UNIVERSITY OF ABERDEEN

RISK MANAGEMENT FRAMEWORK

TABLE OF CONTENTS

FIGURES AND TABLES

FIGURES

- Figure 1: University Approach to Risk Management: Plan, Do, Check, Act
- Figure 2: Strategic Risk Register Reporting Structure
- Figure 3: Risk Management Process

TABLES

- Table 1: Risk Appetite
- Table 2: Strategic Risks – Risk Appetite Matrix
- Table 3: Risk Categories
- Table 4: Risk Appetite and Tolerance Level According to Risk Score
- Table 5: Tolerance Threshold by Risk
- Table 6: Measuring Likelihood
- Table 7: Measuring Impact

1. INTRODUCTION

This document sets out the University of Aberdeen Risk Management Framework, replacing the Risk Management Policy and Procedures previously in place.

The Framework is comprised of two key components: first, the University's Risk Management Policy, which includes the University's formal Statement on Risk Appetite, and second; the University's Risk Management Process, which gives a detailed overview of the processes, tools and reporting structures in place for the effective management of risk.

The Framework applies across the institution at all levels, including strategic organisational level, Schools and Professional Services. Risk Management is also an integral part of the institutional Project Management Methodology which is applied to all major capital projects.

At organisational level, overarching responsibility for the management of risk lies with the University Court, and the risk management process is formally integrated with the University's strategic planning and performance management systems. The University has a Strategic Risk Register which correlates with the University's strategic aims and objectives, which in turn are based on the University's Strategic Plan (2015 - 2020). At School level, risk registers have been established as part of the School planning process, designed to manage and mitigate the key risks affecting the ability of Schools to achieve their aims and objectives.

There is also a close interface between the University's risk management and audit functions. The University Audit Committee requires to be satisfied as to the effectiveness of the mechanisms operated by the University for identifying, assessing and managing risks and states its opinion in the Audit Committee Annual Report to the University Court and the Scottish Funding Council.

The Risk Management Framework was developed and is owned by the University's Directorate of Planning. It aligns with best practice and internationally recognised standards for risk management, such as the ISO31000 Risk Management Principals and Guidelines document.

2. KEY TERMS AND DEFINITIONS

The following definitions are provided for key terms. These definitions are recognised and accepted by the University of Aberdeen, and are applicable to the University's Risk Management Framework, encompassing all risk related policies and processes. All stated definitions are based on those given in the ISO3100 Standard and/or in the HM Treasury Management of Risk "Orange Book", which is regarded as the "standard text" for Public Sector risk management practice.

2.1 **Risk:** In accordance with the ISO3100 (2009) definition, the University defines risk as the potential "effect of uncertainty on objectives", where an "effect" is a deviation from an intended or expected outcome.

A risk will be considered as either a *threat* (negative) to the University's ability to achieve any given objective, or as uncertainty resulting from an *opportunity* (positive) which offers potential benefits to the institution.

ISO3001 (2009) notes that an objective can have different aspects, such as financial or regulatory, and can apply at different levels, within different contexts. For example, risks can be strategic or operational, and can apply to projects, processes and/or "business as usual" activities.

NOTE: it is important to recognise the difference between a risk and an issue. A risk is something that *might* happen, and therefore the outcome is uncertain. With an issue, there is no uncertainty; an issue is something that *has* happened or *is* happening.

2.2 **Risk Management:** the University defines risk management as the "coordinated activities, systems and processes in place to direct and control the University with regard to the management of risk."

2.3 **Risk Management Framework:** this is the set of components that provide the foundations and institutional arrangements for the design, implementation, monitoring and control of risks, and for the review and continual improvement of the University's risk management function.

2.4 **Risk Appetite:** this refers to the level of risk the University is willing to tolerate or accept in the pursuit of its objectives. When considering threats, risk appetite defines the acceptable level of exposure deemed tolerable or justifiable by the institution; when considering opportunities, risk appetite defines how much the University is prepared to actively put at risk in order to realise potential or expected benefits.

Risk Appetite is directly linked to **Risk Tolerance**; an organisation with a higher Risk Appetite will tolerate a higher level of risk, meaning its Risk Tolerance threshold - the point at which the level of risk exposure becomes *intolerable* or *unacceptable* - will also be higher.

2.5 **Risk Owner:** this is the person, persons or entity in authority who is *accountable* for the effective management of a risk.*

2.6 **Risk Manager:** this is the person, persons or entity with delegated *responsibility* for the effective management of a risk.*

* Note: while Risk Owners and Risk Managers may be directly accountable and responsible for the management of specific risks, in practice, all University employees have a responsibility for good risk management.

3. UNIVERSITY RISK MANAGEMENT POLICY

The following outlines the University's Risk Management Policy.

3.1. WHAT IS RISK MANAGEMENT?

As noted in the definitions given in Section 2, Risk Management refers to the systems and processes in place, across the institution, for direction and control with regards to the management of risk.

Like every organisation, the University operates in an environment (internally and externally) where different factors and influences create uncertainty which in turn, affects its ability to achieve its objectives. The effect of uncertainty manifests as "risk". Risk management is key to managing that uncertainty by reducing the likelihood that risks might be realised, and the resultant impact in the event that they are. Risk Management is not a box-ticking exercise; it should be an inherent part of any effective corporate governance structure and is a means for more effective management of the institution. It should also an important component of strategic and performance management processes, at all levels.

3.2. WHY RISK MANAGEMENT? RATIONALE AND BENEFITS

The benefits of undertaking Risk Management include, but are not limited to the following:

- ✓ Increased likelihood that the University's objectives will be achieved;
- ✓ Reduced likelihood that the University will be affected by damaging events;
- ✓ Enhanced ability to safeguard assets;
- ✓ Improved governance and enhanced assurance;
- ✓ Improved stakeholder confidence and trust;
- ✓ More proactive approach to management;
- ✓ Better planning and more effective decision-making;
- ✓ Better allocation and use of resources;
- ✓ Improved operational effectiveness and efficiency;
- ✓ More effective collaboration across different functional units;
- ✓ Better internal controls;
- ✓ Better protected institutional reputation;
- ✓ Enhanced health and safety performance;
- ✓ Improved business continuity arrangements and management;
- ✓ Improved organisational learning;
- ✓ Compliance with relevant legal and regulatory requirements;

3.3 RISK MANAGEMENT AND UNIVERSITY STRATEGY

Risk Management is a key component of the University's strategic planning and performance management systems. Institutionally, Risk Management supports delivery of the University's Strategic Plan (2015-2020); the University's Strategic Risk Register aligns with the University's high-level strategic objectives and institutional key performance indicators.

At School level, all risk registers directly correlate with, and therefore underpin management of, the objectives outlined in School Plans. Similarly, within different Professional Services functions, risk registers are in place to ensure the effective management of key risks which have the potential to affect areas of strategic importance.

3.4 APPROACH TO RISK MANAGEMENT

The Risk Management Framework utilises a cyclical process designed to ensure continuous improvement. The cycle follows a sequence of four key steps: "plan, do, check, act (PDCA)." This is a well-established and commonly used approach. The four steps are:

- *Plan* and design the process for risk management;
- *Do* – implement the risk management plans and processes;

- **Check** that the policy, plans and processes in place are effective and continue to underpin organisational objectives;
- **Act** to identify areas for improvement to be implemented over the next planning period.

