



*The University of the West Indies*

Risk Management  
Policy

October 2022

## **1. Introduction, Purpose and Scope**

### **1.1 Introduction**

The University of the West Indies has adopted a formal University Risk Management function that adheres to best practices in risk management. This policy outlines the scope and roles and responsibilities of University staff members under the risk management function. The University's Risk Management Framework and Procedures Manual forms an integral part of the policy and provides guidance to employees assessing, monitoring and reporting risks under the policy.

### **1.2 Policy Statement**

It is our policy to integrate risk management in all planning and decision-making processes and this policy has been adopted by the University in recognition that:

- the effective management of risk is vital to the continued growth and success of the University,
- the risks inherent in the University's operating environment need to be considered and managed in an informed way,
- by understanding and managing risk, the University provides greater certainty and confidence to all stakeholders,
- explicit and effective risk management is a source of insight and competitive advantage, and
- risk arises in many forms and can have positive or negative impacts on the University's ability to achieve its strategic goals.

### **1.3 Purpose/ Commitment**

This policy demonstrates the University of the West Indies (The UWI's/ the University's) commitment to good governance through effective risk management. It aims to ensure that The UWI entities use a consistent approach to effectively manage risk and to balance exposure against opportunities.

The purpose of this policy is to:

- Document the framework within which risk is managed at the University;
- Assist with effective management and control across all categories of risks; and
- Assist the University in maintaining an effective distinction among those involved in: taking and managing risks; establishing risk policy, processes and standards; and providing assurance that significant risks are identified, assessed, mitigated and appropriately monitored and reported.

The University recognises that risk management is an integral part of good management practices and is committed to achieving best practice in the area of risk management. The University aims to improve decision making by applying risk management principles and practices throughout its daily or routine operations and activities. This will be done to facilitate the best use of resources and thus contribute to the University's overall strategic intent.

The University is also committed to the continuous improvement of its risk management processes and to integrating risk management into its strategic planning process, including major change initiatives. Every employee of The UWI is required to perform their respective role in helping to ensure the effective management of risk and the implementation of risk reduction strategies.

#### **1.4 Risk Management Elements**

The University is committed to maintaining an effective, efficient and tailored risk management system that consists of:

- This policy;
- Risk Appetite Statement;
- A risk management framework and procedures manual;
- Risk Register (including the risk management software); and
- Supporting policies that complement risk management (See Section 1.6 below)

#### **1.5 Scope**

This policy applies to all the following activities, individuals or groups with respect to risks to be managed and reported in accordance with this policy:

- academic, administrative, professional and technical service staff and adjunct staff at UWI whether permanent, temporary, full-time, part-time or casual
- students,
- controlled entities, partners and affiliates,
- contractor, consultant or person who works in any other capacity for the University;
- visitors/ guests of the University; and
- systems, processes and functions.

#### **1.6 Related Policies and Instruments**

- Risk Management Framework and Procedures Manual
- Audit Committee Mandate
- University Risk Management Steering Committee Terms of Reference
- Campus Risk Management Steering Committee Terms of Reference
- Risk Appetite Statement
- Risk Assessment Guidelines
- Risk Rating Matrix
- Risk Management Software
- The UWI Quality Policy
- Business Continuity Management
- Occupational Health, Safety and Environment
- Code of Conduct
- Travel Policy
- The University Financial Code and Procedures
- Fraud Prevention
- Procurement Policy

#### **1.7 Legal Framework**

The risk management activities relate to a wide set of statutes and regulations, in particular, those monitored by the University through its Legal Units. If any of these legal provisions are modified, superseded or added to, the policy shall be interpreted in accordance with the legal framework currently in effect.

## 1.8 Definitions

For the purpose of this policy, the University has adopted the following definitions:

Term	Definition
Consequence	Outcome of a risk event or situation expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain
Control	The actions, activities or mitigation strategies in place to maintain or modify the risk.
Risk	International Organization for Standardization - ISO 31000 - Risk is the effect of uncertainty on objectives  Committee of Sponsoring Organizations of the Treadway Commission (COSO) – the possibility that events will occur and affect the achievement of strategy and business objectives
Risk Appetite	The amount and type of risk that the University is willing to pursue, retain or take in order to meet its objectives and before action is deemed necessary to manage that risk.
Risk Assessment	The identification of risks and the evaluation of the quantitative or qualitative nature of risks related to a specific situation and recognized as a threat, performed by means of tools developed by the University (such as the Risk Register and the Risk Rating Matrix).
Risk Management	The coordinated management of activities to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the University's objectives.
Risk Matrix	Defined risk likelihood and consequence thresholds aligned to the University's context and used to determine the inherent and controlled risk ratings.
Risk Owner	The person accountable for managing a particular risk or set of risks.
Risk Rating	Level of exposure to a risk based on the likelihood and consequence of the risk occurrence.
Risk Register	The official record of risks and related risk categories facing the University, as established through the risk assessment process. Risk Registers are a tool for documenting risks and actions to manage each risk. The University's risk registers are based on the risk type and as applicable risks are identified, they are entered on the register and actions are taken to respond to the risk.
Risk Treatment	An iterative process to select and implement options for addressing risks that exceed the risk appetite (e.g., enhancing controls).

