

Kwame Nkrumah University of Science and Technology, Kumasi

# Risk Management POLICY





# **KNUST RISK MANAGEMENT POLICY**



**KWAME NKUMAH UNIVERSITY OF SCIENCE  
AND TECHNOLOGY, KUMASI-GHANA  
QUALITY ASSURANCE AND  
PLANNING UNIT**

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ISBN: 978-9988-2-8487-9

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Quality Assurance and Planning Unit  
Vice-Chancellor's Office  
Kwame Nkrumah University of Science and Technology  
KNUST, Kumasi  
PMB UPO, Kumasi-Ghana

Tel: +233 322060319

Email: [info.qapu@knust.edu.gh](mailto:info.qapu@knust.edu.gh)

Layout Design by  
Frank Boadu, University Press, KNUST

Cover Design  
Francis K. N. Nunoo, Department of Publishing Studies, KNUST

# FOREWORD

The Kwame Nkrumah University of Science and Technology, Kumasi exists to advance knowledge in science and technology through creating an environment for undertaking relevant research, quality teaching, entrepreneurship training and community engagement to improve the quality of life. In order to achieve this mission, there is the need to have a **Risk Management Policy**.

The Implementation of the Strategic Plan and Objectives of KNUST exposes the University to varied risks; comprising external and internal, local and international. The Risk Management Policy is intended to guide the identification through to management of the various risks in the University.

The University is grateful to all those who ensured the initiation, development and approval of this Policy.

**PROFESSOR (Mrs.) Rita Akosua Dickson**

VICE-CHANCELLOR

KNUST

# ACKNOWLEDGEMENT

As part of the strategic planning mandate of the Quality Assurance and Planning Unit (QAPU), university policies are initiated and proposed for approval by the Academic Board. The Unit in collaboration with the Office of Grants and Research therefore initiated the preparation of the **Risk Management Policy** and submitted for approval by the Academic Board.

The QAPU is grateful to Dr. Abdul-Rahman Ahmed (Committee Chairman), Dr. Nicholas Addai Boamah, Mr. Moses Tsiquaye, Mr. Christopher Addi, Prof. R. C. Abaidoo (Director, OGR) and Mrs. Amanda Owusu-Asare (Assistant Registrar, OGR) are deeply appreciated for their enormous contributions to this policy.

A special thanks goes to the Building Stronger Universities Project (BSU1111) for providing financial and technical support for developing grants related policies in the University including the **Risk Management Policy**.

Lastly, we wish to appreciate the work of the Review Committee and all staff of the University who contributed in several ways to the development and approval of this Policy.

**PROFESSOR JERRY JOHN KPONYO**

HEAD

QUALITY ASSURANCE AND PLANNING UNIT

November, 2020

**OFFICIAL COPY CAN BE OBTAINED FROM:**

Telephone Number: **0322060319**

E-mail: **info.qapu@knust.edu.gh**

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## **1.0 POLICY RATIONALE**

The Implementation of the Strategic Plan and Objectives of KNUST exposes the University to varied risks; comprising external and internal, local and international. A policy that guides the identification through to management of the various risks is deemed imperative. This document constitutes the University's risk policy.

## **2.0 DEFINITIONS**

### **2.1 RISK**

Risk is the effect of uncertainty in the pursuit of the University's strategic objectives.

### **2.2 RISK MANAGEMENT**

Risk Management is a coordinated programme for identifying, analysing, evaluating, treating, monitoring and communicating risks of the University. It provides assurance that the strategic objectives of the University will be attained.

### **2.3 RISK MANAGEMENT FRAMEWORK**

Risk Management framework is a document that sets out the procedures, processes and responsibilities for managing the risks of the University

### **2.4 MITIGATION MEASURE**

Mitigation Measure is a control that will alter the likelihood and/or impact of a likely risk.

### **2.5 RISK EXPOSURE**

Risk Exposure is the extent/severity of risk measured in terms of the likelihood and impact (likelihood x impact).

## **2.6 RISK ACCEPTANCE**

Risk Acceptance is accepting the consequence of the risk without treating the risk.

## **2.7 INHERENT RISK**

Inherent Risk is the amount of risk in the absence of mitigation measures or current controls. The risk before any control is implemented.

