



RISK MANAGEMENT POLICY

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Abbreviations:

ACC	Audit Committee of Council
KPI's	Key Performance Indicators
RMC	Risk Management Committee

1. Preamble

The University of Limpopo's Risk Management Policy is premised on the Institution's commitment to identify, assess, manage and monitor risks across its operations in order to meet its goals and objectives. The policy aims to promote a culture of risk awareness, continuous improvement, proactive decision-making, and accountability to safeguard the university's staff and students, assets, reputation, and stakeholder interests.

Every organisation encounters unknown and unpredictable events while creating value for stakeholders. The role of management is to manage this uncertainty to ensure quick recovery and business continuity whilst minimising loss. It is important to emphasise that uncertainty presents both risk and opportunity, thus management must consider both loss reduction and opportunity exploitation strategies when managing risks.

Embedding risk management into business operations must align with the University's culture, fostering a proactive approach to risk among all stakeholders. Isolated risk management practices are insufficient; instead, they must be seamlessly integrated into established decision-making frameworks. Recognising risk management as a cornerstone of effective governance, its incorporation into both strategic and operational facets guarantees its continual relevance in daily university functions.

The Higher Education Act 101 of 1997 (as amended) emphasises the importance of effective governance structures within universities that ensure that institutions are responsible in managing their resources and accountable for their performance. Risk management is a key component of responsible management. Further, the Regulations for Reporting by Higher Education Institutions¹ place an obligation on universities to:

- comply with the King Codes of Corporate Governance² which emphasises the importance of integrating risk management into an organisation's governance framework; and
- report on risk exposure, assessment, and the management thereof.

¹ Regulations for Reporting by Public Higher Education Institutions (2014, June 9) No R 464. Government Notice 37226.

² King IV Report on Corporate Governance in South Africa (2016).

This policy thus provides a framework for effective risk governance at the University of Limpopo. It describes the concepts of risk management and outlines the steps for identifying risks, assessing their likelihood and impact and developing strategies to address them. It also assigns roles and responsibilities for the different aspects of risk management.

2. Definitions

Concept	Description
Business Continuity	Refers to the ability of the University to maintain essential functions during and after a disaster has occurred. It involves planning and preparation to ensure that the University can continue to operate with minimal disruption in the face of various emergencies, such as natural disasters, cyber-attacks, or other unexpected events.
Emerging Risk	Emerging risks are those potential threats or challenges that are not yet fully understood or recognised but have the potential to significantly impact on the University. These risks often stem from new technologies, societal changes, environmental factors, geopolitical shifts, or other developments.
Impact	Refers to the potential consequences or effects that a particular risk event could have on the University, project, or activity. It involves assessing the magnitude of the potential harm or benefit resulting from the occurrence of a risk.
Likelihood	Refers to the probability or chance that a specific risk event will occur. It is a measure used in risk assessment to evaluate how probable it is that a particular risk will materialize and potentially cause harm or negative consequences.
Operational Risk	Potential events, circumstances, or situations that can have an adverse effect on operational objectives (Departmental or Faculty) leading to delays, cost overruns, or failure to achieve desired outcomes.
Opportunity	Potential positive outcomes or benefits that can arise from taking risks or those that can arise from risk events or managing uncertainties effectively. While risk management often focuses on identifying and mitigating threats or negative impacts, it also involves recognising and exploiting opportunities for gain or advantage.

Concept	Description
Project Risk	Potential events, circumstances or situations that can have an adverse effect on University of Limpopo projects' objectives, leading to delays, cost overruns, or failure to achieve desired outcomes.
Reputational Risk	The risk of damage to the University's reputation or brand value as a result of negative public perception, stakeholder reactions or media scrutiny stemming from its actions, decisions or external events.
Risk	The potential for loss, harm or undesirable outcome resulting from various uncertain or unforeseen events.
Risk Culture	The collective attitudes, beliefs, values, behaviours and norms with which the University community regards risk management.
Risk Management	Risk management is a systematic process of identifying, assessing, prioritising, and mitigating potential risks that could impact the objectives or operations of the University. It involves analysing both internal and external factors that could pose threats or opportunities, evaluating the likelihood and potential impact of those risks, and then developing strategies to either avoid, minimize, transfer or accept them.
Risk Register	A risk register is a document used as a risk management tool to identify potential risks to the strategy, operations, or projects. It also includes information about the priority of the risk and the likelihood of it happening and mitigation measures. Preparing for the possible impacts of risks can mitigate these effects or prevent them altogether. This process can also optimize the organisation's adaptability and improve its capacity to overcome challenges.
Risk Owner	The individual responsible for overseeing a specific risk throughout its lifecycle within the University. This role involves several key responsibilities from risk identification, assessment, ownership and mitigation.
Strategic Risk	The potential for adverse consequences on an organisation's strategic direction, goals and initiatives. It arises from uncertainties and complexities in the business environment, including factors such as

Concept	Description
	market dynamics, competition, technological changes, regulatory shift, and geopolitical developments.

