



RISK MANAGEMENT POLICY

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Related documents

UJ documents:

- UJ Policy: Risk Management
- UJ Insurance: Standard Operating Procedures
- UJ Use of Computer Policy
- UJ Vision, Mission and Values
- UJ Travel Accommodation and Subsistence Policy
- UJ Electronic Communications Policy
- UJ Statute
- UJ Conditions of Service
- UJ Employee Code of Conduct
- UJ Procurement Policy
- UJ WIL Policy

Other documents:

(e.g. Legislation, DoE and HEQC directives and guidelines)

- King IV

UJ Documents

- UJ Statute;
- UJ Vision, Mission and Values;
- UJ Strategic Plan 2025;
- UJ Operational Plan;

<ul style="list-style-type: none"> • Higher Education Act 101 of 1997 • ISO31000 Risk Management – Principles and guidelines • Constitution of the Republic of South Africa 	<ul style="list-style-type: none"> • UJ Strategic Objectives; • UJ Employee Code of Conduct
<p style="text-align: center;">Stakeholders affected by this document (units and Divisions who should be familiar with it):</p>	<ul style="list-style-type: none"> • Council; • Senate; • Management Executive Council; • Subcommittees of Senate; • Executive Dean and Deputy/Vice-Deans; • Executive Directors and Directors; • Heads of Departments; • All employees
<p>Website address of this document:</p>	<p>UJ Intranet</p>

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POLICY ON RISK MANAGEMENT

1. PREAMBLE

As a Higher Education Institution in the limelight, accountable to and providing a key service to the broader community, the University must be mindful of the risks it is exposed to. The vision is to be “An international university of choice, anchored in Africa, dynamically shaping the future.” Thus, the university offers both vocational and academic programmes striving to advance freedom, democracy, equality and human dignity as high ideals of humanity. This is achieved through distinguished scholarship, excellence in teaching and learning, reputable research and innovation, and by practicing academic citizenship.

The Implementation Manual for Annual Reporting by Higher Education Institutions (Paragraph 3.1.7) requires universities to comply with the Regulations for annual reporting by Higher Education Institutions. In doing so, the recommended guidelines for accountability for governance and management of risk in the King IV Report on Corporate Governance – 2017 (referred to as “King IV”), as well as ISO 31000:2018 – Risk Management - Guidelines, are applied as the as prevailing South African standard.

King IV recommends that risk management in its entirety, including internal systems of control, become the responsibility of the University Council, and the implementation of policy rests with Management (MEC, Risk Management Committee).

The University of Johannesburg, (hereafter referred to as “UJ”) recognizes that risk management is at the core of day-to-day activities in achieving our vision and mission. UJ Management, represented by the UJ Vice Chancellor, is fully committed to and accountable for embedding risk management in achieving strategic and operational objectives.

The aim of this policy is to establish a culture of accountability by the identification, management, and treatment of risks, which includes identifying, and taking advantage of, opportunities and amongst others, protecting our intellectual capital, income, and assets in order to minimize the potential for negative impact and to enhance the potential for opportunity.

The risk management process has to ensure that stakeholders view the University as a transparent and responsible corporate citizen. Awareness and understanding of the University's risk management framework is managed and implemented at all levels within the University. Risks are, regularly, identified, managed, monitored and reported on, throughout the year.

The process for the identification of risk is an objective driven process which assesses the impact, whether positive or negative, whether occurring or not, that potential risks could have on the achievement of the objectives of the University. To achieve and facilitate the above, clearly defined responsibility structures for the risk management process within the University needs to be established.

To ensure that risk management is effective in the University, the Vice-Chancellor or his/her representative will assess the effectiveness of risk management annually on grounds of independent reviews. The implementation of this policy is governed by a risk management strategy of which the key determinants are detailed in this document.

The risk management strategy is reviewed annually, ensuring relevance and best-practice to UJ.

2. PURPOSE

The purpose of this policy is to outline UJ's approach to risk management to support effective and consistent decision making that is guided by the universities mission and vision. To identify the main reporting framework and formalize its commitment to the principles of risk management, incorporating these into all areas of the university Ensure robust academic, non-academic, and corporate governance practices to effectively manage risk while allowing innovation and development.

3. SCOPE

The Policy is intended to provide a framework for the management of risk, and to increase the overall awareness of risk throughout the University. As a result management and those responsible for risk reporting are able to identify, assess and control risks within their areas. The Policy further seeks to enforce ownership by defining the roles and responsibilities through the risk management process.

