UNIVERSITY FOR DEVELOPMENT STUDIES

RISK MANAGEMENT POLICY

May, 2020

TABLE OF CONTENTS

FIGURES

DEFINITION OF RISK AND CONTROL TERMS

Term	Definition
Acceptable risk	A type of risk that revolves around the business impact that would be experienced if certain risks became realized. The loss is deemed to be acceptable; no additional controls are warranted.
Acceptable risk level	A risk level derived from an organization's legal and regulatory compliance responsibilities, its threat profile, and its business drivers and impact.
Adequate control	A level of control that is present if management has planned and organized (designed) in a manner that provides reasonable assurance that the organization's risks have been managed effectively and that the organization's goals and objectives will be achieved efficiently and economically.
Audit risk	The risk that the internal auditors may arrive at the wrong conclusions and of the opinions of the work that they have undertaken.
Compliance	Conformity and adherence to policies, plans, procedures, laws, regulation, contracts or other requirements
Control deficiency	A condition that warrants attention as a potential or real shortcoming that leaves an organization excessively at risk.
Control environment	The attitude and action of the board and management regarding the significance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. It includes the following: • Integrity and ethical values • Management's philosophy and operating style • Organizational structure • Assignment of authority and responsibility • Human resource policies and practices • Competence of personnel
Control processes	The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level the organization is willing to accept.
Control risk	The potential that control activities will fail to reduce controllable risk to an acceptable level.
Enterprise Risk Management	A process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within the risk appetite, to provide reasonable assurance regarding the achievement of entity objective.

Event	An incident or occurrence resulting from internal or external sources that affects the implementation of strategy or achievement of objectives
Impact	The result, effect, or consequences of an event
Inherent limitation	Limitations of risk management, control and governance related to human judgment, resources limitation, and the need to balance the costs of controls in relation to expected benefit; considers the reality of breakdowns occurring and the possibility of management override and collusion.
Inherent risk (absolute risk)	The risk derived from the environment without the mitigating effects of internal controls
Likelihood	The probability that a given event will occur.
Opportunity	As related to risk, an uncertain event with positive consequence
Pervasive risk	The type of risk found throughout the environment
Residual risk	The level of risk that remains after management has taken action to mitigate the risk.
Risk	The possibility of an event occurring that will have an impact on the achievement of objectives; it is measured in terms of impact and likelihood
Risk appetite	The level of risk an organization is willing to accept
Risk assessment/analysis	The identification and measurement of risk and the process of prioritizing risk
Risk classification	The assignment of risk into categories, such as financial risk, operational risk, strategic risk reputational risk.
Risk identification	The method of recognizing possible threat and opportunities
Risk management	A process to identify, assess, manage, and control potential events or situation, to provide reasonable assurance regarding the achievement of organization's objective
Risk measurement	The evaluation of the magnitude of risk
Risk prioritization	Ranking risk, formally or informally, from the highest to the lowest
Risk response/treatment	The action taken to manage risk
Risk tolerance	The acceptable levels of variations relative to the achievement of objective
Uncertainty	A condition where the outcome can only be estimated

Source: IIA (2013). The IIA's CIA Learning System. The Basics 1.

FOREWORD BY THE GOVERNING COUNCIL

The Governing Council of the University for Development Studies is the highest decision-making body of the University, which is presided over by a Chairman of Council. The Council is composed of Government Appointees, the Vice-Chancellor, representatives of University Teachers Association of Ghana (UTAG), Teachers and Educational Workers Union of Ghana (TEWU), University Alumni, Conference of Heads of Assisted Secondary Schools of Ghana (CHASS), Students' Representative Council (SRC), Graduate Students' Association (GRASAG), and Professorial and Non-Professorial representatives of Convocation.

The realisation of UDS' strategic plan depends on our ability to take calculated risks in a way that does not jeopardize the direct interests of stakeholders, hence the need for a risk management policy. Sound management of risk will enable the University to anticipate and respond to changes in the work environment, as well as make informed decisions under conditions of uncertainty. It is for these reasons that the governing council constituted a committee to develop a risk management policy for the UDS.

This policy will serve as a guide to Management and Staff in integrating risk management into UDS' operations in a more structured way. The policy will provide a systematic way of assessing and managing both the strategic and operational risks at all levels. This, in the view of the Governing Council, is an important stride in the quest to build UDS to be the model University.

