

Policy name: Internal Control and Risk Management Policy

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Revision 1 approved 10th March 2017

Revision 2 approved

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1. Context

- 1.1 A sound system of internal control has a key role in the management of risks that are significant to the fulfilment of institutional objectives. An institution's objectives, its internal organisation and the environment in which it operates are continually evolving and, as a result, the risks it faces are continually changing. Thus, risk identification and management is seen as necessary to maximise the likelihood of achieving an institution's desired objectives and outcomes.
- 1.2 Risk Management forms one specific part of the internal control framework and does not purport to solely support it. It relies on engagement with other assurance and governance functions such as Compliance, Governance and the Internal Audit function.

2. Purpose

- 2.1 The Royal Irish Academy of Music, hereinafter referred to as RIAM or the Academy, is committed to establishing and maintaining a systematic approach to the identification, evaluation and management of risk. Through this policy, the Board of Governors (the 'Board') exercises its responsibility, as required by 2012 Code of Practice '*Governance of Irish Universities*', to ensure that a robust system of risk assessment and management is in place in the Academy.

3. Scope

- 3.1 This policy applies to all areas of the Academy's activities and operations, including all employees and members of the Board and its Sub-Committees.

4. Benefits

- 4.1 A sound system of internal control, underpinned by a robust system of risk assessment and management, contributes to safeguarding the interests of all relevant parties and the Academy's assets, including the prevention and detection of fraud. Internal control facilitates the effectiveness and efficiency of operations; helps to ensure the reliability of internal and external reporting and assists compliance with laws and regulations. Effective financial controls, including clear delineation and separation of functions and the maintenance of proper accounting records, are also an important element of internal control. They help ensure that the Academy is not unnecessarily exposed to avoidable financial risks and that financial information used and published is reliable.
- 4.2 A sound system of internal control and a culture of risk awareness and identification therefore provides reasonable, but not absolute, assurance that the Academy will not be hindered in achieving its objectives, or in the orderly and legitimate conduct of its business, by circumstances which may reasonably be foreseen. However, it must be recognised that a system of internal control and risk management cannot provide protection with certainty

against failing to meet objectives or prevent all material failures, errors, losses, fraud, or breaches of laws or regulations.

5. Principles

- 5.1 Risk management and oversight is an Academy-wide responsibility that calls for the active involvement and cooperation of management and staff. Thus the Board seeks to ensure that the risk assessment, evaluation and management process is integrated into existing management systems, in as straightforward a manner as possible. Roles and responsibilities will be clearly assigned and a person at a senior level with overall responsibility for the process will be nominated with a direct reporting line to the Board. Risk management expertise will also be included in the membership of the Audit and Risk Committee.
- 5.2 Risk appetite refers to '*the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time*' (*The Orange Book: Management of Risk – Principles and Concepts*). The Academy recognises that in order to deliver successfully on its mission and objectives it must be prepared to consider seriously opportunities where the potential reward justifies the acceptance of certain risks. Thus, the Academy seeks to minimise its exposure to strategic, reputational, compliance and financial risk, whilst accepting and encouraging a proportionate increase in the degree of risk where this can be justified in pursuit of its mission and objectives.

6. Policy

- 6.1 Systematic assessment and management of risk is becoming an increasingly important part of internal control. Risk identification and management is seen as necessary to maximise the likelihood of achieving an institution's desired objectives and outcomes.
- 6.2 Risks fall into a variety of categories, some of the most common being, but not limited to:
- (i) strategic risks;
 - (ii) operational risks;
 - (iii) financial risks;
 - (iv) reputational risks.
 - (v) compliance risks.
- 6.3 It is the responsibility of the Board to ensure that a robust system of risk assessment, evaluation and management is in place in the Academy, and senior management is responsible for coordinating its implementation, development and maintenance. Such a system involves:
- (i) in the context of the Academy's risk appetite, the identification and monitoring of risks that threaten the achievement of the Academy's objectives;
 - (ii) the evaluation of the likelihood of occurrence and potential impact of the risks so identified;
 - (iii) the segregation of risks according to their gravity;

- (iv) an appraisal of the controls or remediation employed to manage the major risks and identification of any further steps that should be taken;
 - (v) an appraisal of the levels of residual risk through the implementation of risk registers within the Academy - after the application of mitigation techniques - and whether the residual risk is acceptable;
 - (vi) continuous monitoring of the effectiveness of controls and management techniques;
 - (vii) decision-making informed by the risk management process.
- 6.4 Pursuant to 6.3 above, the system is managed by the RIAM Secretary. Heads of Faculty/Senior Examiners/Office Supervisors are responsible for the day-to-day management of risks under their control. They will be assisted in this role by senior management as necessary. A risk register is formally reviewed by the Board of Governors annually, or more frequently should circumstances so dictate. The review report is sent to Trinity via the Associated College Degree Committee (ACDC).
- 6.5 The system covers all aspects of internal control, including governance, management, quality, reputation, compliance and financial. Operationally, through the Risk Registers (see 6.6 below), it produces a **representative** portfolio of risk exposure, closely aligned to the strategic objectives of the Academy and integrated with its normal business processes. As such, however, it is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only, therefore, provide reasonable (but not absolute) assurance against material misstatement or loss.
- 6.6 Thus, the Academy's arrangements for risk assessment, evaluation and management are embedded in an approach which integrates strategic planning, performance monitoring and risk management. An Operational Risk Register is presented to the Board through the Audit and Risk Committee. A Performance and Risk Management Summary sets out the strategic targets and risks facing the institution in terms of progress towards the targets, and the risk level of the particular risk area. The elements are viewed in terms of Risk, Mitigation and Latest updates.
- 6.7 The Audit and Risk Committee reviews the effectiveness of the system of internal control and reports its opinion to the Board. This review is informed by the work of the Internal Auditors appointed by RIAM, by the contributions of the RIAM managers with responsibility for the development and maintenance of the internal control framework, and by comments and observations made by the External Auditors (the Comptroller and Auditor General or their nominee) in their management letter and other reports.
- 6.8 The Board also makes provision for:
- (i) reviewing this policy and monitoring its effectiveness;
 - (ii) reviewing the Academy's risk appetite annually in light of changing circumstances in its wider environment and in its capacity to bear risk.
 - (iii) reviewing material risk incidents and noting actions taken to deal with them;
 - (iv) making risk management a standing meeting agenda item regularly and at least once annually.

7. Responsibility

7.1 The RIAM Secretary is responsible for overseeing this policy and its operational procedures.

8. Legislation and Regulation

8.1 [Qualifications and Quality Assurance \(Education and Training\) Act 2012.](#)

8.2 [Standards and Guidelines for Quality Assurance in the European Higher Education Area \(2005\).](#)

8.3 [Code of Practice for Provision of Education and Training to International Learners \(2015\).](#)

8.4 [The 1997 Universities Act.](#)

8.5 [National Framework of Qualifications \(NFQ\).](#)

9. Related Documents

9.1 [Joint HEA & IUA report on the governance of Irish universities 2007.](#)

9.2 [Revised Code of Practice for the Governance of State Bodies 2009.](#)

9.3 [Code of Governance of Irish Universities 2012.](#)

9.4 [Code of Practice for the Governance of State Bodies 2016.](#)

9.5 RIAM Code of Governance Manual 2018.

10. Document Control

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