

This policy is of relevance to students / staff / applicants / general public

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Purpose of this document

1. This risk management policy forms part of the School's internal control and corporate governance arrangements.
2. The policy explains the School's underlying approach to risk management, documents the roles and responsibilities of the Board of Governors, the senior management team (Executive Directorate), risk owners and other staff and key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.
3. In addition, it describes the process the Board of Governors will use to evaluate the effectiveness of the School's internal control procedures.

Underlying approach to risk management

4. The following key principles outline the School's approach to risk management and internal control:
 - a. the Board of Governors has overall responsibility for overseeing risk management within the School as a whole
 - b. an open and receptive approach to solving risk problems is adopted by the Board of Governors
 - c. the Principal and Executive Directorate supports, advises and implements policies approved by the Board of Governors
 - d. the School makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks

- e. Directors and Heads of Departments are responsible for encouraging good risk management practice within their departments
- f. key risk indicators will be identified and closely monitored on a regular basis.

Role of the Board of Governors

5. The Board of Governors has a fundamental role to play in the management of risk. Its role is to:
- a. Set the tone and influence the culture of risk management within the School. This includes:
 - i. determining whether the School is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue
 - ii. determining what types of risk are acceptable and which are not
 - iii. setting the standards and expectations of staff with respect to conduct and probity.
 - b. Determine the appropriate risk appetite or level of exposure for the School.
 - c. Approve major decisions affecting the School's risk profile or exposure.
 - d. Appoint an Audit Committee, whose members shall not serve on any Finance Committee of the Board of Governors. The Audit Committee's role is to:
 - i. Monitor the management of significant risks on a detailed and regular basis, to reduce the likelihood of unwelcome surprises. Consideration of the School's Risk Register shall be a standing item on the agenda of each of its meetings.
 - ii. Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
 - e. Annually review the School's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

Role of the senior management team

6. Key roles of Executive Directorate are to:
- a. Implement policies on risk management and internal control.
 - b. Identify and evaluate the significant risks faced by the School for consideration by the Audit Committee.
 - c. Provide adequate information to each meeting of the Audit Committee on the status of risks and controls, and to the Board of Governors in a timely manner.
 - d. Inform the Chairman of the Audit Committee as soon as possible, via the Principal, of any risks of a significant nature that are identified in the gaps between each meeting of the Audit Committee.
 - e. Communicate policies for the management of risk to staff and ensure that Heads of Department implement them within their own departments.

Role of risk owners and other staff

7. All members of staff have a role to play in risk management, both in identifying risk and in mitigating it. In particular, staff should:
 - a. Participate in all discussions and meetings convened to discuss risk management and the creation and updating of risk registers.
 - b. Consider risks and opportunities in the design and implementation of new policies or procedures, or in the development of new strategic documents.
 - c. Advise line managers and Directors of new risks that emerge or of changes to existing risks.
 - d. If identified as a risk owner, be responsible for ensuring that all mitigating actions are implemented in order that the level of risk is reduced as much as possible.
 - e. If identified as a risk owner, advise Directors of the effectiveness of mitigating actions.

Risk management as part of the systems of internal control

8. The system of internal control incorporates risk management, the process for which is described in detail in a separate document entitled THE RISK MANAGEMENT PROCESS - A document for the identification, categorisation and evaluation of risks across the Guildhall School's operations. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the School 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 School must adhere at all times to the City of London Corporation's Policies. Central to these are the City's Standing Orders and Financial Regulations, set by the Court of Common Council, but other policies will also be relevant in the control of significant risks for example the Health & Safety Policy and certain HR policies such as Equal Opportunities. Other policies are set by the Board of Governors and implemented and communicated by senior management to staff. Written procedures support the policies where appropriate.
 - b. Regular reporting
Comprehensive and regular reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of Executive Directorate and the Audit Committee.
 - c. Business planning and budgeting
The business planning and budgeting process is used to set objectives, agree action plans and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

d. Risk register

The School's risk register is consolidated by Executive Directorate from departmental and divisional registers and helps to facilitate the identification, assessment and on-going monitoring of risks significant to the School. The register is compiled following a full risk identification process beginning with the establishment of objectives, to ensure that risks and objectives are aligned with each other. The risk identification process also recognises risks that are interrelated, where one risk, or mitigation of it, has an effect on another risk. The register is formally appraised annually but emerging risks are added as required and mitigating actions and risk indicators are monitored regularly by the Audit Committee.

e. Audit Committee

The Audit Committee is required to report to the Board of Governors on internal controls and alert governors to any emerging issues. The Committee will provide an annual report to the Board, advising it on the effectiveness of the internal control systems, including the School's systems for the management of risk. In order to ensure that it is well-placed to provide advice to the Board, the Audit Committee will also commission an annual report from the City's Internal Audit section, concentrating particularly on those areas that have been identified as high risk.

f. Internal audit programme

Internal Audit is an important element of the internal control process. Apart from its normal programme of work, which is set by the City and the City's Audit Subcommittee, Internal Audit is responsible for preparing an annual report to the School's Audit Committee on the effectiveness of the internal control systems within the School.

g. External audit

External audit provides feedback to the City's Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit. This feedback will be provided by the City to the School's Audit Committee to the extent that the feedback relates to or affects the School.

h. Third party reports

From time to time, the use of external consultants may be necessary in areas such as health and safety and human resources. Such use will be considered where it is judged that it will increase the reliability of the School's internal control systems.

Annual review of effectiveness

9. The Board of Governors is responsible for reviewing the effectiveness of the internal controls of the School, based on information provided by Executive Directorate and the annual report of the Audit Committee. Its approach is outlined below.

10. For each significant risk identified, the Board will:

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

11. In making its decision the Board will consider the following aspects.

a. Control environment:

- i. the School's objectives and its financial and non-financial targets
- ii. organisational structure of the School
- iii. culture, approach, and resources with respect to the management of risk
- iv. delegation of authority
- v. public reporting.

b. On-going identification and evaluation of significant risks:

- i. timely identification and assessment of significant risks
- ii. prioritisation of risks and the allocation of resources to address areas of high exposure.

c. Information and communication:

- i. quality and timeliness of information on significant risks
- ii. time it takes for control breakdowns to be recognised or new risks to be identified.

d. Monitoring and corrective action:

- i. ability of the School to learn from its problems
- ii. commitment and speed with which corrective actions are implemented.