Figure 1: University Approach to Risk Management: Plan, Do, Check, Act
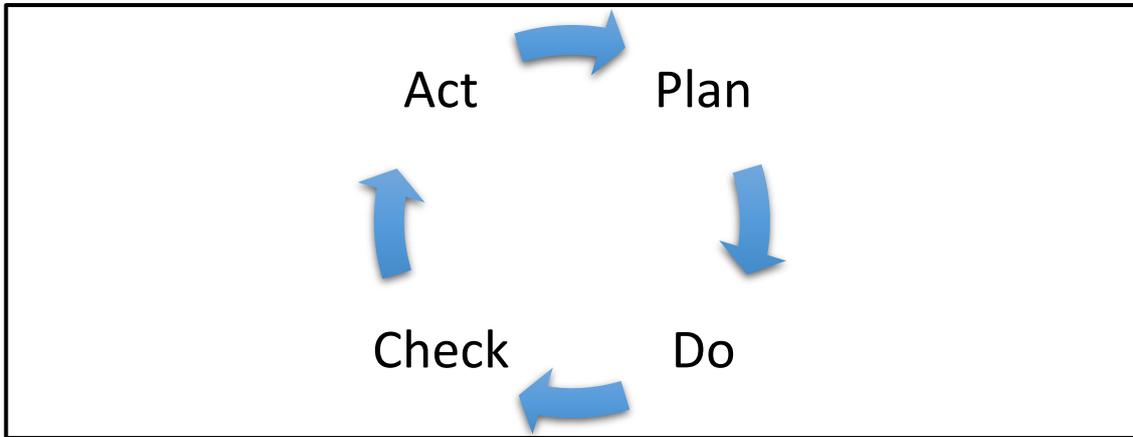
In accordance with the PDCA model, the University is committed to continually reviewing its risk management framework, including its constituent policies and processes, as part of the institutional strategic planning process.

As a minimum, the University will evaluate the Framework once every three years, and also at the beginning of each planning period. This will ensure that the arrangements in place remain effective, and that the Framework continues to align with and support achievement of strategic organisational objectives, as outlined in the institutional strategic plan. If a need is identified, the Framework will be amended and modified where required, in order to ensure that the University continues to follow and implement recognised best practice.

3.5 THE UNIVERSITY'S STATEMENT ON RISK APPETITE

As noted in Section 2 of this document, the University defines Risk Appetite as the level of risk it is willing to accept in the pursuit of its objectives.

The University accepts that it must take risks, to some extent, in order to achieve its aims and objectives, and to realise expected benefits. The University is committed to ensuring that all risks taken will be proactively controlled, and exposure will be kept to an acceptable level. The University acknowledges that the level of exposure carried by different activities will vary, and its threshold for accepting varying levels of risk will change depending on the risk area under consideration, the specific objectives involved, the subsequent activities undertaken, and the projected benefits.

However, the University is clear that it will reject or closely manage any activity that has the potential to cause significant financial or reputation harm to the institution, most notably where these might endanger the University's ongoing viability, its ability to achieve its key strategic aims and objectives, or its ability to meet its regulatory and/or legal obligations. The University defines Risk Appetite based on the following categories:

Table 1: Risk Appetite

Risk Appetite Category	Definition
Avoid	No appetite; not prepared to accept any level of risk.
Averse	Prepared to accept only low levels of risk, with a preference for very safe or prudent options, even if these carry potential for only very limited return.
Moderate	A tendency to accept low or moderate levels of risk in order to achieve objectives; a more ambitious outlook, albeit still relatively prudent.

Open	Willing to consider all options/actions/activities to achieve objectives, even where there are elevated levels of associated risk.
High	Eager to pursue original, creative, pioneering options/activities to achieve objectives, and to accept substantial risks in order to achieve successful outcomes and significant rewards.

Based on these categories, **the University's institutional baseline Risk Appetite is defined as "moderate" to "open"**. This means that, while maintaining a level of prudence, the University is *generally* willing to consider all options, and will accept moderate levels of risk in the pursuit of its objectives, albeit with a preference for options or activities that limit exposure, even if the rewards are likely to be similarly limited.

However, while a general appetite of *moderate to open* is in place, it is recognised that risk appetite will vary according to the objectives pursued and the linked activities undertaken. For example, the University would give consideration to options or activities which carry elevated levels of risk, where it can be shown that the anticipated outcomes are realistically achievable, and likely to deliver enhanced benefits; acceptance of risk, irrespective of risk appetite, should always take account of the likely benefits an activity will deliver. At strategic level, risk appetite is applied to the University's identified risk areas as follows:

Table 2: Strategic Risks – Risk Appetite Matrix

Strategic Risk Area	Avoid	Averse	Moderate	Open	High
Equality and Diversity					
Financial Sustainability					
Governance and Core Business					
Health and Safety					
Infrastructure Sustainability					
Internationalisation					
Research Performance & Impact					
Staff Recruitment and Retention					
Student Experience					
Student Recruitment					

It should also be noted that risk appetite will likely vary according to context; for example, capital projects provide a different context and should be considered on individual merit, as projects are usually stand-alone, and fall outwith the "business as usual" activities of the institution. As a consequence, the University may be prepared to accept higher levels of risk for a project that will feasibly deliver transformative change or bring significant rewards.

