Risk Management Policy

Policy Volume	Academic and Support Services
Policy Chapter	Infrastructure, Operations & Finance
Responsible Committee/Unit/Division/Faculty	Enterprise Risk Management Committee Audit & Risk Committee
Responsible Chairperson/Director/Manager	Chief Financial Officer
Dates of First and Subsequent Council Approvals	July 2024
Policy Approval Pathways (e.g. committee, Senex, Senate, Council)	Enterprise Risk Management Committee – Audit and Risk Committee - Council
Revision History: Approved Reviews	None
Review Cycle	3 years
Next Review Date	31 December 2027

1. POLICY PARTICULARS

1.1. Policy Title	Risk Management Policy
1.2. Policy Statement	This Risk Policy (hereinafter referred to as "Policy") outlines the principles and guidelines governing risk management at Rhodes University (RU). It is RU's commitment to managing risks effectively to safeguard its reputation, assets, and the achievement of its strategic objectives. It covers all types of risks, including but not limited to academic, research and community engagement, financial, operational, strategic, and reputational, compliance, and health and safety risks. The policy extends to all current and future activities, potential opportunities and ventures and risks. It also includes all university entities, including current and future subsidiaries or other institutional structures.
1.3. Reason for Policy	Risk management is an integral part of decision-making within the university setting. It provides decision-makers with the tools and insights necessary to make informed, strategic and resilient choices that align with the Institution's strategic objectives while minimising potential negative consequences. By pro-actively managing risks, RU can enhance its overall performance and reputation contributing to long-term success and attainment of its vision. Active risk management is required to minimise risk that could prevent the achievement of its strategic goals. RU will need to take on acceptable risk and commit to managing them well in order to fulfil its mandate and achieve its strategic objectives. The various governance structures and committees within the university play an important role in the management of risks.
1.4. Policy Objective/s	The primary objective of this Policy is to: • Outline RU's approach to risk management to support effective and consistent decision-making that is guided by its mission and vision. • Establish a framework for identifying, assessing, mitigating, monitoring and reporting risks within RU. • Commit to an institution-wide risk management system, which promotes a culture of risk awareness and responsibility throughout the organisation. • Ensure compliance with applicable laws, regulations, and best practices related to risk management. • Ensure robust academic, non-academic and corporate governance practices to effectively manage risk while allowing for growth, innovation and development. The secondary objective of this Policy is to enable: • A proactive identification of various categories of risk at the earliest opportunity. • A consistent approach to managing risks for all activities. • A timely, appropriate and coherent response when risks arise. • Remain agile in a rapidly evolving environment. • A common understanding of the role and responsibilities of staff in the management of risk, particularly within their own areas of control. All staff with management responsibility will be expected to understand the nature of risk associated with their area of responsibility. Individual members of staff are responsible for ensuring individual risks are controlled and monitored, including the implementation of actions identified to strengthen controls and, where appropriate, escalating any changes or concerns to their Line Manager. • A healthy, safe and environmentally sustainable University community.
1.5. People affected by this Policy	This Policy applies to all members of RU community, including but not limited to staff, students, staff on contract and volunteers.

1.5.	Who should read this Policy	All staff
1.6.	Implementers of this Policy	The CFO, together with the Manager: Risk and Compliance, will coordinate the implementation. The implementers of the policy will be the executive management, management and all Rhodes University staff members.
1.7	Website address/link for this Policy	https://www.ru.ac.za/institutionalplanningunit/qualitypromotion/rhodesuniversitypolicies/policiesa-z/

2. RELATED DOCUMENTS FORMS AND TOOLS

Relevant Legislation (Legislation/Regulatory requirements/Organisational Reports – name these)
Higher Education Act: Regulations: Reporting by public higher education institutions King IV Report on Corporate Governance South African National Standards (SANS): SANS 31000:2018 International Organisation for Standardisation (ISO): ISO 31000
Related Policies
All policies Risk Management should be embedded into all policies, protocols, and procedures. Committee charters
Related Protocols
All protocols Committee charters Committee Terms of References.
Forms and Tools (documents to be completed in support of this policy implementation)
Not applicable

3. POLICY DEFINITIONS

(Technical or Conceptual terms used in the policy)

No	TERM	DEFINITION
3.1	**Risk**	The effect of uncertainties on the strategy of the University. It manifests as negative impacts on goals and objectives or as missed opportunities to enhance institutional performance.
3.2	**Risk Management**	The co-ordinated activities to direct and control an organization with regard to risk.
3.3	**Risk Appetite**	The level of risk that an institution is willing to accept while pursuing its strategy and before any action is determined to be necessary in order to reduce the risk.
3.4	**Risk Tolerance**	Risk tolerance is the degree of risk or uncertainty that is acceptable to an institution.