The Governing Council herein presents this Risk Management Policy to guide management in establishing and implementing the Enterprise Risk Management Framework.

Nutifafa Kuenyehia, Esq., OOV
Chairman of the Governing Council
May, 2020

1.0 INTRODUCTION

The University for Development Studies (UDS) is Ghana's first public University in the North. It was established in May, 1992 by the Government of Ghana (PNDC Law, 279) to blend academic work with community engagement in order to provide constructive interaction between the two for the total development of Northern Ghana, in particular, and the country as a whole.

UDS was borne out of the new thinking in higher education which emphasizes the need for universities to play a more active role in addressing problems of the society, particularly in the rural areas (Effa, 1998).

The University by its mandate and constituency has a pro-poor focus. This is reflected in its methodology of teaching, research and outreach services. The specific emphasis on practically-oriented, research and field-based training is aimed at contributing towards poverty reduction in order to accelerate national development.

It began academic work in September 1993 with the admission of forty (40) students into the Faculty of Agriculture (FoA), Nyankpala. As of today (2019/2020 academic year), the University has a student population of about 20,000.

The University operates a multi campus system (4 campuses with five (5) Schools, ten (10) Faculties, three (3) Institutes and 4 Centers (including two Centers of Excellence). The UDS currently runs both graduate and undergraduate programmes at the various campuses of the University. The University also runs community-outreach activities such as Third Trimester Field Practical Programme (TTFPP) and others, and research programmes geared towards creating an enabling environment for sustainable community development and economic growth. The University is a Home of World Class Pro-Poor Scholarship. This is reflected in its motto "Knowledge for Service" as well as its methodology of teaching, research and outreach programmes. The mission of the University is to promote equitable and socio-economic transformation of communities through practical-oriented, community-based, problem-solving, gender-sensitive and interactive research, teaching, learning and outreach activities; provide higher education to persons suitably qualified for and capable of benefiting from it; Position itself as a national asset in the facilitation of lifelong learning; develop its Information and Communication Technology infrastructure as the driving force for the education of more people and the improvement of efficiency and academic quality in order to advance community and national development.

The University for Development Studies (UDS) is committed to the management of risk as an integral part of its operations, implementing strategies to minimize threats and enhance opportunities to the achievement of institutional goals and objectives. Effective risk management allows the University to:

    (a) have increased confidence in achieving its goals;

    (b) manage risks at tolerable levels;

    (c) make informed decisions; and

    (d) strengthen corporate governance procedures.

The enactment of the Public Financial Management (PFM) 2016, Act 921 has laid emphasis on the establishment of effective risk management practices and good corporate governance principles aimed at improving efficiency and effectiveness of state-owned organizations. This has resulted in increased focus on the need to integrate these principles in our operations. It is on this basis that UDS has developed this risk management policy.

UDS is committed to developing a risk management culture in which the University establishes a Risk Management Framework (Risk Management Policy, Risk Management Charter and Risk Register) to enable staff identify risks and respond to them quickly and effectively. The University will develop consistent risk management practices and ensure that the key stakeholders (including service providers and contractors) recognize its commitment to managing risks responsibly. UDS is committed to implementing all regulatory requirements and the risk management framework will be a useful component of ensuring compliance.

2.0 PURPOSE OF THE RISK MANAGEMENT POLICY

The Risk Management Policy is a source of reference and guidance on risk management practices within UDS. It aims to support the objectives of the University by providing information to enable implementation and maintenance of effective systems to identify and mitigate risks that threaten the attainment of objectives, and to optimize opportunities that enhance institutional performance.

Risk is an integral part of improved performance, growth and sustainable value creation. Effective risk management reduces uncertainty and thereby improves management confidence to become more decisive in pursuit of UDS' vision, mission and strategic goals.

Through this Risk Management Policy, UDS hereby adopts a common and integrated approach to the management of risk such that knowledge and experience is shared and risk management becomes

embedded in all activities and work processes. An appropriate balance will be maintained between risk and reward, giving full and due consideration for the legitimate and fair expectations of all stakeholders, resource constraints and sustainable development.