3.6 INSTITUTIONAL ACCOUNTABILITY AND RESPONSIBILITY FOR MANAGING RISK

All identified risks will be assigned a **Risk Owner** and a **Risk Manager**, with the former ultimately *accountable* and the latter *responsible* for ensuring effective management of each risk.

At strategic organisational level, and within the wider institutional corporate governance framework, overarching accountability and responsibility for the management of risk lies with the University Court and with the Audit Committee. Court and the Audit Committee (via Operating Board and UMG) each receive bi-annual reports providing an update on management of the University's Strategic Risk Register and its general risk management arrangements. The Risk Owner(s) will usually be a member of the Senior Management Team (normally a Vice Principal). The Risk Manager(s) will be a key stakeholder, and appointed depending on the nature of the risk under consideration.

Note: underpinning risk registers also exist in support of the Strategic Risk Register and key themes within the University's Strategic Plan (2015-20). These include the Teaching and

Learning and Research risk registers. These risk registers should be managed by the appropriate Vice Principal via the appropriate committee(s); for example, the Vice Principal for Research and Knowledge Exchange should manage the Research Risk Register via the Research Policy Committee as standard practice.

At School level, School Executive Committees (or equivalent) have overarching responsibility for the management of risk. Schools report on risk to senior management bi-annually as part of the institutional School planning process, which is part of the University's wider strategic planning framework. This is an integrated approach which ensures alignment of risk management with the strategic planning function. Heads of School will normally undertake the Risk Owner role, and will be responsible for appointing Risk Managers.

Within Professional Services, different functional units (for example, Estates, IT Services, Finance and HR) each have their own risk register and these are managed independently, as part of the internal management processes in place within each respective unit. The risk registers in place at this level should be operational in their detail, but should align with the strategic risks identified in the University's Strategic Risk Register, where applicable. The relevant Director will usually be assigned Risk Owner for identified risks affecting their unit, and Risk Managers will be appointed accordingly.

On capital projects, the Project Board or equivalent will be responsible for identifying, monitoring and controlling key risks throughout the project lifecycle, in accordance with the University's Project Management Methodology. The Project Sponsor will normally be assigned as Risk Owner for each identified risk, with a Risk Manager allocated as appropriate. The Project Board will normally report on risk as part of regular reports submitted to the University's Capital Programme Management Committee (CPMC) and Digital Strategy Committee, as appropriate.

Figure 2 gives a visual representation of the reporting structures in place for the institutional Strategic Risk Register.

Figure 2: Strategic Risk Register Reporting Structure

4. RISK MANAGEMENT PROCESS

The following gives a detailed overview of the University's Risk Management Process, and can be used as a guide (should be used along with the Technical Guide attached as Appendix A and available via the following link: http://www.abdn.ac.uk/staffnet/documents/Risk_Register_-_Technical_Guide_Feb_2017_Final_2.pdf. The University's Risk Management Process is based on the following basic work-flow:

Figure 3: Risk Management Process

Identify Risks

Monitor and Control

Assess and Evaluate Risks

Implement

Plan Mitigating Actions

4.1 IDENTIFYING RISKS

The first step in the risk management process is risk identification. The process of risk identification will vary depending on context and the level at which risks are being assessed.

For example, at organisational level, strategic risks should correlate with the key institutional objectives linked to the Strategic Plan (2015-2020) and should therefore be identified as part of the institutional strategic planning process, which is cyclical. Similarly, at School level, risks should align with the key objectives set out in School Plans, and should therefore be identified early as part of the School planning process.

Within a project setting, key risks should be identified at the start of the project lifecycle, during the project initiation/planning phase, in accordance with the University's Project Management Methodology.