4. RISK APPETITE AND TOLERANCE STATEMENT

The Council defines risk appetite and tolerance of UJ in terms of the level of manageable risk. High level risks are identified and are addressed in an appropriate manner by management according to the risk strategy of the University.

The risk appetite and tolerance levels of the University are informed by a stable, effective and efficient risk management philosophy and framework within the Institution. Therefore the below risk appetite statements are applicable:

- Zero tolerance towards deliberate non-compliance,
- University shall not compromise its integrity, values and reputation by risking brand damage,
- The University shall continue to pursue business expansion as informed by UJ strategic objectives through an active risk management process. The University is prepared to take measured risks to seek new growth while leveraging core strengths and expectations of the Stakeholder.

5. RISK MANAGEMENT OVERVIEW

Effective risk management is fundamental to good corporate governance. This principle is common to all governance frameworks. A thorough understanding of the risks acceptable to the University, in the pursuance of its objectives, together with those strategies employed to manage and mitigate those risks, is thus essential for a proper appreciation of the University's affairs by the Council and Executive Leadership.

Risk management is ultimately about proactively identifying and understanding the potential threats, actions or events that will adversely or positively affect an institute's ability to achieve its objectives, then managing, monitoring and reporting on these risks. Good risk management is centred on taking acceptable risks and managing them well.

6. RISK MANAGEMENT OBJECTIVES

Over and above the objectives detailed in the Risk Management Policy statement in paragraph 1 above, the University risk management objectives are to:

- 6.1 Create awareness and understanding of risk at all levels of the University.
- 6.2 Instil a culture of risk management and risk accountability at all levels.
- 6.3 Engage risks and manage them well within the risk appetite and tolerance of the

University.

- 6.4 Embed risk management as part of the normal day-to-day operations of the University. This will include the linking of risks, controls and actions to strategic and operational objectives as part of the annual planning process.
- 6.5 Comply with appropriate risk management practices in terms of corporate governance guidelines.
- 6.6 Comply with the requirements of Regulations for Annual Reporting by Higher Education Institutions.
- 6.7 Comply with the Higher Education Act 101 of 1997 section 41(3) whereby the Council of higher education institution must provide the Minister with such information, in such format, as the Minister may reasonable require.
- 6.8 Takes account of uncertainty, the nature of the uncertainty, and how it can be addressed.
- 6.9 Aligned with the organisation's external and internal context.
- 6.10 Continually responds to change.
- 6.11 So as to ultimately be a risk intelligent organisation, UJ will ensure that:
 - 6.11.1 Risks are engaged in an informed manner.
 - 6.11.2 Proactive management of risks is effective; to minimise the impact and unintended consequences and to ensure that upside business opportunities are identified and explored.
 - 6.11.3 Risk outputs are applied in decision-making.

7. ROLES AND RESPONSIBILITIES

7.1 STRUCTURE

The purpose of this diagram is to document the responsibility structure for risk management in the University.

UNIVERSITY OF JOHANNESBURG



Risk Management Structure

7.2 ROLES AND RESPONSIBILITIES

Risks management is the responsibility of Council. This responsibility is delegated to the Audit and Risk Committee. The Audit and Risk Committee executes this function with reference to reports submitted by the MEC and independent reviews by Internal Auditors.

7.2.1 **Minister of Education**

In terms of section 41 of the Higher Education Act (Act No. 101 of 1997) and Regulation 2.1 of the Regulations for Annual Reporting by Higher Education Institutions the Annual Report to the Minister should include the Council's report on risk assessment and the management thereof.

7.2.2 **Council**

The Council is responsible for the governance of risks through formal processes. This function includes:

- 7.2.2.1 Ensuring that a risk management strategy and plan are in place.
- 7.2.2.2 Ensuring that the Risk Management Policy clearly communicated to all employees to ensure that the risk strategy is incorporated into the culture of the University.
- 7.2.2.3 Ensuring the use of generally accepted risk management and internal control models and frameworks in order to maintain a sound system of risk management and internal control.
- 7.2.2.4 Ensuring that a formal risk assessment is undertaken at least annually.
- 7.2.2.5 Approve the Institutional Risk Report as presented by the Audit and Risk Committee and present a reports annually to the Minister regarding risk assessment and the management thereof.

