



# **GALWAY BUSINESS SCHOOL**

## **Risk Management Policy**

**May 2020**

## 13 Risk Management Policy

<b>Document Name:</b> Risk Management Policy	 <b>GALWAY BUSINESS SCHOOL</b>
<b>Owner:</b> Registrar	
<b>Approved by:</b> Governing Body	
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Version	Description of Amendments	Approval Date	Implementation Date
V1.0	Approval in full of the policy by the Governing Body	04.11.2019	06.01.2020

## 13.1 Introduction

The QQI Statutory quality Assurance Guidelines for Independent/Private Providers coming to QQI on a Voluntary Basis (2016, Section 3, pp.2) states that voluntary providers must have QA procedures to manage risk. In addition, it needs to be assured that there are effective systems of control and risk management. Risk management informs strategic development through identification and treatment of risk so that strategic objectives are more likely to be achieved, damaging events are avoided or minimised and opportunities are maximised.

Risk Management involves the planned and systematic approach to the identification, evaluation and control of risk. It is concerned with evaluating the measures that GBS has in place already to manage identified risks and then suggesting actions that the organisation should take to control these risks more effectively. For threats, the outcome of risk management is the reduced likelihood of a risk occurring or limiting the consequences should the risk occur by implementing appropriate methods of control. The opposite is the case for opportunities.

GBS's risk management framework aims to increase the probability of success and reduces the probability of failure and uncertainty of achieving GBS's long term objectives as stated in the Strategic Plan 2019-2024. The purpose of the Risk Management policy is, therefore, to explain GBS's underlying approach to risk management and to document the roles and responsibilities of the Academic Council and its sub-committees, the senior management and other stakeholders. In addition, the policy outlines key aspects of the risk management process and identifies the main reporting procedures. GBS's Risk Management Policy sets out the following:

- Definitions
- Roles & Responsibilities
- Risk Management Framework

Risk Management aims to identify opportunities related to, for example, improving transparency in school processes and good practice; improving the effectiveness of management decisions and internal organisational processes; improving effectiveness of change management processes associated with sustainable competitive advantage; prioritising immediate risk, and fostering a positive attitude while implementing risk controls.

## 13.2 Definitions

### 13.2.1 Risk

A Risk may be defined as GBS's limited benefit from opportunities available, suffering damage or disadvantage, or not achieving its strategic objectives due to an internal or external event. Risks, by their very nature, may or may not occur and fall into a variety of categories, most of which are listed below in Table 13.2.1 In addition, risk can exist at different organisational levels such as corporate or strategic level, faculty level, and programme level.

*Table 13.2.1: Risk Categorisation*

<b>Risk</b>	<b>Details</b>
<b>Strategic Risks</b>	The inability to achieve GBS's strategic and operational objectives as set out in the Strategic Plan 2019-2024 and also, not availing of opportunities when they arise.
<b>Operational Risks</b>	The inability to prevent losses resulting from inadequate internal processes and systems.
<b>Financial Risks</b>	Exposure to losses arising as a result of inadequate controls or the need to improve the management of GBS's financial assets.
<b>Reputational Risks</b>	Exposure to losses arising as a result of bad press, negative public image and the need to improve stakeholder relationship management.
<b>Learner Experience</b>	Exposure to losses arising from learner dissatisfaction with the school operations.
<b>Legal / Regulatory / Compliance Risk</b>	The inability to prevent losses resulting from breaches of legislation or regulations.

### 13.2.2 Risk Identification

Risk identification refers to the process of determining what risks can occur, the reasons for them and how they may be mitigated.

### **13.2.3 Risk Analysis**

Risk Analysis refers to the systematic use of available information to determine the likelihood of specific events occurring and the magnitude of their consequences and impact on the school.

### **13.2.4 Risk Assessment**

Risks are assessed and prioritised on a combined basis of the likelihood of their occurrence and the resulting impact should they materialise.

### **13.2.5 Risk Register**

A Risk Register is a risk recording and monitoring tool for the management of risk within GBS. It is a hierarchical database and it is a review of the risks that occurred in the past or a review of risks that may occur in the future on all organisational levels.

### **13.2.6 Risk Appetite**

Risk appetite is the amount of risk an organisation is prepared to accept based on the expected return of the development or on the activity in question. The school can be risk-taking or risk-averse and different levels of risk appetite can apply to different activities. In deciding its risk appetite the school will decide the threshold beyond which risks move from being monitored to being serious, or to the abandonment of the particular activity. The clarity in relations to the schools' risk appetite is important in determining the best management strategies for a particular risk.

## 13.3 Roles & Responsibilities

The overall responsibility for the identification and mitigation of risks within the school lies with the Risk Management Committee. The membership of the committee and its detailed responsibilities are presented in Table 13.3 below.