3. Policy Statement

The University of Limpopo is committed to the effective management of risks to safeguard the interests of its stakeholders, including students, staff, donors, and the broader community. The University acknowledges that managing risks is integral to achieving its strategic goals and fulfilling its mission of academic excellence, research innovation and societal impact.

4. Purpose of the Policy

The purpose of this Risk Management Policy is to:

- 4.1 Ensure that the University is not caught completely off-guard and unprepared.
- 4.2 Mitigate or recover quickly should disruptions occur.
- 4.3 Build a culture of risk management and accountability at the University.
- 4.4 Sensitise the University community that some risks may present opportunities which should be exploited to create value for stakeholders.
- 4.5 Ensure Faculties and Departments have documented and clearly articulated risk management and business continuity plans.

5. Policy Principles

The University of Limpopo's Risk Management Policy is essential for the University to systematically identify, assess, monitor, and mitigate risks across all areas of operations. Key principles that guide the development and implementation of this policy:

- 5.1 The Council of the University of Limpopo holds the ultimate responsibility for risk governance and will govern risk in a way that supports the University in setting and achieving its strategic objectives.
- 5.2 The University will establish formal management structures and processes.
- 5.3 Risk management will be integrated with the organisation's strategy and its execution. Risks and opportunities will be considered alongside the core purpose and performance goals.

- 5.4 Risks identified will be assessed, managed, monitored and reported on a quarterly basis.
- 5.5 This policy will be supported by robust occupational health and safety processes that comply with applicable legislation and regulations.
- 5.6 All Faculties and Departments will have Risk Management and Business Continuity Plans. Mitigation actions must be included in the Faculty and Department budgets after they have been approved by the Risk Management Committee.

6. Implementation and Responsibilities

6.1. Council

Council's responsibilities regarding risk management are to ensure that:

- 6.1.1 There is an effective policy to ensure that the process of risk management is embedded at all levels of the University.
- 6.1.2 Council sets the tone and influences the culture of risk management at the highest level.
- 6.1.3 As part of the Annual Report on risk management, Council is responsible for reporting on how the University dealt with institutional risks, as prescribed in the Regulations for Reporting to Higher Education Institutions.
- 6.1.4 A formal risk assessment is undertaken annually and considers risk reports from the Audit Committee of Council (ACC).

6.2. Audit Committee of Council

The Audit Committee of Council is established by Council to assist with its duties as prescribed by the Higher Education Act and Section 28 of University Statute (committee of council) as they relate to issues of audit and risk. The committee has the delegated responsibility for overseeing the University's risk management processes and providing reasonable assurance to Council on the effectiveness of the internal control system and any emerging issues, through its reports to Council.

6.3. Vice-Chancellor and Principal

The Vice-Chancellor provides leadership and direction to Executive and Senior Management teams, who are responsible for the operations of the University. The Vice-Chancellor is accountable for ensuring that a risk management strategy and risk management plan are in

place and that policies are communicated to all staff, students, relevant stakeholders and third parties to ensure that the risk strategy is incorporated into the culture of the University.

The Vice-Chancellor leads the development and review of the University’s Strategic Risk Register.

6.4. Risk Management Committee (RMC)

The primary function of the Risk Management Committee is to ensure that a sound risk management and internal control system is maintained at the University in line with the strategic goals of the University. The RMC should monitor the implementation of the risk strategy and policies adopted by Council and satisfy the ACC that there is an overall effective combined assurance strategy and structure for all Faculties and Departments across the University.

6.5. Risk Management Office

The three lines of defence framework is a risk management and control model used to ensure effective risk oversight and governance. It comprises three distinct layers:

First Line of Defence	Second Line of Defence	Third Line of Defence
Operational management, which owns and manages risks, implementing internal controls and processes to identify and mitigate risks directly within their operations	Risk management and compliance functions, which provide oversight, develop risk management policies, and monitor the effectiveness of the first line's controls, ensuring adherence to regulatory requirements and internal policies.	Internal audit, which provides independent assurance by evaluating the effectiveness of governance, risk management, and internal controls, reporting directly to the audit committee of council.

