



## **RISK MANAGEMENT POLICY**

BY LAW of  
CHESTER STUDENTS' UNION

Passed at Trustee Board on  
25 November 2019

## **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.

## 7. How we Measure Risk

7.1 The organisation has a risk register measured on the following scale and criteria:

IMPACT		
Level	Score	Description
Insignificant	1	<ul style="list-style-type: none"> <li>no impact on service</li> <li>no impact on reputation</li> <li>complaint unlikely</li> <li>litigation risk remote</li> </ul>
Minor	2	<ul style="list-style-type: none"> <li>slight impact on service</li> <li>slight impact on reputation</li> <li>complaint possible</li> <li>litigation possible</li> </ul>
Moderate	3	<ul style="list-style-type: none"> <li>some service disruption</li> <li>potential for adverse publicity - avoidable with careful handling</li> <li>complaint probable</li> <li>litigation probable</li> </ul>
Major	4	<ul style="list-style-type: none"> <li>service disrupted</li> <li>adverse publicity not avoidable (local media)</li> <li>complaint probable</li> <li>litigation probable</li> </ul>
Extreme / Catastrophic	5	<ul style="list-style-type: none"> <li>service interrupted for significant time</li> <li>major adverse publicity not avoidable (national media)</li> <li>major litigation expected</li> <li>resignation of senior management and board</li> <li>loss of beneficiary confidence</li> </ul>

LIKELIHOOD		
Level	Score	Description
Remote	1	<ul style="list-style-type: none"> <li>may only occur in exceptional circumstances</li> </ul>
Unlikely	2	<ul style="list-style-type: none"> <li>expected to occur in a few circumstances</li> </ul>
Possible	3	<ul style="list-style-type: none"> <li>expected to occur in some circumstances</li> </ul>
Probable	4	<ul style="list-style-type: none"> <li>expected to occur in many circumstances</li> </ul>
Highly probable	5	<ul style="list-style-type: none"> <li>expected to occur frequently and in most circumstances</li> </ul>

7.2 These risk criteria then fit into the risk matrix. All risks must have mitigation action plans to ensure the risk is minimised where possible. It is hoped that mitigating actions in relation to “red” risks will take them into the “amber” or “green” category, although it is acknowledged that this may not always be achievable.