No	TERM	DEFINITION

3.5	Risk Assessment	The process of identifying risks that will have an impact on the achievement of objectives and assessing the level of each risk. Risks are assessed on both an inherent and a residual basis, with the assessment considering both risk likelihood and impact.
3.6	Risk Description	A structured statement of risk that usually contains four elements: sources, events, causes and consequences.
3.7	Risk Culture	The values, beliefs, knowledge, attitudes and understanding about risk shared by a group of people (RU) with a common purpose (strategic objectives).
3.8	Risk Evaluation	The process of comparing the results of risk analysis with risk criteria to determine whether a risk and/or its magnitude is acceptable or tolerable
3.9	Risk registers	This register is compiled through a risk assessment process with the assistance of the Risk Management office. The risk owners are responsible for the development and updating the Risk Register on a regular basis as the environment changes or at least annually.

4. PRINCIPLES GOVERNING THIS POLICY

	OVERVIEW
	RU strives to carry out risk management based on the following, as far as is reasonably practicable:
4.1.	Integrated: Risk management is an integral part of all RU's activities.
4.2.	Structured and comprehensive: A structured and comprehensive approach to risk management contributes to consistent and comparable results.
4.3.	Customised: The risk management framework and processes are customised and proportionate to RU's external and internal context related to its objectives.
4.4.	Inclusive: Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
4.5	Dynamic: Risks can emerge, change or disappear as RU's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
4.6	Best available information: The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
4.7	Human and cultural factors: Human behaviour and culture significantly influence all aspects of risk management at each level and stage.
4.8	Continual improvement: Risk management is continually improved through learning and experience.

5. DIRECTIVES FOR IMPLEMENTING THIS POLICY

(Actions and processes by which the objectives of the policy will be achieved.)

	The following is an overview of the risk management process that should typically be applied to all current activities and future activities, potential opportunities and ventures including related important decision making.
5.1.	Communication and consultation:
	Communication and consultation assist relevant stakeholders in understanding risk, the basis on which decisions are made and the reasons why particular actions are required. RU's management and staff need to be made aware that whenever a significant decision needs to take place, the decision proposal has to be supported by a risk assessment. Relevant stakeholders need to be involved in the risk assessment and the outcomes of risk assessments need to be communicated to the key decision makers.

5.2.	Scope, context and criteria:
	Establishing the context involves defining the purpose and scope of the risk assessment, understanding the context of the decision, planning the approach to be taken and defining the criteria for risk evaluation. Defining the criteria, includes determining RU's risk appetite and tolerance in terms of the level of manageable risk.
5.3.	Risk assessment:
	The purpose of risk assessment is to find, recognise and describe risks that might help or prevent RU from achieving its objectives. Risk assessments should also be conducted during the decision-making process to inform management and key stakeholders about the risks associated with taking or not taking a decision / approving or not approving an initiative or budget. Risk assessments should be conducted for any significant decisions / initiatives.
	Relevant, appropriate and up-to-date information is important in identifying risks. The risk analysis can be influenced by any divergence of opinions, biases, perceptions of risk and judgements. Additional influences are the quality of the information used, the assumptions and exclusions made, any limitations of the techniques and how they are executed. These influences should be considered, documented and communicated to decision makers as part of the risk assessment.
5.4.	Risk treatment:
	The purpose of risk treatment is to select and implement options for addressing existing risks and while making decisions. Risk treatment involves an iterative process of:
	• Formulating and selecting risk treatment options.
	• Planning and budgeting for risk treatment as part of the decision.
	• Assessing the effectiveness of that treatment once the decision has been implemented.
	• Deciding whether the risk is acceptable.
	• If not acceptable, taking further treatment.
	Selecting the most appropriate risk treatment option(s) involves balancing the potential benefits derived in relation to the achievement of the objectives against the costs, effort or disadvantages of implementation.
5.5.	Monitoring and review:
	The purpose of monitoring and review is to assure and improve the quality and effectiveness of risk assessment design, implementation and outcomes, as well as its contribution to the quality of decision-making process.
	The results of monitoring and review should be incorporated throughout RU's performance management, measurement and reporting activities.
5.6.	Recording and reporting:
	The outcomes of risk management processes should be incorporated into the information presented to decision makers at the time of making a decision and on an ongoing basis.
	Risks registers are used to document the outcomes of the risk management process.
	Reporting is an integral part of RU's governance and should enhance the quality of dialogue with stakeholders and support Council, Executive Management and Oversight Bodies in meeting their responsibilities.

6. ROLES AND RESPONSIBILITIES

(Roles and responsibilities of Key personal/Divisions/Faculties/Departments)

ROLE	RESPONSIBILITY
Council	Council sets the tone and influences the culture of risk management at the highest level. Council is ultimately responsible for the risk management policy. It is responsible for the establishment of an effective risk policy, strategy and implementation plan to ensure that risk management is embedded at all levels within the university structures. As prescribed in the Regulations for Reporting by Higher Education Institutions, the annual report must include Council's report on risk assessment and management.
Audit and Risk Committee (ARC)	ARC has delegated responsibility for overseeing RU's risk management processes and providing assurance to Council on the effectiveness thereof. ARC is required to ensure that RU has adequate controls to manage its risks and that a co-ordinated approach to all assurance activities is in place. In particular, the committee will: • Ensure the implementation of suitable frameworks for risk management, including policies and procedures, whistle blowing arrangements and reporting risk management activities. • Ensure that RU implements effective risk management processes and ensures that Council receives reports at each meeting. • Ensure that there are appropriate risk mitigation strategies for all risks above the determined threshold.

