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## Summary of policy

The aim of risk management is to minimise threats and maximise opportunities, in order to help make sure organisations achieve their objectives. This Risk Management Policy is designed to communicate the expectations of risk management practice, assurance and governance within The Open University, promoting consistency and improving risk management maturity.

The Policy addresses strategic, operational, Unit and project level risk management, across all four nations and is supplemented by the [Risk Management Framework](#).

### Summary of significant changes since last version

The significant changes from the previous version of this policy are:

- a) Incorporation of the latest definitions provided in [HM Treasury Orange Book - Management of Risk – Principles and Concepts](#) published 2020.
- b) Updated roles and responsibilities, for example inclusion of the responsibilities of owners of strategic risks in relation to the risk management process.
- c) A re-ordering and clarification of the key principles of the Policy – improving the flow and relevance of the document.

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## Policies superseded by this document

This document replaces the Risk Management Policy dated 16 July 2019.

## Related documents

This document refers to:

- [Risk Management Framework](#)
- [Risk Appetite Guide](#)

# Policy

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## 1. Purpose

- 1.1 The purpose of this policy is to enable the effective and efficient management of the University's risks by increasing the prospect of realising opportunities and reducing potential threats. Implementation of this policy will help to reduce the uncertainty of achieving the University's strategic ambitions.
- 1.2 This Policy:
  - a) Provides definitions of risk, risk management and risk appetite;
  - b) Describes the University's approach to risk management and culture;
  - d) Communicates the roles and responsibilities for managing risk;
  - e) Describes the arrangements for assurance; and
  - f) Sets out the arrangements for approval of the Policy.

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## 2. Definitions

### Risk

- 2.1 Risk is the effect of uncertainty regarding the University's ability to achieve its objectives and execute its strategy effectively. Risk is usually expressed in terms of causes, potential events, and their consequences. Risks can be positive (opportunities) or negative (threats). The degree of risk is expressed in terms of the likelihood of an event occurring and the impact an event would have should it occur. Events with a negative impact represent threats that can prevent or erode value. Conversely, opportunities could, if successfully exploited, deliver benefits to the University and its students.

### Risk Management

- 2.2 Risk management is defined as co-ordinated activities designed and operated to manage risk and exercise internal control within an organisation.

- 2.3 Effective risk management helps to underpin the University’s long-term success. As such, it is essential that risk management is incorporated into all key University processes, including but not limited to, strategy development, unit business planning, operations, and programme/project management. It is equally applicable to business and academic environments and includes the University subsidiary companies such as The Open University Student Budget Accounts Ltd (OUSBA) and The Open University Worldwide.
- 2.4 Guidance and detail on the risk management process is set out in the Open University Risk Management Framework (“the Framework”).

## Risk Appetite

- 2.5 Risk Appetite is defined as the nature and extent of the principal risks an organisation is willing to take to achieve its objectives. The Council determines the nature and extent of the University’s risk appetite. This is the product of considering the institutions willingness to accept levels of risk as defined below:

<b>Risk Appetite categories</b>	<b>Definition</b>
Avoid Averse	Avoidance of any risk or uncertainty.
Minimalist	Preference for ultra-safe delivery options that have a low degree of risk inherent risk and only for a limited reward potential.
Cautious	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential or reward.
Open	Willing to consider all potential delivery options whilst also providing an acceptable level of reward and value-for-money.
Hungry	Eager to be innovative and to choose options offering potentially higher rewards, despite greater inherent risk.

- 2.6 The University’s willingness to accept risk is considered against the following risk criteria:

- a) Reputation
- b) Operations:
  - i). Innovation of approach
  - ii). Implementation
- c) Financial:
  - i). Core income
  - ii). Core expenditure
  - iii). New income and expenditure
- d) Compliance

- 2.7 Although any given risk may impact more than one of the risk appetite categories, consideration of risk against these key criteria helps to signpost the level of mitigation necessary to manage a risk.

