



RISK MANAGEMENT POLICY

BY LAW of

CHESTER STUDENTS' UNION

Draft for Trustee Board on 5/2/18

1. Purpose of this document

The policy forms part of CSU's internal control and corporate governance arrangements. The policy explains CSU's underlying approach to risk management, documents the roles and responsibilities of the Board of Trustees, the Chief Executive Officer(CEO), key managers, and other key parties.

2. Underlying approach to risk management

The following key principles outline CSU's approach to risk management and internal control:

- 2.1 the Board of Trustees has responsibility for overseeing risk management within the organisation as a whole;
- 2.2 the level of risk will be agreed by the Board of Trustees and the CEO;
- 2.3 an open and receptive approach to solving risk problems is adopted by the Board of Trustees;
- 2.4 the CEO and key managers support, advise and implement policies approved by the Board of Trustees;
- 2.5 CEO and key managers are responsible for encouraging good risk management practice within their departments and documenting actions to mitigate identified risks;
- 2.6 Key risk indicators will be identified by the Board of Trustees acting on the advice of the CEO and closely monitored on a regular basis through the Audit and Risk Committee

3. Role of the Board of Trustees

The Board of Trustees will:

- 3.1 Set the tone and influence the culture of risk management within the Union, including determining the balance of risk against potential benefit.
- 3.2 Determine the appropriate risk level of exposure for the Union.
- 3.3 Approve major decisions affecting the Union's risk profile or exposure.
- 3.4 Monitor the management of risks to reduce the impact and likelihood.
- 3.5 Satisfy itself that the less fundamental risks are being actively managed, with the appropriate controls in place and working effectively.
- 3.6 Annually review the Union's approach to risk management and approve changes or improvements to key elements of its processes and procedures.
- 3.7 Annually review this Risk Management Policy.

4 Role of the CEO and Key Managers

The CEO and key managers will:

- 4.1 Implement policies on risk management and internal control.
- 4.2 Identify and evaluate the fundamental risks faced by the Union for consideration by the Board of Trustees.

- 4.3 Provide adequate information to the Board of Trustees on the status of risks and controls.
- 4.4 Ensure that responses to risk are cost effective.
- 4.5 Ensure that unnecessary levels of control are removed.
- 4.6 Undertake an annual review of effectiveness of the system of internal control and provide a report to the Board of Trustees.
- 4.7 Ensure all legislative responsibilities are met.

5 Definition of Risk

- 5.1 The possibilities that an action or event may have a significant effect, either enhancing or inhibiting:
 - operational performance;
 - achievement of aims and objectives;
 - meeting the expectations of members and stakeholders;
 - the reputation of the Union.

6 Risk Register

- 6.1 Only those risks considered likely to have a significant consequence inhibiting operational performance, achievement of aims and objectives, meeting the expectations of our members and stakeholders and the reputation of the Union will be included. The Board will be kept informed with regards to risks which have a high or above consequence and a medium to high likelihood of occurring.
- 6.2 The identification and mitigation of less critical risks at departmental level will be the responsibility of key managers. These assessments will be suitably documented and available for inspection by the Trustees as required.
- 6.3 A 'risk owner' will be responsible for each identified risk. Risk owners will have the responsibility of monitoring risk, implementing control mechanisms and reviewing risk. Risk owners will alert the CEO of significant new or revised risk and any amendments will be notified to the next Audit and Risk Committee.

7 Levels of Risk - Consequence

A risk is rated as one of the following in accordance to its consequences;

- 7.1 **Severe risks** will lead to one of more of the following;
 - Operations ceasing to exist
 - Closure of the Union
 - Inability to meet strategic objectives
 - Inability to meet financial objectives (salaries/pay creditors)
 - Danger of breaking the law
 - 7.1.1 Any operation/activity deemed to pose an extreme risk that cannot be mitigated through our defined risk responses would result in the immediate cessation of the operation/activity.
 - 7.1.2 Where mitigation is expected to reduce the residual risk to an acceptable (moderate) level, regular monitoring by the Board will take place to check for ongoing effectiveness.
- 7.2 **Major risks** will lead to one or more of the following;

- Disruption to a key service
- Cessation of an operation (shop, bar etc)
- Inability to deliver all objectives
- Inability to meet future financial plans
- Building closure

7.2.1 Any operation which gives rise to high risk that cannot be treated or mitigated through one of our defined risk responses would result in an explicit decision by the Trustee Board as to whether to continue the operation that gives rise to the risk.

7.2.2 Where the decision is to continue operations, a contingency plan will be ready to put in force if needed and there will be a heightened level of monitoring and reporting

7.3 **Moderate risks** will lead to one or more of the following;

- Local disruptions to a service
- Local delay in payment
- Short (less than a day) disruption to central services
- Students or staff being inconvenienced for a short period

7.3.1 Resources should be appropriately spent to ensure moderate risks are controlled.

7.3.2 Normal reporting to the Board will be sufficient other than in cases where the risk has become a reality or the risk increases in severity due to additional circumstances such as time of year ie Freshers' Week.

7.4 **Minor/Negligible**

7.4.1 The results of Minor/negligible risks becoming a reality should equate to less than in moderate and will be dealt with in normal reporting.

8 Likelihood of Risk

8.1 **Certain**

There is a 75% plus chance of this happening within 6 months.

8.2 **Likely**

There is a 25-75% chance of this happening within one year.

8.3 **Possible**

There is a less than 25% chance of this happening within one year.

8.4 **Unlikely**

There is a less than 25% chance of this happening within three years.

8.5 **Rare**

There is a less than 25% chance of this happening within five years.

8.6 Likelihood of risks occurring will be increased to the next level if the probability of the risk happening more than once in the timescale defined or if the timescale shortens (eg 1 year to 6 months)