## **2.8 RISK APPETITE**

Risk Appetite is the amount of risk that the University is prepared to accept in pursuing its strategic objectives. The risk appetite level enables management to determine the risk threshold beyond which mitigation measures are required and to appropriately manage the risks of the University.

## **2.9 RESIDUAL RISK**

Residual Risk is the amount of risk in the presence of mitigation measures or current controls. The risk that remains after current controls have been implemented.

## **2.10 ISO 31000**

ISO 31000 is the International Standard for Risk Management recommended by the International Organisation for Standardisation.

## **2.11 RISK IDENTIFICATION**

Risk Identification is gathering information about events that can impact on the University's strategic objectives.

## **2.12 RISK ANALYSIS**

Risk Analysis is determining the probability of occurrence (likelihood) of and the magnitude of the impact (consequence) of identified events on the University strategic objectives

## **2.13 RISK ASSESSMENT**

Risk Assessment is assessing, ranking and prioritising risk based on the size of the exposure should the risk materialise

## **3.0 PURPOSE**

### **3.1**

The policy outlines the University's strategy, objectives, expectations and principles for the integrated management of the risks to the University's implementation of its strategic plan to promote shared ownership and management of the business risks of the University.

### **3.2**

The policy sets up:

- 3.2.1** The processes/framework for risk identification, evaluation and management by the University
- 3.2.2** The approach to align risk management with the strategic objectives of the University
- 3.2.3** The process for assigning responsibilities for effective risk management by the University
- 3.2.4** The approach for promoting risk awareness and risk management culture in the University

## **4.0 SCOPE**

### **4.1**

The policy is applicable to the University, the University's management, all staff of the University, students, researchers, contractors, affiliate institutions of the University and all other persons duly informed that the policy applies to them

### **4.2**

All business conducted by or on behalf of the University

## **5.0 PRINCIPLES**

### **5.1**

Enterprise risk management is a necessary component of the governance arrangement of the University and supports the realisation of the strategic objectives of the University as stated in the KNUST Strategic Plan

### **5.2**

The risk management activities of the University will be consistent with the University's risk management framework to ensure consistency in the management of risk across the University

### **5.3**

There will be collective ownership and involvement of every member of the University in the risk management activities

### **5.4**

The business risk of the University will be monitored and reviewed periodically to ensure that risk decisions are relevant and appropriate

### **5.5**

The University commits to its risk appetite statement/policy and will pursue its strategic objectives within the risk appetite limits

## **6.0 RISK MANAGEMENT UNIT**

### **6.1**

The University shall establish a Risk Management Unit. The Director of Risk Management of the University shall be the head of the Risk Management Unit.

### **6.2**

The Risk Management Unit shall:

- 6.2.1** Be responsible for ensuring that adequate procedures and processes are established to enable compliance with the risk policy and the risk management framework across the University
- 6.2.2** Ensure that adequate training and awareness of the risk policy and the risk management framework are provided to the persons with responsibility for mitigation action
- 6.2.3** Maintain and review the University's risk register on annual basis
- 6.2.4** Advise the Vice-Chancellor and the Executive Committee on the status of the University's risk and the emerging risks of the University
- 6.2.5** Communicate the relevant elements of the University's risk management framework to staff, students and all stakeholders
- 6.2.6** Set up processes and procedures for risk recording and reporting throughout the University



- 6.2.7 Support colleges, faculties, departments and units to prepare and maintain local risk registers

### **6.3 DIRECTOR OF RISK MANAGEMENT**

The Director of Risk Management shall:

- i. Develop, review and oversee the University's risk management strategy and framework (Appendices 1&2) , policy, processes, guidelines and tools
- ii. Be responsible for the day-to-day administration of the policy
- iii. Ensure that the risk policy, the risk framework and all relevant risk documents are implemented across the University
- iv. Ensure regular reporting of risks to the Vice-Chancellor and the Executive Committee
- v. Advise the Vice-Chancellor and the Executive Committee on emerging risks, key risk exposures and the risk management culture across the University
- vi. Provide training across the University on the risk management framework, effective risk identification and assessment, developing and implementation of mitigation measures and continuous risk monitoring

## **7.0 RESPONSIBILITIES FOR RISK MANAGEMENT**

### **7.1 THE UNIVERSITY COUNCIL**

The University Council:

- i. Has overall responsibility for risk management in the University subject to the advice from the Audit Committee, the Vice-Chancellor and other relevant committees of Council acting within their terms of reference.
- ii. Shall approve the risk management policy of the University
- iii. Shall approve the risk appetite limits of the University upon the advice of the Vice-Chancellor.