## 2. Risk Management Strategy

The University's Risk Management strategy is designed to support its strategic plan and operational objectives by ensuring prioritization and adequate management of any identified risks that could affect the achievement of its strategic and operational objectives. It includes the development and approval of the Risk Appetite Statement(s) and risk tolerance limits.

The strategy also provides for a structured approach to the risk management process by identifying, assessing and managing risks or opportunities and will take into account both the inherent and residual risks to which the University is exposed.

The strategy requires the use of common language to assess the risks, documentation of the current risk controls in place as well as potential future risk response measures. It also requires regular updating and reviewing of the University's overall risk profile based on emerging risks identified, new developments or response actions taken. The full strategy is detailed in the Framework and Procedures Manual.

### **3. Risk Management Framework and Procedures Manual**

The University Risk Management Framework and Procedures Manual (The Framework) sets out the enterprise-wide approach to managing risks across the University. The primary purpose of the risk management framework is to provide a coordinated and managed approach to critical risks that, if they were to occur, would impact on the achievement of strategic and operational objectives.

The UWI's risk management framework is a set of components that provides the foundation and organizational arrangement for designing, implementing, monitoring, reviewing and continually improving risk management throughout the institution.

The Framework will enable:

- a structured approach to risk management that is appropriate for UWI's activities and operating environment; and
- a risk management approach consistent with the key requirements of the Enterprise Risk Management (ERM) setting organisations such as the Committee of Sponsoring Organisations (COSO) ERM - Integrating with Strategy and Performance Framework<sup>1</sup> and the International Organisation for Standardisation (ISO) 31000:2018 <sup>2</sup> along with international best practices for risk management.

The Framework provides guidance for implementation of the risk management process and comprises the following key interrelated components which are detailed in the Manual.

- Definitions
- Risk Management Principles
- Risk Appetite and Tolerances
- Risk Management Process
- Risk Governance and Operational Structure
- Risk Register
- Business Continuity and Disaster Preparedness

All University processes and functions will adopt a risk management approach in line with the Framework and this policy.

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<sup>1</sup> Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a voluntary private-sector organization, established in the United States, dedicated to providing thought leadership to executive management and governance entities on critical aspects of organizational governance, business ethics, internal control, enterprise risk management, fraud, and financial reporting. COSO has established a common internal control model against which companies and organizations may assess their control systems.

<sup>2</sup> International Organization for Standardization (ISO) 31000:2018 is intended to be a family of standards relating to risk management codified by the International Organization for Standardization.

### **3.1 Risk Appetite**

The risk appetite is a fundamental concept of risk governance and is defined and articulated by the executive officers and presented to Council. The executive officers will develop and review, on an annual basis, an institutional-level risk appetite taking into consideration the University's strategic plan, financial position and applicable laws. The risk appetite statement will be presented to the University Finance and General Purposes and University Audit Committees annually. The risk appetite will be:

- strategically and directly related to the achievement of the University's strategic goals,
- a mutual understanding between the University Council and Senior Executives,
- a statement of the risk – reward balance, and
- reviewed annually.

The University is committed to well-managed risk taking in pursuit of its strategic goals within the boundaries defined in the University's Risk Appetite Statement. If a risk rating is assessed as exceeding the risk appetite of the University, then a risk management plan must be developed to manage the risk. Each risk management plan must identify the risk owner or employee/ delegate responsible for ensuring that the plan is implemented.

If a risk exceeds the risk appetite despite the risk management plan developed, the risk shall be reported and/ or a decision shall be made in accordance with the risk rating matrix. Decisions to accept risks in excess of the appetite must be reported to the University Finance and General Purposes Committee.

### **3.2 Risk Assessment**

All departments will follow the approach for identifying, analysing, evaluating, treating, recording, monitoring and communicating risks as set out in the Framework Manual.

A University-wide risk assessment, at the institutional level, is to be conducted at least annually and the results reported to the University Risk Management Steering Committee (URMSC), the University Finance and General Purposes Committee (UF&GPC) and the University Audit Committee. University staff members are expected to conduct risk assessments as part of planning, decision making, project related and other operational activities.

### **3.3 Risk Register**

The Risk Register will be completed on two levels – a Strategic Risk Register which focuses on the initiatives coming from the University/ Campus Strategic Plan and an Operational Risk Register which will cover departments and other operational activities. In instances where operational risks have a UWI-wide impact, they will be assessed to see whether they should be escalated to the strategic level.

Risks identified through the University-wide risk assessment process which are not already listed in the Risk Register will be reviewed by the Risk Management Unit in conjunction with the individual or unit that identified the risk to determine whether this is a new or emerging risk that should be added to the University Risk Register.

## **4 Roles and Responsibilities**

All employees of the University are required to play an active role in managing risk, fostering a positive risk management and control environment and a robust risk awareness culture within the University.