7.2.3 **Audit and Risk Committee (ARCC)**

Risk Management is a standing agenda item of the Audit and Risk Committee meetings. The Audit and Risk Committee provides a report on its activities to Council, with such recommendations as the committee may deem appropriate. Therefore the Audit and Risk Committee:

- 7.2.3.1 Approves the institutional Risk Management Strategy and Risk Management Plan;
- 7.2.3.2 Monitors compliance with the strategies and plan;
- 7.2.3.3 Ensures that there are appropriate risk mitigation strategies for all risks above the determined threshold;
- 7.2.3.4 Confirms to Council quarterly that the risk management strategy and plan has been executed, provides reports on unmitigated material risks, major strategic and operational risks to the Council.
- 7.2.3.5 The Audit and Risk Committee reports to the Council on the risk management process and internal control environment within the University.

7.2.4 **The Vice Chancellor (through MEC)**

The MEC reports to Council through the Audit and Risk Committee on risk related matters.

The MEC performs the following roles:

- 7.2.4.1 Provide the University Audit and Risk Committee with assurance that operations throughout the organisation have appropriate risk management processes in place to enable management to discharge their accountability for risk management;
- 7.2.4.2 A monitoring and oversight role on behalf of the Audit and Risk Committee regarding the status of risk management throughout the University;
- 7.2.4.3 Confirm to the Audit and Risk Committee that risk management is integrated into the day to day activities of the University;
- 7.2.4.4 Ensuring consistency in evaluation and reporting of risks throughout the University to facilitate comparability at a University level.

The detailed tasks that will be performed in this role include:

- a. Reviewing / establishing the appropriate risk management strategy and risk management plan for the University;
- b. Identify, evaluate and assess the strategic risks of the University in collaboration with the Executive Leadership Group;
- c. Determines the risk tolerance and appetite levels;
- d. Mandates the Executive Director Financial Governance and Revenue and related risk function to coordinate the identification, evaluation and assessment of risk within the University, including the communication of the risk management policy, strategy, plan and methodology.

7.2.5 **Risk Management Committee (RMC)**

The RMC assists the MEC with operational risk management within the University. The focus is to:

- 7.2.5.1 Develop a risk management model for the University;
- 7.2.5.2 Oversee the implementation of the risk management model within the University;
- 7.2.5.3 Identify potential risks that could impact on the reputation, sustainability, quality of service delivery, and wellness of employees, students and visitors at the University;
- 7.2.5.4 Proactively strategize the mitigation of identified risks;
- 7.2.5.5 Facilitate – through the office of the Executive Director: Financial Governance – the coordination of all relevant risk management duties, tasks and responsibilities – including whistle blowing - within the University;

- 7.2.5.6 Deliberate on any matter that, in the opinion of the chairperson and other committee members, should serve at the RMC for consideration prior to submission to a higher body/committee for decision-making;
- 7.2.5.7 Deal with any matter referred to it by the MEC or the Council Audit Committee;
- 7.2.5.8 Monitor the functionality of risk management activities within the University;
- 7.2.5.9 Assess the functionality of the RMC.

7.2.6 Executive Deans / Executive Directors (Executive Leadership Group)

Senior executives and line management within each Department and Faculty are accountable for the management of risks within their respective environments. Management set appropriate goals, objectives, targets and performance indicators for all their functions. This includes the responsibility for designing, implementing and monitoring the process of risk management and integrating it within the operational management processes of their respective Departments and Faculties. Risk management will form part of the performance contracts of the Executive Leadership Group.

Responsibilities in terms of risk management entail the following:

- 7.2.6.1 Ensuring that all levels employees collectively have the competence and responsibility through selection, retention, education and awareness, to implement these guidelines.
- 7.2.6.2 Identifying significant risks at a Department and Faculty level.
- 7.2.6.3 Evaluating the impact of these risks on the achievement of operational and process objectives and the likelihood of these risks occurring.
- 7.2.6.4 Deciding on the best mitigating strategy to manage these risks to an acceptable level.
- 7.2.6.5 Ensuring that management processes (controls) put in place to mitigate risks is adequate and effective.
- 7.2.6.6 Monitoring risks and the environmental factors affecting these risks.
- 7.2.6.7 Report to the Risk Management Committee on the processes as described in the paragraphs above as well as the progress on the implementation of action plans developed to mitigate risks.