The Governing Council, as part of delivering on its oversight responsibilities, will hold Management accountable for this policy and the management of strategic risks. The Vice-Chancellor, Registrar, Deans, Directors, Heads of Departments, Sections and Units are responsible for the management of risks and implementation of this policy.

The Enterprise Risk Management programme of UDS shall:

    (a) focus on strategy, work processes, people, technology and knowledge;

    (b) protect the reputation and brand name of UDS;

    (c) promote risk awareness of all employees and improve risk transparency to all stakeholders;

    (d) create, protect and enhance shareholder value by proactively managing risks that may impact on the achievement of objectives and exploit opportunities that represent the greatest returns on investment;

    (e) improve the University's ability to deliver high quality products and services and to compete globally;

    (f) support the University's Corporate Plan and continuously monitor and effectively manage the risks inherent in new projects and partnerships;

    (g) ensure that Management understand and acknowledge their responsibilities for managing any risk that may impact on their key performance areas or achievement of objectives; and

    (h) ensure that all employees take responsibility for managing risk in their respective areas of responsibility.

3.0 RISK MANAGEMENT POLICY STATEMENT

The Governing Council is committed to ensure that UDS has and maintains an effective, efficient and transparent system of risk management in accordance with International best practices at all times.

The Council recognizes its responsibility to manage and use public resources in a responsible and prudent manner, and therefore is committed to identify, address and appropriately manage any risks that may affect the safety and wellbeing of employees and the public, our financial stability and ability to achieve the mission of the University. As a state entity, the University recognizes that the realization of

its mandate depends on Management's ability to take calculated risks in a way that does not jeopardise the direct interests of stakeholders.

UDS is committed to managing risk in order to reduce loss and increase the likelihood of achieving its corporate objectives. To meet this commitment, all employees are responsible for managing risk in so far as is reasonably practicable within their area of activity. Accountability and responsibility for managing risk must be clear and reflected in all individual job descriptions, with relevant key performance indicators.

UDS will ensure that the necessary resources are made available to those accountable and responsible for the management of risk.

4.0 RISK MANAGEMENT PERFORMANCE

Risk Management performance will be measured by a combination of:
- (a) status of the Risk Register, extent to which risks are managed within the stated appetite;
- (b) reporting on initiatives planned and completed that address exposures;
- (c) quarterly report on the performance in relation to the risk management objectives;
- (d) regular reports on incidents and accidents;
- (e) review of trends of key risk indicators; and
- (f) risk owners are clearly identified.

5.0 RISK MANAGEMENT FRAMEWORK

The design of this risk management framework (Figure 1) has considered the distinctive attributes of UDS' objectives, context, structure, operations, services, processes, and employees. UDS' Risk Management Policy is derived from its adoption of the "ISO31000:2018: Risk Management – Principles and Guidelines". The Framework provides the foundation and organizational arrangement for designing, implementing, monitoring, reviewing and continually improving risk management throughout the University.

Figure 1: Risk management framework

Source: ISO 31000:2018 (Risk Management guideline)

6.0 RISK MANAGEMENT PRINCIPLES

The risk management guideline (ISO 31000) states that the purpose of risk management is the creation and protection of value. The principles set out in ISO 31000 provide guidance on the characteristics of effective and efficient risk management, communicating its value and explaining its intention and purpose (Figure 2). There is a total of eight principles presented in the guideline. The principles are:

1. framework and processes should be customised and proportionate;
2. appropriate and timely involvement of stakeholders is necessary;
3. structured and comprehensive approach is required;
4. risk management is an integral part of all organisational activities;
5. risk management anticipates, detects, acknowledges and responds to changes;
6. risk management explicitly considers any limitations of available information;
7. human and cultural factors influence all aspects of risk management; and

8. risk management is continually improved through learning and experience.

