

# ROYAL COLLEGE OF MUSIC Risk Management Strategy and Policy

# Risk Management Strategy

## **Purpose**

- 1. The purpose of risk management for the RCM is to help to ensure that the College's strategic aims are achieved. The system of internal control is intended to manage, rather than to eliminate, the risk of failure to achieve policies, aims and objectives.
- 2. The strategy is based on identification of the benefits that the College wishes to achieve, the main risks to this and 2

Financial Regulations, specifying authorisation and approval levels

Written policies for key areas of activity

A formal structure for the governance of the College and adoption of the CUC Governance Code of Practice

Formal terms of reference, membership and periods of office for the governing body (RCM Council) and committees

Formal agendas and minutes for all Council and committee meetings

Regular agenda items on risk management for Council, Committees (F&GPC, Audit Committee), Directorate

Annual strategic planning and review exercises

Key Performance Indicators, reviewed annually

A rigorous Value for Money framework, which includes a VfM Steering Group, chaired by a Council or co-opted member of the Audit Committee member

### Officer responsible

7. The College's risk management procedures identify one member of the Directorate who is deemed to take responsibility for the management of the specific risk, to include:

Monitoring the College's level of exposure to the identified risk, on a continuing basis;

Drawing the attention of the Directorate to the need for review of and/or changes to institutional practice/activity, at any time if:

The level of risk appears to be increasing;

New approaches to risk mitigation need to be adopted;

The level of risk appears to have been wrongly estimated;

Leading the Directorate's regular review if the relevant risk;

Ensuring that issues of concern are reported to the F&GPC, as part of the regular reporting on risk management made to the F&GPC

## Risk Management Policy

#### **Purpose**

1. This risk management policy forms part of the College's internal control and corporate governance arrangements. The policy explains the College's underlying approach to risk management, documents the roles and responsibilities of the Council, the Directorate and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures. In addition, it describes the process the Council will use to evaluate the effectiveness of the College's internal control procedures.

#### Underlying approach to risk management

2. The following key principles outline the College's approach to risk management and internal control:

The Council has responsibility for overseeing risk management within the College as a whole;

The Council's responsibilities of regular review of risk management issues are delegated to the F&GPC which acts as the College's Risk Management Committee;

The Director and the Directorate support, advise and implement policies approved by the Council;

Heads of department are responsible for encouraging good risk management practice within their departments, where appropriate

# Role of RCM Council

3. The Council has a fundamental role to play in the management of risk. Its role is to:

Set the tone and influence the culture of risk management within the College. This includes:

## Internal audit programme

Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation. In addition, internal audit is asked to conduct special reviews on areas which are thought to present a risk to the business.

#### External audit

External audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit.