

Somerville College - Risk management policy

1. This risk management policy forms part of Somerville's internal control and corporate governance arrangements.
2. The policy explains Somerville's underlying approach to risk management, documents the roles and responsibilities of the Governing Body (and in particular the College Officers), and the senior administrative/management team. In what follows and in this context, the management team refers collectively to The Principal, Vice Principal, Senior Tutor, Dean, Development Director, Librarian and Treasurer. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.
3. In addition, it describes the process that will be used to evaluate the effectiveness of Somerville's internal control procedures.

Underlying approach to risk management

4. Somerville follows and adopts good practice in the identification, evaluation and control of risks to ensure that, as far as reasonably practical, risks are avoided or reduced to an acceptable level. Although it is acknowledged that risks exist and can never be eliminated, it is important that all members and staff are aware of the risks associated with their area of work. The following key principles outline Somerville's approach to risk management:

- the Governing Body has responsibility for overseeing risk management within Somerville as a whole
- an open and receptive approach to solving risk problems is adopted by the Governing Body
- the management team advise on and implement policies approved by the Governing Body and are responsible for encouraging good risk management practice within their areas of responsibility
- key risks will be identified and monitored on a regular basis

Role of the Governing Body

5. The Governing Body has a fundamental role to play in the management of risk. Its role is to:

- (a) Integrate risk management into the culture of Somerville. This includes:
- determining Somerville's approach to risk as a whole or on any relevant individual issue
 - determining which types of risk are acceptable and which are not
 - setting the standards and expectations of members and staff with respect to conduct and probity
 - considering legal compliance as a minimum standard
 - anticipating and responding, whenever possible, to changing social environmental and legislative requirements
 - raising awareness of the need for risk management

(b) Take major decisions affecting Somerville's risk profile or exposure and take advice from external bodies or institutions as appropriate, e.g. the University's Development Office, the University Registrar's Office to identify legal risks and obligations, and University HR to advise on recruitment policy.

(c) Monitor the management of significant risks to reduce the likelihood of unwelcome surprises.

(d) Ensure that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.

(e) Regularly review Somerville's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

Role of the Executive Officers

6. Key roles of the Management Team are to:

(a) Implement policies on risk management and internal control.

(b) Identify and evaluate the significant risks faced by Somerville for consideration by the Governing Body.

(c) Provide adequate information in a timely manner to the Governing Body and its committees on the status of risks and controls.

(d) Undertake a regular review of effectiveness of the system of internal controls and report to the Governing Body.

Risk management and the systems of Internal control

7. Somerville's risk management policy includes systems of internal controls. These controls encompass a number of elements that together facilitate an effective and efficient operation, enabling Somerville to respond to a variety of operational, financial, and commercial risks. These elements include:

(a) *Policies and procedures*

Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the Governing Body through its committees and implemented and communicated by the Management Team to staff. Written procedures support the policies where appropriate.

(b) *Regular reporting*

Regular reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the relevant committees of Governing Body and, if appropriate, of the Governing Body itself.

(c) *Planning and budgeting*

The annual planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting plan objectives can then be monitored regularly.

(d) *Risk management assessment*

A risk management assessment has been compiled by the Officers and helps to facilitate the identification, assessment and ongoing monitoring of major risks to which Somerville is exposed. The document is regularly formally reviewed but emerging risks are added as required, and improvement actions and risk indicators are monitored.

(e) *Department risk frameworks and Departmental responsibilities of College Officers*

Heads of Department develop and use this framework to ensure that significant risks in their department are identified, assessed and monitored. College Officers are encouraged to develop and use this approach to ensure that significant risks in their areas of responsibility are also identified, assessed and monitored.

(f) *Internal reviews*

There is a programme of internal reviews of departments which are used as appropriate to review the effectiveness of the internal control systems.

(g) *External audit*

External audit of the annual financial statements provides feedback to Governing Body on the operation of the internal financial controls reviewed as part of the annual audit. Other external audits (e.g. health and safety, personnel and food hygiene) may also be the subject of periodic reports to the Governing Body.

Review of effectiveness

8. The Governing Body is responsible for reviewing the effectiveness of internal control of Somerville, based on information provided by the Officers to the Finance Committee in a review of the ten key risks, normally in Trinity Term. For each significant risk identified, the Governing Body will:

- review the previous year and examine Somerville's track record on risk management and internal control,
- consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

Andrew Parker
July 2015