The first five principles provide guidance on how a risk management initiative should be designed, and the last three relate to the operation of the risk management initiative. These latter principles confirm that the best information available should be used; human and cultural factors should be considered; and the risk management arrangements should ensure continual improvement.
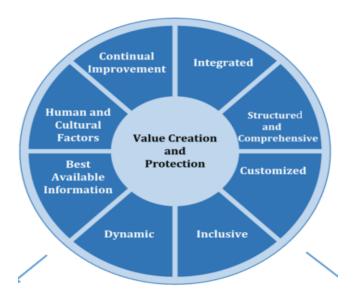

Figure 2: Eight key areas of risk management principles
Source: ISO 31000:2018 (Risk Management guideline)

7.0 RISK MANAGEMENT PROCESS

The focus of the risk management system is to identify and treat risks. It is a systematic and a continuous process of identifying and analysing risks and, where appropriate, adequate steps taken to address these risks before they can impact on objectives. The processes have been captured in Figure 3. The process will help increase the probability of success in achieving the overall objectives of UDS.
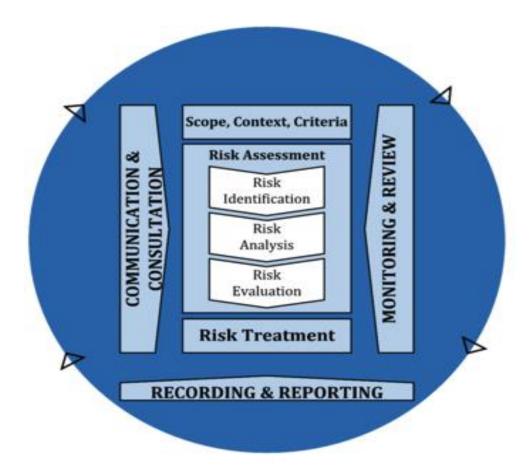
Figure 3: Key stages in risk management process
Source: ISO 31000:2018 (Risk Management guideline)

The under listed are the steps used in the risk management process.

Step 1: Identify risks, beginning with structured brainstorming to list perceived risks that are likely to have a negative impact on the University.

Step 2: Analysis to classify the risk's relative threat to the University.

Step 3: Selecting and prioritising the most threatening risks for active management.

Step 4: Resolving risks through the creation of action plans.

Step 5: Monitoring risks to ensure that the identified risks have been adequately resolved, and that any new risks are incorporated into management processes.

8.0 RISK ASSURANCE AND REPORTING

The Internal Audit Directorate has a responsibility to provide assurance on the effectiveness and adequacy of risk management activities to assist management in improving governance and internal controls.

In order for the Governing Council to be properly informed of the status of risks facing the University, all outfits of the University are required to report regularly on risks assessed and steps taken to manage them. Reports of all outfits setting out the University's major risks and actions being taken to manage them are to be consolidated by the Committee. The consolidated reports are to be submitted to the Governing Council each quarter utilising a standard format that details all identified significant risks.

8.1 Quarterly Risk Reporting

The Risk Management Committee will follow-up on major risks from the Risk Register and Action Plans on a quarterly basis and check the existence of newly identified material risks in order to update the register. This process will be undertaken within the operational planning as part of the planning process. The goal is to improve risk control by instituting quarterly risk follow-ups. Major risks must still be reported within ad hoc reports. The quarterly risk report should be issued to the Governing Council through the Vice-Chancellor with appropriate comments from the Risk Management Committee.

The quarterly report will be reviewed by the Vice-Chancellor in terms of endorsing the actions undertaken or proposed and by the Governing Council in terms of the appropriateness of actions and compliance with the Risk Management Policy.

8.2 Ad Hoc Reporting of Newly Identified Major Risks

Managers at all levels of UDS will report newly recognized risks to the Risk Management Committee. Ad hoc reports can be used to address all of the risk areas defined in the Risk Profile. The reports can also be used to highlight risks that have not been identified in the past. Ad hoc reporting thresholds should be established by the Risk Management Committee and Internal Audit Unit.

It will be the role of risk owners/unit/departmental heads and the Risk Management Committee to regularly review progress on the achievement against the action plan. However, the Governing Council will also receive quarterly reports on achievement against the plan and on any unresolved risk issues. It will be the role of the Risk Management Committee to draw together all risk issues and make appropriate

recommendations.

8.3 School/Faculty/Directorate/Institute/Centre/Library/Section Risk Registers

As part of their regular activities, every department will be required to maintain a risk profile that provides details of all identified risks together with their assessment of likelihood and consequence (each rated on a scale of 1-5). Each outfit within the University shall prepare a risk register and forward it to the Risk Management Committee.

8.4 Corporate Risk Register

The Risk Management Committee will keep an up-to-date register for UDS, showing all the risks identified and details of how they have been dealt with or being managed. This register shall be a consolidation of all departmental risk profiles and shall be available for inspection by the Governing Council and Management.