Level	Responsibility
Executive Dean	Responsible for strategic and operational risk management at Faculty level. Responsible for the consolidation of operational risks for the departments reporting into the Faculty.
Executive Director	Responsible for the strategic and operational (business level) risk management for the Department or Division.

	Responsible for the consolidation of operational (process level) risks for the Department or Division.
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7.2.7 Assurance Providers

7.2.7.1 Internal Audit

Internal audit will assist the MEC, the External Audit Service Providers and the Audit and Risk Committee, in the monitoring of risk management in the University and providing independent assurance on how well risks are being managed.

Internal audit shall:

- 7.2.7.2 Analyse the Risk Register and use the analysis in the preparation of the risk based audit coverage plan
- 7.2.7.3 Provide independent assurance on adequacy and/ or effectiveness of internal controls in place, to manage key risks of areas included in the audit coverage plan;
- 7.2.7.4 Provide independent assurance regarding the progress of mitigating strategy implementation as well as the assessment of adequacy of strategy design to mitigate the stated risk included in the audit coverage plan;
- 7.2.7.5 Independently audit and form an opinion on the effectiveness of the risk management process; and
- 7.2.7.6 Provide independent reporting to the Risk Management Committee and the Audit and Risk Committee.

7.2.8 External Audit

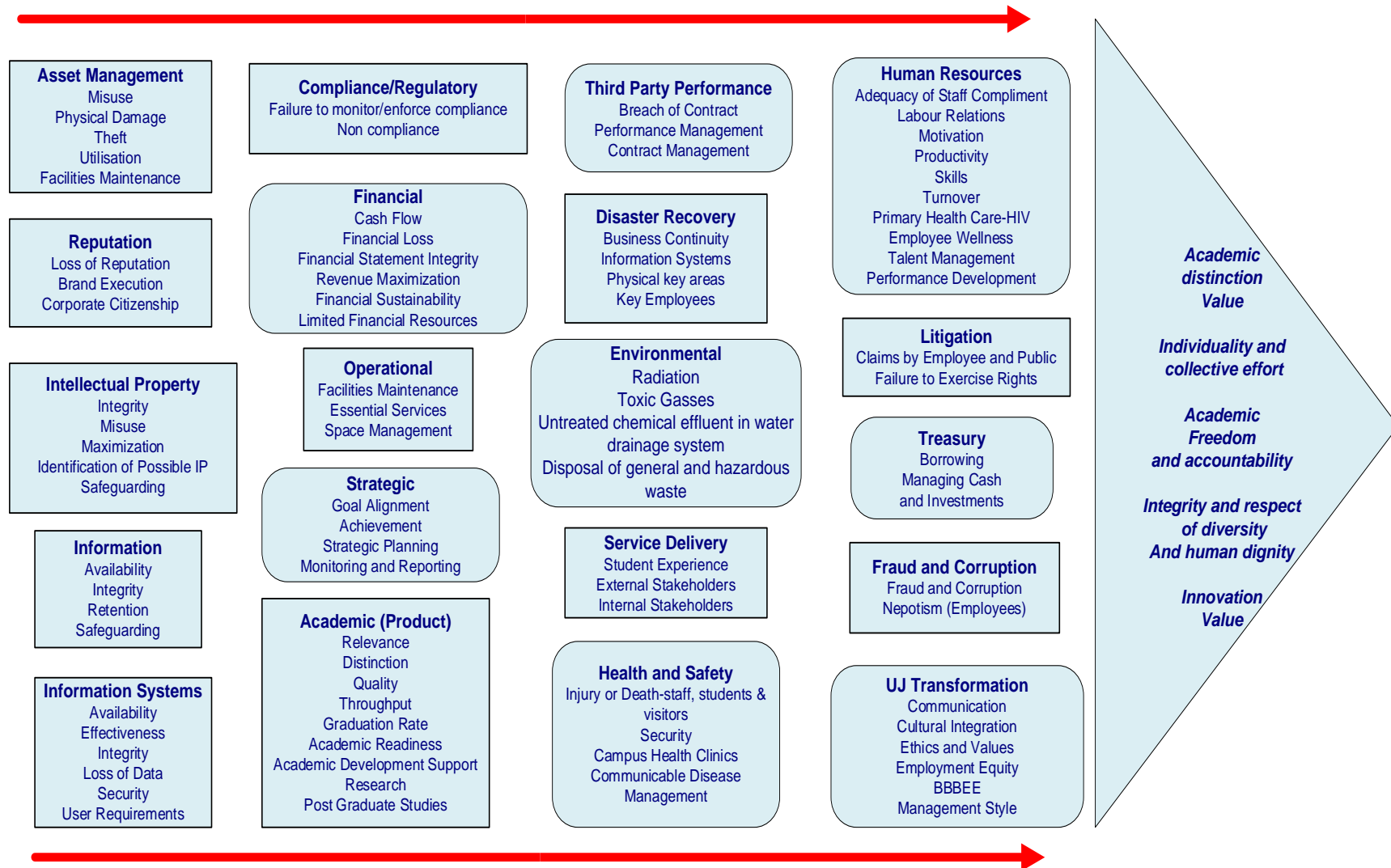
The External Auditors will have access to the Audit and Risk Committee to report on risk matters identified in their role as external auditors.

