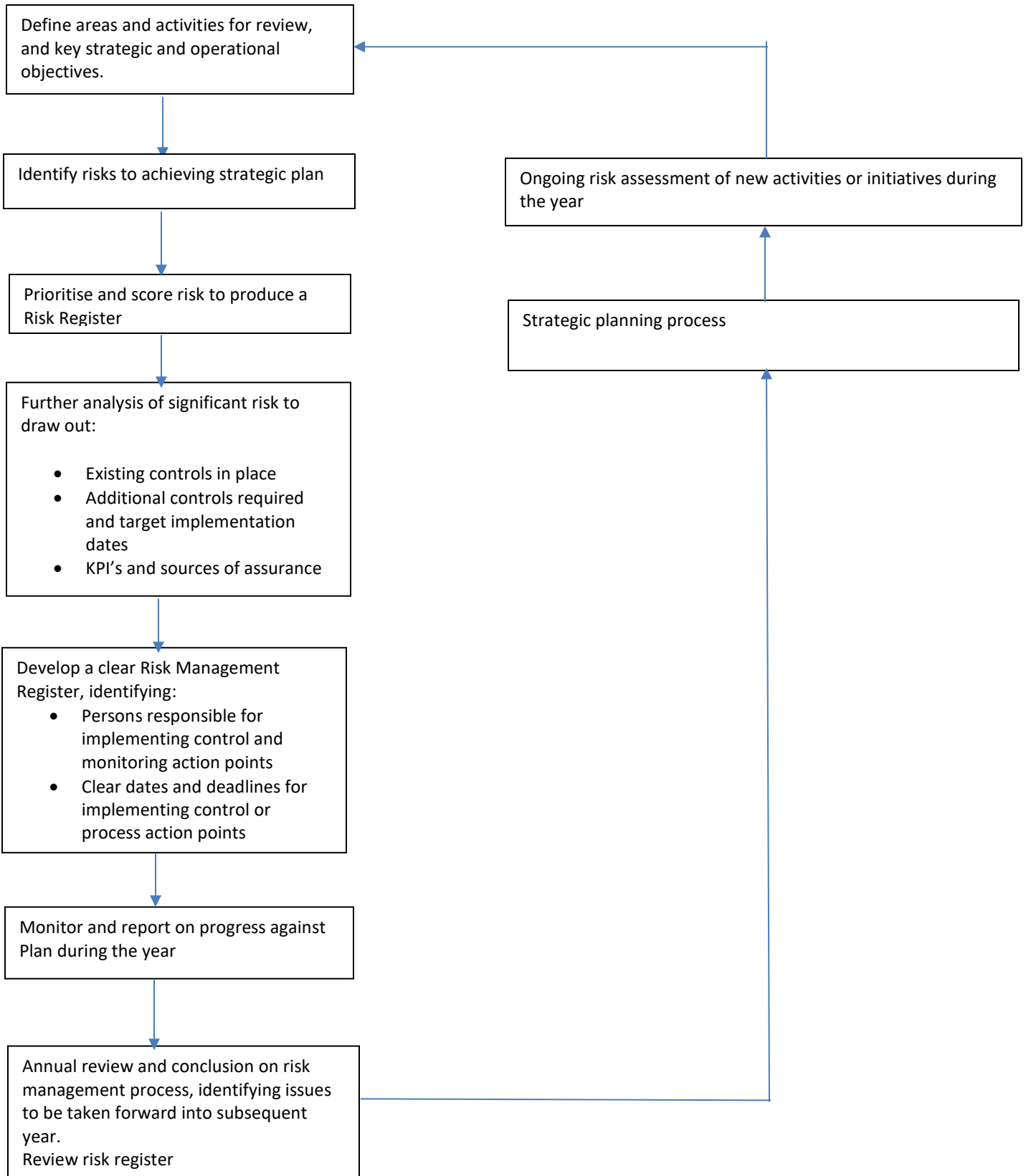
The College's system of internal control will incorporate risk management. This system will encompass a number of elements that together facilitate an effective and efficient operation, enabling the College to effectively manage a variety of operational, commercial and financial risks. These elements include:

- 9.1 **Policies and Procedures**
Attached to significant risks are a series of policies and procedures that underpin the internal control process. The policies are approved by the Corporation and implemented and communicated by senior management to staff. Written procedures and codes of practice support the policies and procedures.
- 9.2 **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 Audit Committee, if appropriate. SLT members monitor their risks on a monthly basis with their direct reports.
- 9.3 **Business Planning**

The business planning process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

- 9.4 **Assurance Framework and Risk Register (Key Strategic Risks)**
The Risk Register is reviewed by the RMG and helps to facilitate the identification, assessment, and ongoing monitoring of risks significant to the College. Emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.
- 9.5 **Audit Committee**
The Audit Committee reports to the Corporation on internal controls and alerts them to any emerging issues. As part of this responsibility 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 Corporation on the effectiveness of the internal control system, including the College's system for the management of risk.
- 9.6 **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.
- 9.7 **External Audit**
External audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit of the financial statements.

10. The College’s Risk Management Process



Key Elements of the above process are detailed below

11. The Risk Register

11.1 Defining Areas and Activities for Review, and Risk Identification

Tameside College’s risk management ambition is to be a ‘well managed college providing efficient and effective services based on identified learner needs’. This aim is underpinned by the College’s objectives as detailed in the strategic priorities document.

Risk identification attempts to identify the College’s exposure to uncertainty. Risk owners are responsible for identifying the risks that the service/department faces. Having identified the risks, these are recorded on a Risk Register on a corporate level.

11.2 Risk Scoring or Prioritising

It is important that the College has a clear and simple methodology for scoring or prioritising the risks it has identified., Once this is done, the risks will be incorporated into the Risk Register, which sets out, by area/activity, the identified risks and their risk ‘score’ or priority. The methodology to be adopted will incorporate two factors:

- Impact (materiality)
- Likelihood

11.2.1 Impact

Name	Description
Negligible Impact	Financial: Less than £10k Service Quality: Negligible Effects on service quality. H&S: Minor Incident (i.e. cut finger) Reputation: No Effects on reputation
Very Low Impact	Financial: Between £10k & £50k Service Quality: Marginally impaired, a slight adjustment to service delivery required. H&S: Minor injury Reputation: Minimal effect
Low Impact	Financial: Between £50k & £100k Service Quality: Service quality impaired leading to changes in service delivery required to maintain quality. H&S: Injury, not requiring hospital treatment Reputation: Slight reputation damage arising
Medium Impact	Financial: Between £100k & £250k Service Quality: Significant reduction in service quality expected. H&S: Injury, requiring hospital treatment Reputation: Reputation damage is uncomfortable for College
High Impact	Financial: Between £250k & £500k Service Quality: Service quality cannot be maintained such that there is a need to re-assess corporate priorities. H&S: Serious injury occurring Reputation: Reputation damage occurs with Key Stakeholders
Very High Impact	Financial: £500k + Service Quality: Complete failure of services. H&S: Fatality, Possible long term hospitalisation

	Reputation: Reputation damage is irrecoverable
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11.2.2 Probability

Name	Description
Almost impossible	Unlikely to occur
Very Low	Is possible within 5 to 10 years
Low	Is possible within 1 to 5 years
Medium	Is possible within 1 year
High	Is possible within 6 months
Very High	Is possible monthly

11.2.3 Prioritising Risks

Some risks command a higher priority due to their likelihood and impact. Both the gross and net likelihood and impact levels of each risk are plotted and prioritised using a 6 X 6 matrix as can be seen below:

Risk Matrix

6.Very High Impact	Contingency	Contingency	Contingency	Primary	Primary	Primary
5.High Impact	Contingency	Contingency	Contingency	Primary	Primary	Primary
4.Medium Impact	Contingency	Contingency	Contingency	Primary	Primary	Primary
3.Low Impact	Low	Low	Low	House Keeping	House Keeping	House Keeping
2.Very Low Impact	Low	Low	Low	House Keeping	House Keeping	House Keeping
1.Negligible Impact	Low	Low	Low	House Keeping	House Keeping	House Keeping
	1.Almost impossible	2.Very Low	3.Low	4.Medium	5.High	6.Very High

Probability

A 'traffic light' system is used to show very high/primary (red), high/contingency (amber), medium / housekeeping (yellow) and low (green) risks. This results in the prioritisation of both gross and net risks, which are recorded in the Risk Register.

Primary Risks (P)

- Risks that fall in to the area highlighted as red will require immediate attention. The status of the risk will require it to be monitored with regard to effect on the college’s activities and the progress of action taken to ensure its effective completion.

Contingency Risk (C)

- Risks that fall in to the area highlighted as amber may require action but will require to be monitored for any changes in the risk or control environment which may result in the risk attracting a higher score. In all cases the organisation will look to pass-on this risk where possible i.e. insurance, indemnities, to 3rd parties.

Housekeeping Risk (HK)

- Risks that fall in to the area highlighted as yellow will require to be monitored by management.

Negligible Risk (L)

- Risks that fall in to the area highlighted as green will require review only, but no further action.

The acceptance of a risk represents an informed decision to accept the impact and likelihood of that risk. A risk owner must be allocated to each identified risk. This ensures that 'ownership' of the risk is identified and that the appropriate resources are allocated.

Risk owners are responsible for:

- ensuring that appropriate resources and importance are allocated to the process;
- confirming the existence and effectiveness of the mitigating actions and ensuring that any proposed mitigating actions are implemented;
- providing assurance that the risks for which they are Risk Owner are being effectively managed

12. Challenge Process

The controls and mitigating actions will only be effective if:

- They are clearly defined and communicated effectively to the relevant person(s)
- Each person tasked with implementing a control measure is accountable and is in a position to do so without conflict
- They are practical to carry out within the required timescales
- Their design and operation is reviewed/refined on an appropriate basis

It is therefore necessary to have in place a challenge process that considers the following:

- Will the control/mitigating action manage the risk identified?
- If it will not on its own, what other measures need to be implemented?
- What evidence is there to show that the control/mitigating action is operating satisfactorily?
- Is the control/mitigating action undertaken at the right frequency and by the right person?
- Are the outputs from the monitoring process reported to the right level?
- Is monitoring of the right form and undertaken at the right frequency by the right person(s), and is it operating satisfactorily?

The output from the above process will be compiled into the detailed Action Plan, which will include:

- Clear and measurable actions to mitigate the risks.
- Early warning signs/monitoring arrangements.
- Responsibilities.
- Timescales.

2. **POLICY CONTEXT**

This policy applies to Tameside College and Clarendon 6th Form College.

3. **LOCATION AND ACCESS TO THE POLICY**

The Risk Management Policy and Process along with supporting policies and other documents are available via SharePoint on the College network.

4. **POLICY STATUS**

Author:	Executive Director Finance & Estates (TBC)
Responsibility:	Executive Director Finance & Estates (TBC)
Approved by:	Senior Leadership Team
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