The Risk Management Committee will produce a final risk report and quarterly risk maps to Management for review and feedback.

8.5 Whistle Blower Programme

To strengthen its approach to risk identification and monitoring, the University will develop a whistle blower programme. This will incorporate platforms for anonymous contributions and reporting of incidents by employees and the University's clients to ensure that high risk incidents are promptly brought to the attention of Management.

9.0 RISK MONITORING

The presence and functioning of the components of the risk management system will be assessed over time and modifications made as and when necessary. Risk monitoring will be an integral part of risk treatment plans to give assurance that the measures remain effective.

UDS' risk monitoring and review process encompasses all aspects of risk management for the purposes of:

(a) ensuring that controls are effective and efficient in both design and operation;
(b) obtaining further information to improve risk identification and assessment;
(c) analyzing and learning lessons from events (including near-misses), changes, trends, successes,

and failures;

(d) detecting changes in the external and internal context of UDS; and

(e) identifying emerging risks.

Monitoring will be accomplished through on-going monitoring activities, separate evaluations, or a combination of the two. Risk controlling will involve monitoring the implementation and progress of agreed actions and controls, re-evaluation, and compliance with decisions.

Heads of School/Faculty/Directorate/Institute/Centre/Library/Section should undertake day-to-day monitoring of their top risks/hazards. The results should be incorporated into the outfit's overall performance management, measurement, and reporting activities.

10.0 LINKING RISK MANAGEMENT WITH CORPORATE STRATEGY

(a) Embedding risk management principles and practices into strategy development as well as day-to-day operational processes is critical to achieving robust and proactive business outcomes. As a general principle, the risk management process is to be undertaken in conjunction with strategic planning. Integration of planning and risk management will ensure alignment of objectives, risks and controls.

(b) UDS is in the process of implementing the Balance Scorecard (BSc) approach to corporate management. UDS shall continually work towards linking risk management practices to the performance objectives of departments, teams, and individual staff to ensure achievement of the objectives.

11.0   ROLES AND RESPONSIBILITIES

The Governing Council of the University provides important oversight to enterprise risk management. The Vice-Chancellor is ultimately responsible and ensures that all components of enterprise risk management are in place and that risk is managed across all UDS activities.

Heads of School/Faculty/Directorate/Institute/Centre/Library/Section shall support the risk management philosophy, promote compliance with the risk management policy, and manage risks within their respective outfits. Managers and supervisors at all levels, are required to create an environment where the management of risk is accepted as the personal responsibility of all employees, volunteers and contractors. Heads of School/Faculty/Directorate/Institute/Centre/Library/Section are accountable for the implementation and maintenance of sound risk management processes and structures within their areas of responsibility in conformity with this risk management policy. All employees are to be actively

involved in the management of risk. Everyone in UDS has a responsibility for enterprise risk management.

The Risk Owners, that is, the risk management representatives in the various outfits shall provide assurance that the risk management framework and its processes are working as intended and are effective in their departments.

The Risk Manager will facilitate the work of the risk owners and the Risk Management Committee. In general, the Risk Manager is responsible for the provision of advice and service assistance to all departments on risk management matters. Specific roles and responsibilities are provided in the **RISK MANAGEMENT GUIDELINES**.

12.0 ANNUAL IMPLEMENTATION PLAN

To make the risk management policy and framework operational, the Risk Manager shall develop on annual basis a Risk Management Plan (RMP) for UDS. The RMP shall be submitted to the Risk Management Committee by **30th November** of each year and shall consider the prevailing strategic plan of UDS. The Risk Management Committee shall forward the RMP, together with any comments it deems necessary, to the Vice-Chancellor for approval.

Components of the RMP shall include, but not limited to, the following:
(a) key Performance Areas (KPAs) and strategic objectives of **RISK MANAGEMENT** for the year;
(b) key Performance Indicators (KPIs) and targets for the year:
(c) criteria for Risk Performance Measurement; and
(d) resource requirements.

13.0 REVIEW OF THE RISK MANAGEMENT POLICY

The Risk Management Policy shall be reviewed after the first year of implementation and subsequently after every five (5) years to ensure relevance to UDS' business and compliance with new developments in risk management. The various sections of this policy may be reviewed independently and individually whenever the need arises.