ROLE	RESPONSIBILITY
	• Monitor compliance with applicable legislation and the requirements of regulatory authorities.
	• Ensure that an appropriate risk culture at RU is maintained, with the executive management principally leading this.
	• Identify new risk activities emerging from decisions, initiatives, transactions and exposures, prioritise them and report them to the Council.
Vice-Chancellor (VC)	The VC provides leadership and direction to executive and senior management teams, who are responsible for the operations of RU. The VC is accountable for ensuring that a risk management strategy and risk management plan are in place and that policies are communicated to all staff, students, relevant stakeholders and third parties to ensure that the risk strategy is incorporated into the culture of RU. The VC leads the development and review of RU's Strategic Risk Register. The VC establishes and is the Chairperson of the ERMC.
Enterprise Risk Management Committee (ERMC)	The primary function of the ERMC is to ensure that a sound risk management and internal control system is developed and maintained at RU in line with strategic objectives of RU. The ERMC must oversee the implementation of an institution-wide risk management process. The ERMC must facilitate the coordination of all relevant risk management duties and responsibilities and monitor and assess the risk management activities within RU.
Executive Management, Deans, Directors	Executive Management, Deans and Directors are responsible for overseeing the formal risk management processes in their respective area of functioning. They are responsible and accountable for the day-to-day management of risk in their areas of responsibility, including ensuring that operational risks are identified, and mitigation strategies are in place. The overall risk register is a consolidated view of the risks faced by RU.
Risk & Compliance Manager	The Risk & Compliance Manager in the risk management process and is responsible for establishing processes, tools and advice to facilitate effective risk management across RU and for creating an awareness of potential risks and culture of risk awareness. The Risk Manager is responsible for facilitating the identification, assessment and reporting of RU's risk profile to the ERMC and ARC. The overall responsibilities of the Risk Manager are to: • Oversee the development and implementation of processes to support the identification, assessment, management and reporting of risk. • Review the risk registers produced to ensure that risk management policy and guidance have been consistently adhered to in all academic and administrative functions. • Review the risk registers of RU on a continuous basis as the environment changes, and present them to the RMC for discussion and approval. • Regularly monitor the effectiveness of risk management across RU. • Promote the ongoing enhancement of risk management processes and provide guidance where necessary. • Assist with the identification and assessment of potential and emerging risks. • Consider combined assurance. • Compliance with insurance requirements identified in RU's risk management framework.
Heads of Departments, Supervisors and Middle Management	Heads of Department (HoD), Supervisors and Middle Managers are responsible for complying with RU risk management policy and managing risks for their respective activities. In order to minimize risks from student and staff activities, managers must be able to identify problems and implement practices and procedures to eliminate or reduce the exposure.
Risk Owners and Champions	Each identified risk will have a designated owner who is responsible for managing and mitigating that specific risk. The risk owner will develop and execute risk management plans in consultation with relevant stakeholders. The responsibility for implementation of risk response actions may be delegated to Risk Champions, who support and take direction from the Risk Owner.
Staff members and students	All staff have a significant role in the management of risk, particularly within their own areas of control. All staff with management responsibility will be expected to understand the nature of risk associated with their area of responsibility. Individual members of staff are responsible for ensuring individual risks are controlled and monitored, including the implementation of actions identified to strengthen controls, and where appropriate, escalating any changes or concerns to their Line Manager.

ROLE	RESPONSIBILITY
Internal Audit	Internal Audit is an essential part of the overall risk governance framework within RU. Internal Audit must assist the ARC, external audit service providers and management in the monitoring of risk management in RU and provide independent assurance on the effectiveness of risk management. Internal Audit must: • Analyse the risk registers and use the analysis in the preparation of the risk-based annual audit plan. • Provide independent assurance on adequacy and/or effectiveness of internal controls in place to manage key risks of areas covered in the audit plan. • Independently audit and provide assurance on the effectiveness of the risk management process. • Communicate their findings in report format to Executive Management, ERMC, ARC and Council.
External Audit	The External Auditors attend and have access to the ARC to report on any risk matters identified in their role as part of the third line of defence. External Auditors can also engage the ARC on any matters relating to risk management or audit of RU.
Third-Party Expertise	When necessary, the use of specialist third parties for risk management review may be used to increase the reliability of the internal control system. Areas which may require external expertise include amongst others, health and safety, information technology, disaster management, business continuity, legislative compliance and financial modelling.

7. CONTACTS

Area of Concern	Division/Faculty/Department	Telephone	Email
Risk Management	Risk and Compliance	046 603 8599	erm@ru.ac.za

8. POLICY REVIEW PROCEDURE

The policy will be reviewed every 3 years.   The policy comes into effect on the date approved by Council to 31 December 2027.

9. POLICY CONTEXT: RELEVANT DOCUMENTS CITED/CONSULTED/ADOPTED

9.1	Institutional Development Plan 2023-2028
9.2	The Annual Performance Plan

10. LIST OF APPENDICES

10.1	None