### **7.2 THE AUDIT COMMITTEE**

The Audit Committee shall:

- i. monitor the risk management programme of the University on behalf of Council
- ii. regularly review and report to Council the adequacy of the University's risk management framework, risk management policies and procedures, and risk identification and management programme
- iii. recommend amendments of the risk policy to Council as required
- iv. be satisfied that the assurance provided by management and external/internal auditors is appropriate

- v. monitor the effectiveness of the mitigation measures for the identified risks of the University

### 7.3 THE VICE-CHANCELLOR

The Vice-Chancellor shall

- i. assign risk management responsibilities to selected persons in accordance with the risk designation and action plan
- ii. regularly report to Council on the state of the major risks of the University and the effectiveness of the implemented mitigation measures
- iii. propose to Council the risk tolerance limit of the University in consultation with the executive Committee
- iv. take ultimate responsibility for risk management and provide appropriate resources to ensure effective management of the University's risks

### 7.4 EXECUTIVE COMMITTEE

The Executive Committee shall:

- i. supervise and monitor the risk assessment and management programme across the University and for all business of the University in accordance with the **Statutes of the Kwame Nkrumah University of Science and Technology (KNUST), Kumasi** and all relevant policies of the University.
- ii. ensure a sound system of integrated risk management for the management of the University's risks, internal control and external oversight, in accordance with the relevant policies of the University.
- iii. responsible for approving the risk management procedures, the risk management framework and any relevant document to facilitate the implementation of the risk management policy.

## **7.5 QUALITY ASSURANCE AND PLANNING UNIT**

The Quality Assurance and Planning Unit shall:

- i. evaluate and review the Risk Policy and risk management strategies regularly in accordance with international standards and best practices
- ii. submit a report on the reviews to the Vice Chancellor and Executive Committee

## **7.6 PROVOST, DIRECTORS, DEANS, HEADS OF DEPARTMENTS, HEADS OF UNITS**

Provost, Directors, Deans, Heads of Departments and Heads of Units shall:

- i. take responsibility for risk management, provide appropriate resources to ensure effective risk management and implement risk management processes within their areas of responsibility
- ii. encourage a strong risk culture; ensure compliance with the University's risk appetite limits and thresholds, adherence to the risk management processes and framework, managing risk exposures and ensuring transparent and risk-conscious decisions within their area of responsibility
- iii. prepare local risk registers for their area of responsibility

## **7.7 INTERNAL AUDIT**

The Internal Audit shall:

- i. take into account the universal risk register of the University and the local risk registers of the colleges, faculties, departments and units in the pursuit of its mandate
- ii. conduct internal reviews of the effectiveness of the risk management process and provide independent internal assurance to Vice-Chancellor, the Executive Committee

and the Audit Committee that the University risks are appropriately managed

## **7.8 STAFF, STUDENTS AND MAJOR STAKEHOLDERS OF THE UNIVERSITY**

Staff, Students and Major Stakeholders of the University shall

- i. understand the University's risk management framework and adequately manage the risks involved in their daily activities
- ii. identify and manage any relevant risk associated with their activities, role, or area of responsibility
- iii. develop appropriate action plan for the mitigation of identified risks in their activities
- iv. inform all relevant stakeholders of accepted risks (where no mitigation measures are implemented) and their potential consequences
- v. document risks, mitigation measures and risk decisions within their area of responsibilities and communicate them to all relevant stakeholders
- vi. monitor, review and record risks within their area of responsibility
- vii. record and report known actual or perceived risks that may impact on the University to the Director of Risk Management immediately

## **8.0 RISK APPETITE**

### **8.1**

The Vice-Chancellor in consultation with the Executive Committee and on the advice of the Director of Risk Management will set the risk appetite of the University

### **8.2**

The Vice-Chancellor (Subject to 8.1) will propose the risk appetite of the University to Council for consideration and approval

### **8.3**

Council will have the ultimate responsibility of approving the risk appetite of the University