*Table 13.3: Roles and Responsibilities within GBS Risk Management Committee*

Membership of the RMC	The functions of the RMC
Managing Director (Chair)  Financial Controller  Sales & Marketing Director  Registrar  Academic Co-ordinator  IT Security Provider  Head of Teaching & Learning	<ul style="list-style-type: none"> <li>• Implementing GBS's Risk Management Policy</li> <li>• Identifying and monitoring risks that could impact on the achievement of GBS's strategic objectives</li> <li>• Review of the risk register on a bi-annual basis</li> <li>• Ensuring compliance with relevant QQI policies and Codes of Conduct</li> <li>• Ensuring the coordination and promotion of risk management by ensuring that risk processes, including the identification, assessment and management of risks operate efficiently and effectively</li> <li>• Ensuring that fundamental risks, which threaten the achievement of GBS's objectives, are identified, assessed and included in the school's Risk Register, which will be reviewed regularly</li> <li>• Ensuring that there is an overarching corporate culture of risk management</li> <li>• Ensuring that each member of the committee is responsible for the risk management in their departments and keeping the Risk Management Committee updated.</li> <li>• Ensuring that there is appropriate communication with staff on risk, risk policy and controls</li> <li>• Ensuring that effective systems are in place to identify new or emerging risks and seek external / expert advice as necessary</li> <li>• Ensuring that a risk management culture is encouraged throughout the school and ensuring that risk is embedded as part of the school's decision making processes and operations</li> <li>• Ensuring in conjunction with the Financial Controller that risk is considered as part of the annual planning and budgetary process</li> <li>• Ensuring that reports are received on GBS insurance</li> </ul>

	<ul style="list-style-type: none"> <li>• Ensuring that adequate training is in place to support staff in fulfilling the requirements of the GBS Risk Management Policy</li> <li>• Ensuring that risk registers are received from each member of the Risk Management Committee and referring any risk that may require escalation to the Governing body for consideration</li> </ul>
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## 13.4 Risk Management Framework

The Risk Management Framework is a process consisting of steps that enable continual improvement in decision making. It constitutes a fit for purpose method of identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity in a way that will enable the school to minimise losses and maximise opportunities. GBS's Risk Management Framework provides assurance from academic and administrative departments to the senior management team and to the Governing Body. Effective risk management focusses on understanding and measuring risk and control rather than necessarily avoiding or eliminating it and comprises of the steps described in following sections.

### 13.4.1 Risk Identification

The purpose of risk identification is to produce a list of the potential risks that could impact on GBS's ability in achieving its objectives. Risks will be identified under four categories (Section 13.4.2) and prioritised based on the likelihood of their occurrence. A formal risk identification and review exercise will be undertaken on a bi-annual basis in order to update the Risk Register with any departmental risks as required. The risk identification process will commence with the establishment of a Risk Register by GBS's Risk Management Committee. The relevant form for a risk identification within GBS's Risk Register is set out at the end of Section 13.8.

### 13.4.2 Risk Assessment

Appropriate quantification of risk is critical to an effective Risk Management Framework. Not all risks are equal and effective risk management is only possible if risks are prioritised appropriately. The risk

will be assessed using a 4x4 scale for the likelihood and impact of each risk before and after mitigating actions according to the criteria shown in Table 13.4.2a and in Table 13.4.2b.

*Table 13.4.2a: Risk Probability Criteria*

<b>Rating</b>	<b>Description</b>	<b>Likelihood</b>
<b>5</b>	Highly Likely	75-100% (3 out of 4 possibility or more frequently)
<b>4</b>	Probable	51-74% (1 in 2 possibility to 3 out of 4)
<b>3</b>	Possible	26-49% (1 in 4 possibility to 1 in 2)
<b>2</b>	Remote	6-25% (1 in 4 possibility or less frequently)

Table 13.4.2b: Risk Impact Criteria

Impact Rating	Financial Risk	Strategic Risk	Operational Risk	Reputational Risk	Learner Experience	Legal / Regulatory / Compliance Risk
<b>4 Extreme</b>	Impact on a budget or additional expenditure over €150,000.00	Prevents successful achievement of several strategic priorities resulting in the strategy needing to be revised.	Closure/disruption of the school for greater than 2 days  Cancellation of exams	Severe level of criticism in the national press.  Permanent impact on student recruitment	Severe impact affecting a large number of learners which will have a significant effect on learner results or retention.	Major legislative breach resulting in a suspension of business  Serious injury/loss of life
<b>3 Serious</b>	Impact on a budget or additional expenditure over €75,000.00	Prevents successful achievement of one strategic priority resulting in parts of the strategy needing to be revised.	Unavailability of service of the school for more than 2 days  Postponement of exams	School criticised in the national press.  Long term impact on student recruitment	High impact affecting a large number of learners which will have a material impact on learner results or retention.	Serious legislative breach resulting in intervention, sanction or legal action  Injury requiring hospitalisation
<b>2 Moderate</b>	Impact on a budget or additional expenditure over €50,000.00	Restricts the ability to achieve one or more strategic priorities requiring some modification to parts of the strategy.	Closure/disruption of the school for up to 1 day  Delay in exams	School criticised in the local press.  Medium term impact on student recruitment.	Moderate impact affecting a smaller number of learners which will have a material impact on learner results or retention.	Significant legislative breach resulting in an investigation.  Major reversible injury to staff, learner or member of the public. Not life-threatening.
<b>1 Minor</b>	Impact on a budget or additional expenditure over €20,000.00	Impacts on some aspects of one or more strategic priority but not significant enough to require modifying the strategy.	Non-delivery of classes for up to half a day  Disruption to individual exams	Programme criticised in the local press.  Short term impact on student recruitment.	Minor impact affecting a smaller number of learners which is unlikely to have a material impact on learners results or retention.	Moderate individual breach leading to a warning  Some minor reversible injuries