8. RISK MANAGEMENT COORDINATION

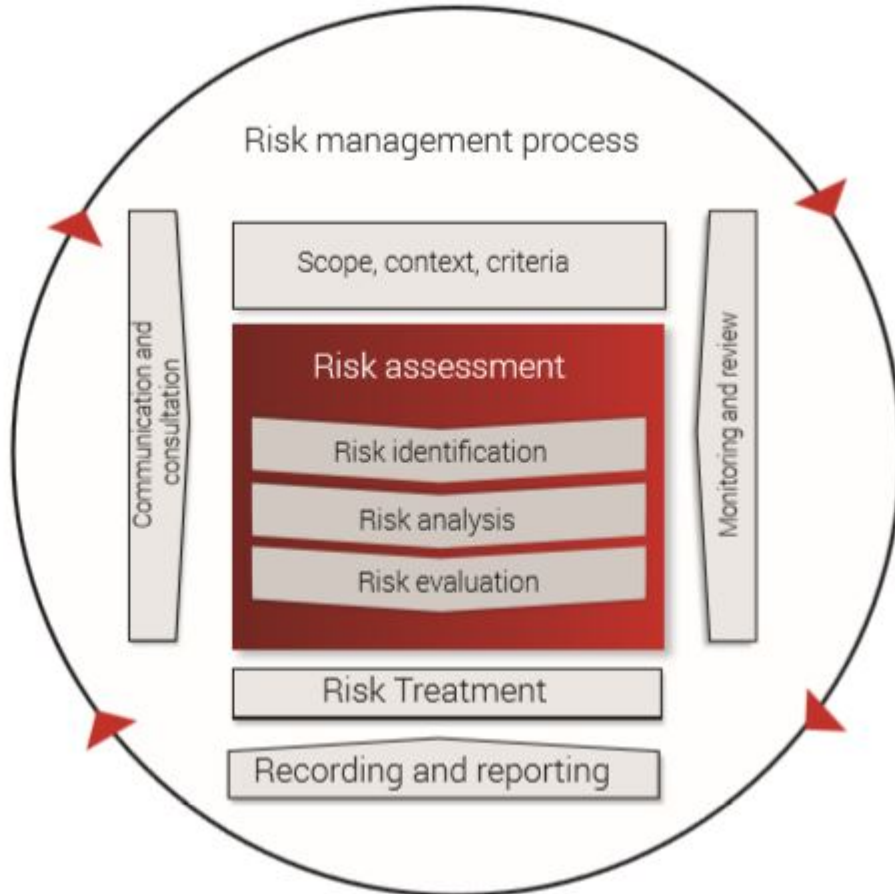
The procedure on risk management coordination is captured in the Risk Management Procedure and will be supported by various documentation such as

- 8.1 Risk Management Implementation plan on an annual basis and submit is submitted to RMC, MEC, ARCC and Council for recommendation and approval.
- 8.2 Institutional Risk register that is prepared and submitted at every RMC, MEC, ARCC and Council,
- 8.3 Operational risks completed Faculty and Departmental meetings and presented to RMC,
- 8.3.1 Ensuring that the relevant extracts of the minutes served at various committees are considered when updating the Institutional Risk Register;

Framework for Risk Identification/Risk Categories



9. THE RISK MANAGEMENT PROCESS IN THE UNIVERSITY



10. REVIEW

This policy is reviewed every five years or earlier if an urgent need arises as determined by the Chief Financial Officer in consultation with the Vice-Chancellor.