## **9.0 RISK REPORTING, RECORDING AND ASSESSMENT**

### **9.1**

The Director of Risk Management will set up a system for continuous recording and reporting of risk across the University to enable the identification of the University's universal risks and local risks for the purpose of preparing and reviewing the fundamental risk register and the local risk registers

### **9.2**

Staff, students and all stakeholders must report risks in accordance with this policy, the risk management framework and the risk reporting and recording processes set up by the Risk Management Unit

### **9.3**

The magnitude (size of the risk) of any identified risk will be measured using the impact (effect on the University) and the likelihood (probability of occurrence) of the risk

### **9.4**

The likelihood and impact of identified risks both for the University's universal risk register and local risk registers will be measured using the following scale:

Scale	Likelihood	Impact
1	Very Unlikely	Very Low Impact
2	Not Likely	Low Impact
3	Neutral	Moderate Impact
4	Likely	High Impact
5	Very Likely	Very High Impact

## 9.5

Identified risks of the University will be ranked using the criteria below:

Size of Risk (Impact x Likelihood)	Rank
1 – 4	Low
5 – 10	Medium
12 – 16	High
20 – 25	Extreme

## 9.6

To effectively manage the risks of the University, both the universal risk register and the local risk registers will show the inherent risks and their associated residual risks



## **10.0 RISK REGISTER**

### **10.1**

The risk register is a mechanism for recording, ranking and monitoring of the University's risk universe.

### **10.2 UNIVERSAL RISK REGISTER:**

- 10.2.1** The Risk Management Unit will be responsible for preparing and reviewing the University's Universal Risk Register
- 10.2.2** The Universal Risk Register will be reviewed annually based on the risk information from section 9 and any other information that the Director of Risk Management may deem appropriate
- 10.2.3** Notwithstanding 10.2.2, the risk register may be reviewed at any time to capture emerging risks to the strategic objective of the University
- 10.2.4** The Director of Risk Management will prepare a Risk Rating Designation and Action Plan for identified risks in the risk register based on the risk appetite of the University and subject to the approval by the Executive Committee
- 10.2.5** The Risk Rating Designation and Action Plan will clearly designate risks (as acceptable, generally acceptable, generally unacceptable and unacceptable), required mitigation action and responsibility for mitigation for the various risk categories (ranks)

- 10.2.6** Mitigation programme and responsibility for mitigation for risks in the risk register will be in accordance with the risk rating designation and action plan

### **10.3 LOCAL RISK REGISTERS**

- 10.3.1** Provosts, Directors, Deans, Heads of Departments and Heads of Units will prepare local Risk Registers for their area of responsibility
- 10.3.2** Provosts, Directors, Deans, Heads of Departments and Heads of Units will conduct annual review of the local risk registers and submit a review report to the Director of Risk Management
- 10.3.3** The preparation and review of the local risk registers will follow the same procedures and process employed for the Universal Risk Register
- 10.3.4** The Director of Risk Management will prepare an annual report on the local risk registers to the Vice-Chancellor and the Executive Committee

## **11.0 RISK MANAGEMENT FRAMEWORK**

The framework provides:

### **11.1**

The basis and procedures for identifying, analysing, evaluating, treating, monitoring and communicating risk across the University.

### **11.2**

The foundation for reviewing the risk management activities of the University to enable continual improvement of the risk management programme.

### **11.3**

Assurance about the effectiveness of the risk management programme to Vice-Chancellor, the Executive Committee, the Audit Committee and Council.

### **11.4**

The Director of Risk Management will review the risk management framework periodically.

### **11.5**

The Executive Committee will approve the risk management framework.

## **12.0 COMPLIANCE WITH POLICY**

### **12.1**

The Internal Auditor, Head of QAPU and the Director of Risk Management will monitor compliance with the risk management policy and the risk management framework.

### **12.2**

Non-compliance with the risk policy and risk management framework may lead to disciplinary action.