The Risk Management Office is the second line of defence in the risk management process and is responsible for the operational implementation of this policy, establishing processes, tools and providing support and advice to facilitate effective risk management across the University and for fostering a culture of risk management. The Risk Management Office is also responsible for coordinating the effective monitoring and reporting of risks at the University.

6.6. Management

All line managers are responsible for overseeing the formal risk management processes in their respective areas of functioning and responsibility. They are responsible and accountable for the day-to-day management of risks, including ensuring that operational risks are identified, and mitigation strategies are in place.

Each department should maintain its own risk management and business continuity management plans and, operational and project risk registers. The risk management and business continuity plans should be reviewed annually taking into consideration emerging risks.

6.7. Internal Audit

The Internal Audit unit is independent of Management and provides objective assurance and consulting activities designed to add value and improve the operations of the University. It helps the University accomplish its objectives by ensuring a systematic and disciplined approach that ensures the University's risk management, governance and internal control processes are adequately designed and operating effectively.

Internal Audit is an essential part of the overall risk governance framework within the University. Internal Audit plays a role in assisting the ACC, external audit service providers, and Management in the monitoring of risk management in the University and providing independent reasonable assurance on how well risks are being mitigated. Internal Audit also provides independent reporting to the ACC.

Internal Audit has the responsibility to develop a risk-based audit plan which must be approved by the ACC.

6.8. External Audit

The External Auditors attend and have access to the ACC to report on any risk matters identified in their role as part of the third line of defence. External Auditors can also engage the ACC on any matters relating to risk management or audit of the University.

6.9. Third Party Expertise

When necessary, the use of specialist third parties for risk management review may be used to increase the reliability of the internal control system. Areas which may require external expertise include amongst others, health and safety, information technology, disaster management, business continuity, legislative compliance and financial modelling.

7. Scope and Applicability

The Risk Management Policy is applicable to all strategies, processes, operations and projects of the University of Limpopo and to all internal and external stakeholders. This implies that all strategic plans, operational plans and project plans should have their own strategic risk register, operational risk register and project risk register, respectively.

8. Risk Management process

Risk Management process describes the process that should be followed. It requires that the context be established, risks identified, analysed, assessed and risk treatment strategies designed. Risk Management should be performed at the University strategic and operational levels, i.e. Academic (Faculty) and Support Services departments. The table below provides a structured overview of the key steps involved in the risk management process, from identification to evaluation, in a format that emphasizes each step's purpose and activities:

Step	Description
Identification	Identifying potential risks and opportunities that could affect the University's project or activity.
	Gathering information from various sources such as departmental workshops, stakeholders, historical data, brainstorming sessions, and scanning the environment.
Assessment	Assessing identified risks based on their potential impact and likelihood of occurrence.
Monitoring	Assigning responsibility for risks to appropriate individuals in line with their roles.
	Continuously monitoring the University's identified risks and their associated factors to ensure they are within acceptable levels. This involves utilising key performance indicators (KPIs), triggers, and other monitoring mechanisms to track changes in risk conditions.
	Quarterly reporting of the risk profile of Faculties, Departments and the University as a whole.

Step	Description
Evaluation	Evaluating the effectiveness of risk management strategies and controls in mitigating or exploiting identified risks.
	Reviewing the overall risk landscape, lessons learned, and updating risk management registers and processes accordingly.

9. Risk Management Charter

The purpose, objective, scope, and governance structure (roles and responsibilities) of risk management will be described in the Risk Management Charter. Risk Management Charter is a foundational framework to guide the risk management activities and ensure that they align with the with the University's strategies and goals.

The Risk Management Committee's Terms of Reference will be clearly articulated in the Risk Management Charter.

10. Risk Management Framework

An important element of risk management is the framework within which it operates, a structured approach to identifying, assessing, prioritizing, and mitigating risks within the University. It provides a systematic process for understanding, managing, and monitoring risks to achieve business objectives while minimizing potential harm or losses. A framework must be developed that will include procedures, guidelines and tools for risk identification, risk assessment, risk response planning, and ongoing risk monitoring and review.

11. Reporting and Disclosures

Reporting and disclosures on risk management practices within a university are essential for transparency, accountability, and effective governance.

Faculties and Departments must report on a quarterly basis on the progress of implementing the mitigation actions in their approved risk management and business continuity plans.

As part of the Annual Report, Council is responsible for reporting on how the University dealt with institutional risks as prescribed in the Regulations for Reporting by Higher Education Institutions.

12. Policy Review Period

The Policy will be reviewed at least once every three (3) years or earlier should changes to the policy be warranted.