When rating the risk identified, GBS will use the Risk Rating Map in Figure 13.4.2a to calculate the risk score and then the Classification of Risks in Figure 13.4.2b to identify the Risk Rating. Generally, risks should be prioritised according to their ability to affect the school achieving its objectives and therefore may change as objectives change. Certain risks will be deemed to be Fundamental Risks and will be recognised as being of greater strategic or operational importance to the school than Non-Fundamental Risk. This approach enables risk management resource to be targeted to the most crucial areas whilst still recognising less important risks.

Figure 13.4.2a: Risk Rating Map

		Impact			
		Remote (1)	Possible (2)	Probable (3)	Highly Likely (4)
Likelihood	Extreme (4)	4	8	12	16
	Serious (3)	3	6	9	12
	Moderate (2)	2	4	6	8
	Minor (1)	1	2	3	4

Figure 13.4.2b: Classification of Risks

Classification of Risks		Score
Extreme	Red	12-16
Serious	Amber	8-11.9
Moderate	Yellow	4-7.9
Minor	Green	1-3.9

## 13.5 Control and Risk Mitigation

Based on the risk assessment, controls and mitigating actions are put in place to reduce exposure to the risk materialising. Heads of each Department (members of RMC) are responsible for implementing and enforcing controls that effectively manage and mitigate risks identified, to a level that is within the tolerance limits approved by the Governing Body.

Controls implemented must be relative and reflect the likelihood and impact of the risk, if it occurred. An efficient and effective control will have the appropriate balance between the cost of implementing, the likelihood and the potential impact of the risk event (if it occurred) and any residual risk. Mitigation

actions and controls include all the policies, procedures, practices and processes in place to provide reasonable assurance of the management of risk.

The RMC monitors the implementation of the mitigating control action plans and reports on a bi-annual basis to the Governing body in relation to their progress.

### 13.6 Risk Monitoring & Reporting

Each Head of Department will consider their departmental risks. A review of risks will take place at least twice per annum and/or following major changes to the structure of school or its operations. The RMC will meet bi-annually to consider local risks presented by Heads of Departments, to consider on-going developments within the school and any emerging risks. Based on such consideration, the Risk Management Committee will review GBS's Risk Register and amend the Register as required.

Where deemed necessary by the Chair of RMC, the emergence of new risks may be considered immediately by the Governing Body. The RMC will submit a report to the Governing body on the Risk Register and the effectiveness of the Risk Management Framework annually.

### 13.7 Risk Appetite

The school's risk appetite defines how it accepts and manages risk. Risk elements arising from proposed or actual developments/activities within the school may fall into the categories listed below. The concept of risk appetite applies to major activities undertaken by the school and is concerned with the placing of a boundary between the categories listed below. It, therefore, reflects the school's tolerance of risk.

- **Trivial Risks** – risks that are minor and therefore acceptable and do not need to be managed
- **Acceptable Risks** – risks that are acceptable and do not need to be managed
- **Manageable Risks** – risks that are acceptable but need to be managed
- **Unacceptable Risks** – risks that are unacceptable and therefore the activity associated with the risk should not proceed.

## 13.8 Management of Risk

Upon completion of a risk assessment and taking account of the school's risk appetite, there is a number of options available to GBS when deciding on how to deal with the risks facing the company. These are listed below.

- **Terminate** – avoid the risk
- **Transfer** – transfer the risk to the third party
- **Treat** – retain and control the risk
- **Tolerate** – exposure to the risk is tolerable without any further action.



**GALWAY BUSINESS SCHOOL**

**RISK DESCRIPTION**

<b>ID</b> <i>(Unique identifier for the risk)</i>	
<b>Category</b> <i>(Type of risk e.g. financial, operational)</i>	
<b>Owner</b> <i>(The senior member of the team with responsibility for managing risk)</i>	
<b>Probability</b> <i>(The likelihood of the risk happening)</i>	
<b>Impact</b> <i>(The effect of the consequences should the risk occur)</i>	
<b>Proximity</b> <i>(The earliest the risk is likely to occur)</i>	
<b>Risk Causes</b> <i>(The events or circumstances which may trigger the risk)</i>	
<b>Mitigating Actions</b> <i>(The current or intended actions with the timescale to reduce the probability and impact of risk)</i>	
<b>Response Category</b> <i>(Terminate / Transfer/ Treat / Tolerate)</i>	
<b>Escalation level</b> <i>(The level to which the risk is escalated – Head of Department, RMC or Governing Body)</i>	