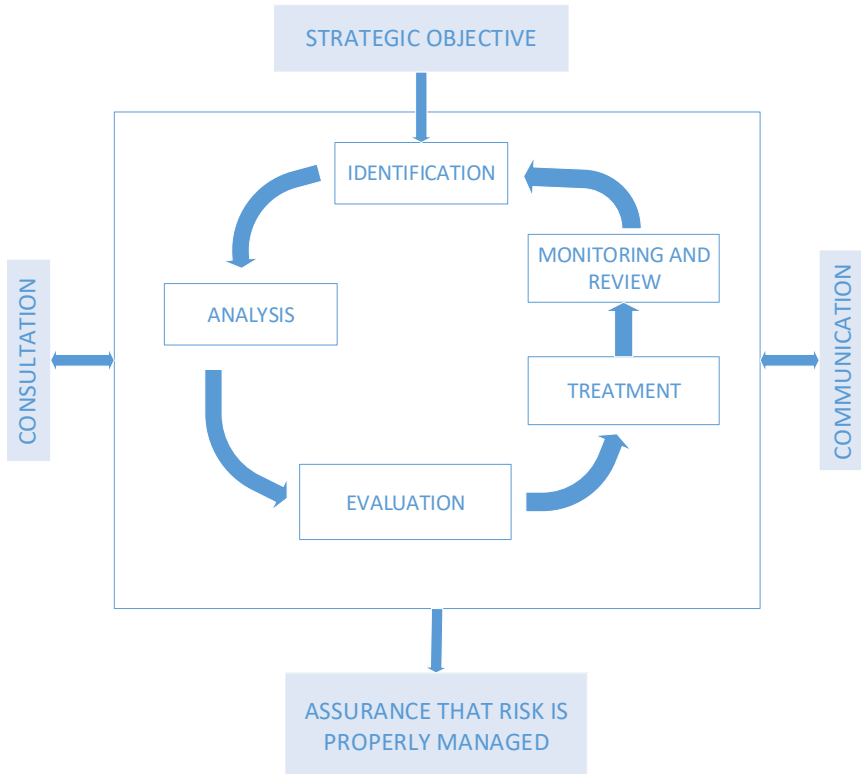
## **13.0 REVIEW**

### **13.1**

The Quality Assurance and Planning Unit of the University, will be responsible for reviewing and updating this policy. The policy document will be reviewed every three (3) years or when necessary.

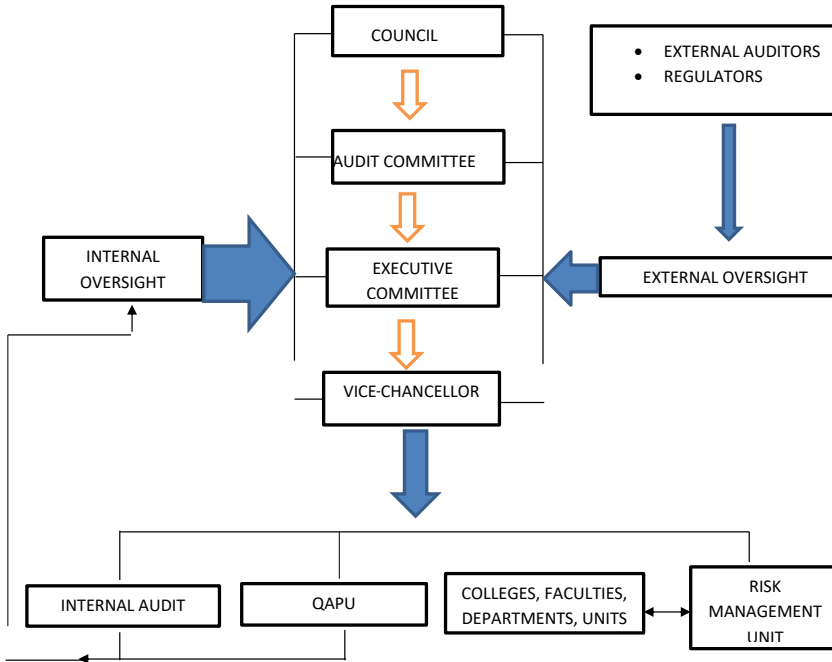
# APPENDIX 1

## THE RISK MANAGEMENT PROCESS



# APPENDIX 2

## INSTITUTIONAL STRUCTURE



**QUALITY ASSURANCE AND PLANNING UNIT**

Vice-Chancellor's Office

Kwame Nkrumah University of Science and Technology

KNUST, Kumasi

PMB UPO, Kumasi-Ghana

Tel: +233 322060319

Email: [info.qapu@knust.edu.gh](mailto:info.qapu@knust.edu.gh)

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