A variety of methods can be used for identifying risks. For example, brainstorming sessions or workshops involving key stakeholders are common approaches. At project level, risk identification may be carried out using standardised checklists which identify risks commonly associated with project-based work, or by benchmarking against similar projects undertaken in the past.

Note: the Risk Management Process outlined under Figure 3 is cyclical, and therefore risk identification is not a one-off exercise; it is a continuous process which is necessary to identify new risks that had not previously arisen, but which might affect the University's ability to achieve its objectives in the area under consideration.

4.2 RECORDING RISKS

All identified risks will generally be recorded in a Risk Register, using the University's standardised Risk Register template. A technical guide on how to use the Risk Register template is included under Appendix A to this document; this also includes images for illustrative purposes. Within the Risk Register, a Risk Action Plan (RAP) will be created for each identified risk. The RAP will be maintained and updated by the **Risk Owner** or their designated nominee (**Risk Manager**).

Within the RAP, there are a number of fields to populate. Each Risk should be given its own ID and a title, which should be concise but contain sufficient information to distinguish it from the others.

Each Risk should also be assigned to a specific risk category. The University classifies each Risk according to one of four categorisations: Strategic, Operational, Regulatory and Financial (this is an adoption of the **SORF** acronym). **SORF** is also used to categorise objectives.

Table 3: Risk Categories

Strategic	Risk to key institutional aspiration/s
Operational	Risk affecting service/s to staff / students
Regulatory	Risk to meeting legal / statutory responsibilities
Financial	Risk affecting funding or income streams

Ideally, each Risk will be allocated to only one category, according to its main criteria. For example, a risk associated with carbon management might be Regulatory or Financial depending on the University's stated objective.

An overview of the risk should be given under risk background, along with a description of current controls in place for risk mitigation, where they exist. The information collected and recorded within the RAP to this point will enable initial assessment and scoring of the Risk. An image of a blank RAP sheet is included in the Technical Guide, attached as Appendix A.

Note: not all projects will use the standard institutional risk management template; smaller projects may use a Risk Log for management of risk at a day-to-day, operational level, in line with the Project Management Methodology. In particular, this will be more common on smaller scale IT projects. However, while the tool used to record and monitor risks will differ in these cases, the same risk management processes will apply.

4.3 RISK ASSESSMENT AND EVALUATION

Risk assessment and evaluation takes account of various key components.

4.3.1 Risk Appetite and Tolerance Thresholds

For the Strategic Risk Register, the Risk Appetite for each risk is defined in Section 3.5 of this Framework (see Table 2). The Risk Appetite will inform the *Tolerance Threshold* for each risk; the Tolerance Threshold is the point at which the level of risk incurred becomes unacceptable. The Tolerance Threshold should correlate with Risk Appetite and can be demonstrated as a risk score, as follows:

Table 4: Risk Appetite and Tolerance Level According to Risk Score

Risk Appetite	Tolerance Level (as a Risk Score)
Avoid	1-6
Averse	7-12
Moderate	13-19
Open	20-26
High	27-36

These Tolerance Thresholds have been aligned to the Risk Appetite rating applied to each risk (as shown under Table 2, above), giving each risk its own unique tolerance threshold. These are listed under Table 5, below.

Table 5: Tolerance Threshold by Risk

STRATEGIC RISK	TOLERANCE THRESHOLD
Equality and Diversity	13
Financial Sustainability	17
Governance and Core Business	13

Health and Safety	13
Infrastructure Sustainability	17
Internationalisation	18
Research Performance and Impact	18
Staff Recruitment and Retention	18
Student Experience	20
Student Recruitment	18

When a Current Risk Score exceeds its tolerance threshold, it will be subject to greater scrutiny when reporting up, with more detail given on causes and mitigation to UMG, Audit Committee, Operating Board and Court, as outlined under 4.5, below.

At School level, or within Professional Services, risk registers or specific risks will generally align with the risk areas listed in Table 2 (which form the Strategic Risk Register), and as such, the corresponding risk appetite should be used as a baseline.