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### 3. Risk management culture and approach

- 3.1 Embedding a risk management culture that recognises the importance of enabling individuals to identify, treat and manage risks is critical to the successful implementation of this policy. The University strives to embed a culture where risk management is a key component in all its decision-making. This enables individuals and groups to take the right risks in an informed manner and aligns with recognised good practice set out by the Institute of Risk Management. This Risk Policy:
- a) Communicates a distinct and consistent tone from the Council and the Vice-Chancellor's Executive in respect of risk taking and management;
  - b) Reflects the University's commitment to its core values of inclusivity, innovation and responsiveness;
  - c) Highlights the importance of continuous risk management, including clear accountability for and ownership of specific risk and risk areas;
  - d) Promotes the transparent and timely flow of risk information flowing up, down and across the University;
  - e) Recognises the University's commitment to ethical principles, as well as the consideration of wider stakeholder positions in decision making;
  - f) Actively promotes learning from mistakes and near misses;
  - g) Recognises the importance of promoting appropriate risk-taking behaviours and where necessary challenging inappropriate behaviours;
  - h) Encourages the development of risk management skills;
  - i) Promotes consideration of diverse perspectives, values and beliefs to ensure that the status quo is consistently and rigorously challenged; and
  - j) Aligns with the broader management culture of the University's employee engagement and people strategy to ensure staff are supported and strongly focused on the task in hand.

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### 4. Approach

- 4.1 The University maintains a Strategic Risk Register (SRR) which is regularly reviewed by the Vice-Chancellor's Executive (VCE) and is reported periodically to the Audit Committee and the Council to provide assurance that the University's risk policy is being implemented effectively and used to support the delivery of strategic objectives and inform planning and decision-making.
- 4.2 To ensure consistent reporting, enable the effective monitoring and management of individual risks and the sharing of information at Unit or service-level, risks are recorded on the [University's Risk Management System](#).
- 4.3 The recording of project and programme-related risks are currently outside of the scope of the Risk Management System (RMS) and will continue to be recorded in the Project and Portfolio Management system (PPM). The impact of risks managed via the PPM and the RMS are reflected at a strategic level and reviewed by the VCE, the Audit Committee and the Council.

## 5. Roles and responsibilities for managing risk

- 5.1 An effective risk management structure requires governance, oversight and management.
- 5.2 The Council has overall responsibility for risk management, sets the tone for risk management and takes an overall perspective of compliance with the University’s policies. The Council determines the University’s overall policy, agrees the risk appetite and seeks assurance, via the Audit Committee, that the risk management policy is applied consistently and rigorously. This assurance mechanism is supplemented by regular reports provided by the VCE that demonstrates the effective day-to-day management of University risks and compliance with the policy.
- 5.3 **The Audit Committee** on behalf of the Council considers:
- a) Regular assurance reports from management on compliance with this policy and management of risk exposure relative to risk appetite;
  - b) Independent assurance reports from internal audit on the quality of internal controls, and on the adequacy and effectiveness of the [Risk Management Framework](#);
  - c) Independent reports from the external auditors and other sources of assurance; and
  - d) Revisions to the Risk Management Policy and the [Risk Management Framework](#), and recommends changes to the Council.
- 5.4 **The Vice-Chancellor** is accountable to the Council for implementing an appropriate Risk Management Framework and for allocating responsibilities to individuals within that Framework.
- 5.5 **The University Secretary** has executive accountability and responsibility for risk management across the University. All updates and reviews of the Policy and Risk Appetite statement must be approved by the University Secretary.
- 5.6 **VCE and Strategic Risk Owners** are responsible for supporting the effective management of the University strategic risks as shown in the table below:

VCE	Strategic Risk Owners
<p>Setting the tone and influencing the culture of risk management across the University:</p> <ul style="list-style-type: none"> <li>• At least quarterly (or more frequently if sudden changes arise) actively review the University’s Strategic Risk Register for:               <ul style="list-style-type: none"> <li>➢ Relevancy.</li> <li>➢ Progress made in mitigating strategic risks.</li> <li>➢ Robustness of response plans.</li> <li>➢ The aggregate risk profile and alignment with the risk appetite.</li> </ul> </li> </ul> <p>and report at every Audit Committee and Council meeting.</p>	<ul style="list-style-type: none"> <li>• Overall responsibility for the management, control, reporting, and communication of all aspects of the risks they own, including implementation of risk response actions to address threats and maximise opportunities.</li> <li>• Review at least quarterly (or more frequently if sudden changes arise) individual strategic risks in line with the University’s Risk Policy &amp; Framework, including risk appetite, and in the context of</li> </ul>