**Council.** The University Council is ultimately responsible for approving, and committing to, the risk management policy and setting and articulating the University's appetite for risk. The University/ Campus Council receive reports from the University/ Campus F&GPC or the university Audit Committee and directs the Vice Chancellor/ Principal and the University/ Campus Registrar with respect to governance, administration and significant non-compliance with the risk management function.

**Finance and General Purposes Committees.** The University/ Campus F&GPC oversees the risk management function on behalf of University/ Campus Council in accordance with its terms of reference. The UF&GPC/ Campus F&GPC will give primary oversight to the activities of the Steering Committees and the University/ Campus Risk Manager. At each meeting of the UF&GPC/ Campus F&GPC, a high-level status report and commentary on risk management will be provided as part of standard reporting to the Committee. In addition, risks assessed as high or severe will be reported to the Committee. The Finance Sub-Committee on the Open Campus performs this role.

**Risk Management Steering Committees.** The Risk Management Steering Committee for each Campus and the Centre shall support the activities of the risk management process across the University. The Risk Management Steering Committees assist Council/ UF&GPC/ Campus F&GPC in its overall oversight responsibility for risk management. The support activities include but are not limited to reviewing the report of the Risk Management Unit on compliance with the University's risk management policy and framework, and make recommendations as may be necessary to the Finance and General Purposes Committee. The Risk Management Steering Committee also reviews and recommend the approval of the Risk Management Policy and Framework through the relevant Finance and General Purposes Committee.

**Other University/ Campus Committees.** The various governance committees are responsible for monitoring the management of risk relating to their areas of responsibility (for example Occupational, Health and Safety Committee and Finance Committee).

**Vice Chancellor.** The Vice Chancellor is responsible for leading the development of an enterprise risk management culture across the University through promoting and supporting the Risk Management Policy and Framework.

**University Executive Officers.** Members of the University Executive are responsible for ensuring that appropriate resources, systems and processes are in place to implement the Risk Management Framework across the institution and that key University/ Campus Level risks have been identified and are being managed appropriately.

**Risk Managers.** The Risk Manager is responsible for ensuring that the Risk Management Framework and Policy are being effectively implemented across the University. The Risk Manager is the chief facilitator with the risk owners and the University/ Campus as a whole in ensuring that risk management gets embedded across the University/ Campus in accordance with UWI's Risk Management Policy and Framework.

**Risk Officers/ Risk Analysts.** The Risk Officer/ Analyst would provide risk management technical and administrative support to the Risk Manager. The Risk Officer/ Analyst supports the Risk Manager in promoting and developing staff members' capabilities in risk assessment and management, and assists risk champions and staff with their areas of risk responsibilities.

**Risk Owners.** It is the responsibility of the Risk Owners to develop and implement processes, controls, operating policies and procedures consistent with this policy, to manage risk within his/ her area of responsibility. The Risk Owner will ensure that all risks are responded to or treated whether or not the Risk Owners have the technical ability to carry out the risk treatment. Risk owners will select corrective action owners/ risk champions (see section below) who will assist in carrying out all relevant risk management duties. Risk owners also have responsibility for logging loss events and near misses.

**Risk Champions.** Risk Champions are nominated by the Risk Owners to assist the Risk Owners in executing their risk management duties, in accordance with the requirements of the Risk Management Policy and Framework. Depending on the size of the Risk Owner's area(s) or responsibilities, one or more Risk Champions may be selected.

**Corrective Action Owner.** Corrective Action Owners (CAOs) are individuals who will be assigned responsibility to assist a Risk Owner in correcting or responding to a risk usually because of some special expertise that the CAO possess.

**All Managers and staff.** Managers and staff at all levels may be risk owners and are responsible for developing an understanding of and becoming competent in the implementation of risk management principles and practices in their work areas.

**Internal Audit.** The Internal Audit unit is a key part of the monitoring function of the risk management governance structure. The Audit function is required to perform periodic independent review of the effectiveness of the risk management system to ensure that the risk management process is working as intended and make recommendations for improvements

**Audit Committee.** Risk oversight responsibilities will be carried-out with regards to: -

- The risks that are embedded in the business of the University and the control processes in relation to such risks.
- The assessment and review of the relevant risk categories.
- The risk management activities of the University, including the monitoring and reporting on the status of action plans for addressing high and severe risks.

## 5 Risk Reporting

Reporting is the foundation of the monitoring and compliance elements of the risk management activities and as such should be as timely, complete and accurate as possible. Monitoring and compliance rely on reporting by employees, oversight by executive officers, oversight and direction by the Principals/Registrars and the respective Steering Committees, independent review and testing by internal audit and independent oversight by the University/ Campus Finance and General Purposes Committee and Council.

## 6 Changes to the Policy

Any changes to the Risk Management Policy and Framework are to be made on the recommendation of the University Risk Manager, the Campus or University Risk Management Steering Committees and the subsequent exclusive approval of University F&GPC. The policy shall be reviewed every two to three years.



**MANUAL CONTROL LOG**

**POLICY INFORMATION**

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