4.3.2 Risk Scoring

Risk scoring takes account of the *likelihood* that a risk will occur and the expected *impact* in the event that it does. The basis of University-level scoring is as follows:

Likelihood - is to be graded at 6 levels, *using the definition most appropriate to the context and risk under consideration*, as defined in Table 6, below:

Table 6: Measuring Likelihood

Score	Definition 1	Definition 2
6	Probable in the near future	High likely to occur
5	Possible in the next 12 months	Significant likelihood of occurring
4	Possible in the next 1-2 years	Realistic likelihood of occurring
3	Possible in the medium term (2-5 years)	Moderate likelihood of occurring
2	Possible in the long term (5-10 years)	Unlikely to occur
1	Unlikely in the foreseeable future	Highly unlikely to occur

Impact - is to be graded at 6 levels:

Table 7: Measuring Impact

Severe	6
Major	5
Highly Significant	4
Significant	3
Measurable	2
Negligible	1

This scoring system is applied via a standard scoring matrix adopted by the University, which provides visual clarity. A copy of the matrix is included in the appended Technical Guide. The matrix uses a "traffic light" system, with Level 1 risks showing as Green, and Level 6 as Red. The matrix as included in the Technical Guide is calibrated for the University's corporate level Strategic Risk Register.

Note: at operational and project level, the measurement and scoring of all risks should be to scale, with the scoring criteria re-calibrated to take account of the relevant context. To give an

example, when considering the impact of cost over-run on projects, the risk score should reflect any potential overrun in proportionate terms, relative to the total project budget. It is suggested that a cost overrun projection of 5% against budget should be considered "Highly Significant", 6%-10% "Major" and all values above 10% "Severe".

Each Risk should be allocated two risk scores, as follows:

I.   **Initial Risk Score –** often referred to as an inherent or gross risk score;
II.   **Current Risk Score** - often referred to as a residual or net risk score;

The ***Initial Risk Score*** is populated next to the Risk Background as part of an initial risk assessment, and refers to the level of risk an activity would pose if no controls or mitigating actions were in place.

The ***Current Risk Score*** is populated as part of a revised risk assessment, and refers to the level of risk remaining after controls and mitigating actions are taken into account *(more detail is given below under Section 4.4).* The Current Risk Score should ideally reflect the applicable risk appetite.

When an Initial Risk Score is applied, a decision should be made on how to respond to the risk. There are four options:

- Transfer (the risk);
- Treat;
- Tolerate or;
- Terminate (activities associated with the risk).

Transfer of a risk will include consideration of **Insurable Risk** through the Risk Management Committee Sub-Committee.

Treatment involves identifying and implementing mitigating activities which change either the likelihood of a risk materialising, or the consequences if it does. The benefits gained as a result of any treatment/mitigating actions should also be documented within the Risk Action plan. It is anticipated that the majority of identified risks will require some form of treatment.

Toleration of a risk likewise requires consideration of the continuing costs/benefits associated with the activity, and whether mitigating activities are required.

Termination of an activity may occur where the costs (e.g. financial or reputational) significantly outweigh the benefits or where the activity is no longer in line with the University's Strategic Objectives.

4.4   MITIGATING ACTIONS, RE-EVALUATION AND IMPLEMENTATION

When considering the appropriate risk response, the controls already in place should be recorded under **Current Controls** in the RAP, and potential mitigating actions should be identified, where applicable (i.e. where a risk requires **treatment**).

As noted above, mitigating actions should change or reduce either the likelihood of a risk materialising, or its impact if it does (or both). They should also be recorded in the RAP, with each mitigating action rated in terms of difficulty, prioritised, assigned a responsible person/lead, and set a target date for completion.

Taking account of the mitigating actions, the Initial Risk Score should be re-assessed and revised, and a Current Risk Score agreed. The Current Risk Score should always be lower than the Initial Risk Score (either in terms of impact, or likelihood, or both), because again, it refers to the level of risk remaining after controls and mitigating actions are considered.

After mitigating actions and Current Risk Scores have been identified, the planning process is effectively complete, and the agreed plans should be taken forward for implementation.

4.5   MONITORING AND CONTROL

Risks should be monitored and controlled on an ongoing basis, as part of the Risk Management Process.