<ul style="list-style-type: none"> <li>• Ensure clear accountabilities exist that enable Risk Owners to lead and direct the University's response to individual strategic risks on behalf of the VCE.</li> <li>• Review at least annually (or more frequently if required) the application of the of the University's approach to risk management to ensure the Risk Framework and Policy remain fit-for -purpose.</li> <li>• Approve actions, changes or improvements to key elements of the risk management process and Framework.</li> </ul>	<p>all strategic risks included in the Strategic Risk Register.</p> <ul style="list-style-type: none"> <li>• Escalate to VCE risks where mitigating actions are delayed or no longer effective.</li> <li>• Produce, maintain and review robust response plans to be implemented should a strategic risk materialise.</li> </ul>
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5.7 **The Strategic Change Board** is responsible for reviewing change related risks across the portfolio of change projects and programmes, working with the Strategy Office as appropriate, and reporting to the VCE.

5.8 **Risk Management Group** advises the VCE, VCE-Academic (VCE-A) and the Professional Services Leadership Team (PSLT) on emerging key risk themes that may require escalation to institutional level. Provides a forum to assist in the sharing of risk lessons learned, across the University, that may benefit the delivery of future activities. Support the Strategy Office in developing maintaining and implementing the Risk Management Policy and Framework and championing risk management within Units.

5.9 **Heads of Unit** are responsible for:

- Managing risks inside their own areas of accountability and articulating them within the unit planning process,
- Escalating Unit risks, where appropriate, for consideration by the VCE,
- Maintaining a Unit risk register (using the Risk Management System (RMS)) approved by their Planning and Resource Officer; and
- Delegating responsibility for specific Unit risks to named Risk Owners.

5.10 **Risk Owners** are responsible for the management and control of all aspects of the risks assigned to them, including implementation of risk response actions. Risk Owners are responsible for ensuring their risks are entered and maintained on the Risk Management System or Portfolio Management system. The responsibility for implementation of risk response actions may be delegated to a named individual who supports and takes direction from the Risk Owner. All Risk Owners must review the adequacy and appropriateness of the entries in the Risk Management System/ Portfolio Management system whenever circumstances change and not less than annually as part of the planning process.

5.11 **Staff** throughout the University are required to follow the Risk Management Policy and should discuss with their line/project manager any potential new risks associated with their role.

5.12 **The Strategy Office** is responsible for the development, maintenance, implementation and monitoring of the Risk Management Policy and the Risk Management Framework; biennial assessment of the organisation's risk maturity; facilitation of the risk escalation process; management of a University-wide risk community of practice; and maintenance of the Risk Management System. The Strategy Office is also responsible for the production and management of the Strategic Risk Register for consideration by VCE, Audit Committee and the Council, and advice and support to units on best practice in risk management.

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## 6. Arrangements for risk assurance

- 6.1 Risk assurance is provided through transparent, timely and objective risk reporting. High quality and accurate risk management information helps to ensure that senior management is fully aware of material risks to which the University is exposed.
- 6.2 The Chief Auditor provides regular reports and insight to management and the Audit Committee on governance, risk management and internal control. Additionally, an annual report on the overall effectiveness of governance, risk management systems and controls across the University is provided to the Council.
- 6.3 Following the formation of the University Strategic Change Board and the agreement of project minimum standards, there is in place a rational, robust and coherent framework within which routine and commissionable independent and objective assurance activity can be performed across the breadth of the University's projects, programmes and portfolios.
- 6.4 The sponsor is ultimately accountable for the delivery of both the project objective and benefits. The sponsor is the risk owner and responsible for the first-line assurance of their project or programme. Second- and third-line assurance is provided by Change and Improvement and Internal Audit respectively, who are independent of the project, programme or portfolio and have the authority and opportunity to challenge, scrutinise and speak with an independent voice.
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## 7. Arrangements for approval of the Risk Management Policy

- 7.1 This Policy is approved annually by the Council on the recommendation of the Audit Committee. It has the full support of the VCE and senior management of the University.

### Further clarification

If you have any queries around the content provided within this document and how to interpret it, please contact the Senior Strategy and Risk Manager, Strategy Office via [strategy-office@open.ac.uk](mailto:strategy-office@open.ac.uk).

If you have any comments or questions about this policy document and how it might be improved, please submit these to [strategy-office@open.ac.uk](mailto:strategy-office@open.ac.uk).

#### References used in developing this policy:

[HMT Orange Book – updated 2019.](#)

[Institute of Risk Management – A Risk Management Standard handbook.](#)