	Risk Management Policy
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1. Purpose

Risk management is a key feature of good corporate governance. The S P Jain London School of Management (SPJ UK) uses risk management processes to identify, assess, manage and report on key risk to the achievement of its strategic priorities and goals. SPJ UK is committed to ensuring that it has a strong system of internal control which supports the management of risks in line with the regulatory requirements and good practices in risk management

2. Definitions

a. **Risk** is defined as the effect (positive or negative) of uncertainty on objectives. Risk is considered with reference to possible consequences and likelihood of occurrence.

b. **Risk Management** is a tool used to support the achievement of strategic and operational goals of the company. The risk management framework provides a standardized approach to assessing risk at any level of the organization.

c. **Control -** Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.

d. **Inherent risk -** High inherent risks that are well controlled may fall out of our field of view if only the residual risk is assessed. The purpose of assessing inherent risk is to ensure that we maintain focus on compliance with controls.

e. **Likelihood –** A qualitative description or synonym for probability or frequency of the risk occurring.

f. **Risk appetite** - The level of risk that is acceptable to the board or management. This may be set for the organization as a whole, for different groups of risks or at an individual risk level.

g. **Residual risk** - The remaining risk after management has taken action to alter the risk's likelihood or impact.

h. **Risk identification** - The process of determining what can happen, why and how.

i. **Risk mitigation –** Selection and implementation of appropriate action for dealing with risk.

3. Responsibility

a. The Board of Directors (BoD) will be responsible for setting risk appetite and oversight of risk management. It will review the Risk Management Plan on at least an annual basis.

b. The Audit and Risk Committee will assist the BoD in the oversight and implementation of a risk management framework and undertaking reviews of the risk management plan at each meeting.

c. The Chief Operating Officer is responsible for implementing this policy and the maintenance of the risk management plan.

d. The identification and reporting of potential risks is to be undertaken by all levels of staff when they arise so that appropriate mitigation can be determined to alleviate potential risks. The Chief Operating Officer will be responsible for making a full disclosure of risks to the Board of Directors and Audit and Risk Committee, as they arise.

4. Risk Management Framework

The School uses the Risk Management Framework as detailed in Appendix 1.

5. The Risk Management Process

a. Risk management will be implemented through the development of a Risk Management Plan, which will incorporate the steps as follows:
    i. Determine risk categories
    ii. Identify risks
    iii. Determine the impact and likelihood
    iv. Consider mitigation and internal controls
    v. Allocate risk ratings

b. Categories of risk to consider are:
    i. Governance
    ii. Registration and compliance with regulations and legislation
    iii. Leadership
    iv. Development of the staff team
    v. Academic quality and standards
    vi. Student academic experience
    vii. Student experience and support
    viii. Suitable premises and study environment
    ix. Financial sustainability and control
    x. Systems and information management
    xi. Workplace health and safety

c. The above categories will be reviewed as the School develops.

6. Annual review of risk

a. The Board of Directors is responsible for reviewing the effectiveness of internal control of the School, based on information provided by the Audit and Risk Committee. Its approach is outlined below.

   i. For the significant risks identified, the Board will:
      o review the previous year and examine the track record on risk management and internal control;
      o consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective and whether further mitigation is required.
   ii. The Board will consider the following aspects:
      o Control environment:
         ▪ the School's objectives and its financial and non-financial targets;
         ▪ 'Current' ratings are those which take into account existing controls. 'Target' ratings are those which take into account both existing controls and additional measures which could be brought in to further mitigate the specific risk.
      o organizational structure and experience of the senior managers;
      o the School's risk culture, the resources in place to manage risks and the approach adopted with respect to the management of risk;
      o delegation of authority;
      o public reporting as required for compliance with regulatory frameworks.

   iii. On-going identification and evaluation of significant risks:
      o timely identification and assessment of significant risks;
      o prioritization of risks and the allocation of resources to address areas of high exposure.

   iv. Monitoring and corrective action:
      o commitment and speed with which corrective actions are implemented.
      o ability of the School to learn from its experience;

b. The Audit and Risk Committee will prepare an annual report of its review of the effectiveness of the internal control system for consideration by the BoD. In this report, Heads of Academic and Professional Service Units will require to have certified that controls are in place and key risks have been managed.

Related Documents

a. Terms of Reference of the Board of Directors

b. Term of Reference of the Audit and Risk Committee

c. Risk Management Plan

Appendix 1: Risk Management Framework