Ultimate responsibility for monitoring and control lies with the Risk Owner and Risk Manager, and should be ongoing at the appropriate levels. For example, Schools, via School Executive Groups, will have responsibility for monitoring and controlling risks at School Level. Similarly, within Professional Services, the relevant management group within each Unit/Directorate will have responsibility for monitoring and controlling risk, under the direction of the Risk Owner, which is usually the applicable Director.

At each of these levels, Risk Registers should be regularly reviewed and revised according to any changes affecting the status of a risk, the risk score or progress made in completing mitigating actions. Each of these elements should be revisited on an ongoing basis; for example, mitigating actions should be regularly reviewed for their impact and effectiveness in controlling the risk and in reducing the risk score. Where a mitigating action is complete, it should be removed from the relevant column and where appropriate, referred to under Current Controls. Where a risk score has escalated, action should be taken to identify and implement control measures in order to reduce the risk score.

Reporting arrangements also provide an additional level of monitoring and control. At University level, Court will receive a high-level report on risk twice per year. The report will provide a summary update on the ten risks included in the Strategic Risk Register, giving current risk scores and notification of any significant changes. The report will include more detail for risks which breach their unique tolerance threshold (as set under Table 5, above).

Audit Committee will receive a more detailed report on all risks rated above their tolerance threshold, and also on any risks where the score has changed by more than one Tolerance Level (based on Table 4). Reports are submitted to Court and Audit Committee via Operating Board and the University Management Group respectively. University Management Group will receive more detailed report on risk for the Strategic Risk Register. Risks at School level will be monitored and controlled as part of the School planning process, while within Professional Services, risk registers will be monitored as part of established management processes within each functional unit.

4.6   **MEASURING THE EFFECTIVENESS OF THE RISK MANAGEMENT PROCESS**

4.6.1 Internal Audit

As indicated, the Audit Committee must be satisfied as to the University's Risk Management arrangements and will receive the Strategic Risk Register at least twice per year. The Risk Management Framework (of which this document is part) is also subject to review by the University's internal auditors both formally through the internal audit process, and through the auditor's reliance on the University Strategic Risk Register in formulating its 3-year Audit Needs Assessment. The University's External Auditors also take account of the University Strategic Risk Register.

4.6.2 Review of Procedures

These procedures will be reviewed at least one per year, and at the start of each institutional strategic planning cycle.

APPROVALS and REVIEWS	DATE
UMG and Audit Committee	September 2016
Review by: Planning	October 2016
Review by: Planning	April 2017
Review by: Planning	October 2017
Review by: Planning and Risk Management Workshop	April 2018
Approval by: UMG, Operating Board, Audit Committee and Court	April/May 2018
Review by: Planning and Risk Management Workshop	October 2018
Review by: Planning and Risk Management Workshop	October 2019

Title	Risk Management Framework
Author / Creator	Iain Grant
Owner	Directorate of Planning
Date approved / published	October / November 2016; Updated May 2018
Version	2
Date for next review	October 2020
Audience	All
Related documents	Strategic Risk Register, Risk Register Technical Guide
Subject / Description	Policy and procedures for embedding risk management across all University activities and provide a visible and integrated risk management system.
Equality Impact Assessment	No
Section	Directorate of Planning
Theme	Risk Management

UNIVERSITY OF ABERDEEN
RISK MANAGEMENT
TECHNICAL GUIDANCE FOR USE OF RISK REGISTER TEMPLATE

Summary

The University has in place a *Risk Management Framework*, which includes a *Risk Management Process*. This is effectively a high level institutional guide for end-users on how to manage risk. As part of this, the University has developed a standard risk register template; this is a key risk management tool which should be used to help with the management of risk at all levels, including Schools, Professional Services and on projects.

This document is intended as a basic step-by-step user-guide which provides instruction on how to use the risk register template when developing and maintaining a risk register. The same template should be used by Schools, Professional Services and on projects. A blank template is available for use via the University website at the Policy Zone or via the following link: http://www.abdn.ac.uk/staffnet/documents/University_BLANK_Risk_Register_Template_Final_Version_250117.xlsm.

Step 1 – On Opening the Template

On opening the template, the first worksheet will appear as below (Figure 1). This is the Risk Register Summary Table. To begin using and populating the risk register, please follow these instructions:

1   On first opening the file, click "Enable content" in the yellow toolbar, as circled below, and click "Yes" to "Make this a Trusted Document?" Always remember to enable macros when you open the document.

2   Name the Risk Register in the allocated field, as circled below (2). For example: "Business School Risk Register".

3   Having done so, you are ready to start adding and recording risks. To add a new risk, click on the grey button "Add New Risk" (3) and a blank Risk Action Plan (RAP) will appear as a new sheet.

    Note: users cannot manually enter text into the Summary Table; the Table will populate automatically when data or text is entered into the corresponding fields within the linked RAP.

Figure 1: Risk Register Summary Table

Step 2 – Populating the RAP

The blank Risk Action Plan (RAP) will appear as below (Figure 2), as a new worksheet. The first one created is automatically named "Risk_01"; subsequent RAPs will be named Risk_2, Risk_3, Risk_4 and so forth.

Figure 2: Risk Action Plan

The RAP should then be populated according to the guidance outlined both below, and also within the *Risk Management Process* (Section 4 of the *Risk Management Framework*). The RAP is generally intuitive (for example fields for Risk Manager and Risk Owner are self-explanatory). However, in particular, the following key points should be noted:

I. Reiterating the point made above, information entered into certain fields within the RAP (for example, into the Risk Description, Risk Owner and Risk Manager fields) will automatically transfer into the corresponding fields in the Risk Summary Table. Users should not attempt to enter information directly into the Summary Table; instead enter all information directly into the RAP.

II. The ***Risk Background*** and ***Initial Risk Assessment*** fields are to provide context. Users should insert a concise overview of the key issues affecting the risk, and the potential consequences if these issues are not adequately controlled. In short, his section should reflect on the risk before any controls are applied;

III. The ***Current Controls*** field should include an overview of what controls are currently in place to manage the risk. These can be listed in bullet-point format. Current Controls should include contingency plans and business continuity issues, where applicable. They should also include bullets or a narrative evaluating the effectiveness of the controls in place, and a summary of

any identified gaps or weaknesses. It is important to fully review this section every time the risk is reviewed and to evaluate whether the Current Controls are effective in managing the risk;

IV. **_Under Mitigating Actions_**, users should list specific actions either ongoing or due to be implemented to mitigate against the risk. All mitigating actions should be designed to strengthen the controls already in place, notably where weaknesses or gaps might have been identified (in the "Current Controls" section).

V. When **_scoring the risk_**, the Impact and Likelihood scoring matrix should be used (see Figure 3). This forms part of the template under Sheet 2. Risk scoring should be undertaken in accordance with the guidance outlined under Section 4 of the *Risk Management Framework*. In particular, the following key points should be noted:

    i. The **_Initial Risk Score_** should be populated as part of an initial risk assessment, and refers to the level of risk an activity would pose if no controls or mitigating actions were in place;

    ii. The **_Current Risk Score_** should be populated as part of a revised risk assessment, and refers to the level of risk remaining after controls and mitigating actions are taken into account *(more detail is given below under Section 4.4)*. The Current Risk Score should ideally reflect the applicable risk appetite.

Figure 3: Impact and Likelihood Scoring Matrix

Users should remember to save the Risk Register regularly when in use, and should ensure a system is in place for version control (for example through regular update of the 'Date' section at the top of every RAP page). The frequency at which the Risk Register should be reviewed will vary according to context and the wider systems in place; for example, School Risk Register should be regularly reviewed at School Executive level, though formal review by the institution will take place twice per year via the School Planning Process. At project level, the Project Board should review risk every time it meets. The *Review Period* and *Review Date* fields should be used to record the frequency and dates against which the Register should be reviewed.

NOTE: all queries relating to this guide, or to the wider Risk Management Framework, should be directed in the first instance to Iain Grant in the Directorate of Planning (i.grant@abdn.ac.uk).