



European Humanities
University

UNIVERSITY POLICY
FOR RISK
MANAGEMENT



May 2019

Abbreviations

BY	Republic of Belarus
EC	European Commission
EHU	European Humanities University
EU	European Union
FMEA	Failure Mode and Effects Analysis
FTE	Full-time equivalent
HR	Human resource
LT	Lithuania
SE	Sweden
SIDA	Swedish International Development Cooperation Agency
Strategy	European Humanities University strategy for 2019–2024

Document control

Revision history			
REVISION	DATE	NATURE OF REVISION	PREPARED BY
1	2019.05.21	Created	EHU Strategic development committee
<No.>	<Date>	Updated / renewed	<Name>

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1. Policy introduction

European Humanities University (hereinafter – EHU) policies establish standards and expectations for operations across the organisation and set the minimum standards expected. This risk management policy with associated risk management plan cover the principles of risk assessment and its application to EHU activities.

The policy covers risk management roles and responsibilities (see section 2), application of risk management procedures (see section 3), principles of risk management plan (see section 4), Risk management plan (see Appendix A), Periodic risk assessment report (see Appendix B), and Direct risk management report (see Appendix C).

2. Roles and responsibilities

The function of EHU Risk management is performed by the Strategic development committee, established by the Rector's order N01-97, 12 10 2018.

STRATEGIC DEVELOPEMET COMMITTEE WHILE PERFORMING THE EHU RISK MANAGEMENT WILL:

- Consider and advise on / update EHU risk assessment arrangements,
- Seek collective assurance that risk controls are in place and, if necessary, acted upon,
- Seek collective assurance that those with risk management and assessment responsibilities are adequately trained and competent,
- Be notified of any significant risk manifestation (accident, incident or enforcement),
- Have an oversight of reported incidents and make recommendations where necessary in relation to risk assessments / actions to be taken,
- Ensure risk assessment is incorporated as appropriate into strategic decisions such as new projects / programmes or Strategy updates,
- Conduct **periodic risk management meetings** before the beginning of each academic semester to review direct risk assessments made by those with risk management and assessment responsibilities and decide upon collective action.
 - If necessary and as decided by EHU Strategic development committee, periodic risk management meetings can be conducted in more frequent order.
 - Results of periodic risk management meetings are documented in Periodic risk assessment reports (Appendix B).

THOSE RESPONSIBLE FOR PARTICULAR RISK MANAGEMENT AND ASSESSMENT WILL:

- Ensure that risk control and assessments meet the requirements as set out in this policy and risk management plan,
- Ensure that following any risk manifestation (accident, incident or enforcement) or in a frequency established in risk management plan, the **direct risk assessments are performed**.
 - Results of direct risk assessments are documented in Direct risk assessment reports (Appendix C).
- Decide on and lead any actions associated with risk management and seek for EHU Strategic development committee recommendations on actions regarding the risks management to be taken (if necessary),

- Ensure that there is robust record keeping of risk assessment documentation in accordance with this policy,
- Report any significant failings relating to the risk assessment process to Strategic development committee.

3. Application of risk management procedures in EHU

Suitable and sufficient risk assessments must be carried out for all possible operation risks identified in EHU's risk management plan (Appendix A).

KEY POINTS OF RISK MANAGEMENT IN EHU:

- **Periodic** (before the beginning of academic semester Strategic development committee) and **direct** (at necessary frequency but not less frequently than periodic risk assessments, by responsible for risk management) risk assessments must be undertaken and recorded.
- Periodic and / or direct risk assessments must be undertaken out of the usual schedule in the following circumstances:
 - After an incident (risk manifestation) or a “near miss”,
 - When there are significant changes in outside conditions (legal requirements, other).
- Risk assessments must be suitable and sufficient in detail.
- Risk assessments must be proportionate to the risk profile / priority.
- All foreseeable significant risks must be accounted for in the updates of risk management plan.
- Control measures (detection and actions to be taken) must be clearly identified with reasonable practicability taken into account.

RISK MANAGEMENT PROCEDURE IS AS FOLLOWS:

- Person (people) responsible for risk management perform detection in the **frequency established in Risk management plan**, but not less frequently than Periodic risk assessments:
 - After assessing the risk, responsible person (people) update Direct risk assessment report.
- Strategic development committee performs Periodic risk assessments **before the beginning of each academic semester** or more often, if decided so by the members of the committee:
 - During Periodic risk assessment sessions, Risk management plan is reviewed and updated as necessary, using Direct risk assessment reports as information inputs,
 - Relevant decisions on actions to be taken are made,
 - During the Periodic risk assessment, Periodic risk assessment report updated,
 - Chancellor – Head of the Rectors Office is responsible for organising Periodic risk assessment sessions and managing relevant documentation (Periodic risk assessment report + updated Risk management report, if necessary).

Risk management procedure is illustrated below:

Figure 1: Risk management procedure, illustrated



4. Principles of risk management plan

Risk management plan for EHU follows Failure Mode and Effects Analysis (hereinafter – FMEA) approach. FMEA is a structured way to discover potential failures that may exist within the design of a process (in this case: operation of a higher education institution, EHU).

Risk management plan covers type of each risk, the risk itself (“What happens?”), its causes, effects, probability, severity, detection, frequency of status control, actions to be taken, responsible person (people), and risk priority.

ESTABLISHING THE TYPE OF RISK

Each risk in the risk management plan must have its type assigned. The type of risk is the part / stage of operation in a higher education institution, in this case:

- Governance / Management,
- Study,
- Research & Arts.

WHAT HAPPENS?

The risk itself is included into Risk management plan as a failure mode. It is presented as an anti-function to intended operation requirements.

IDENTIFYING RISK CAUSES

Causes in Risk management plan are potential prerequisites for a failure mode to manifest. Conditions can be both sufficient and / or necessary. Causes are selected from the operation inputs and / or past failures.

IDENTIFYING RISK EFFECTS

Effects in Risk management plan are potential results of a failure, where each group of effects is given a Severity ranking.

ASSESSING THE PROBABILITY OF A RISK

Probability is the chance of a particular risk to manifest, in EHU's Risk management plan categorised as:

- Very low: almost impossible,
- Low: less frequently than once in 2 academic years,
- Average: more than once in 2 academic years,
- High: more than once in an academic year,
- Very high: more than once in a semester.

ASSESSING THE SEVERITY OF A RISK

Severity is potential effect if particular risk manifests, measured in the number of students or in the amount of income lost. Severity in EHU's Risk management plan is categorised as:

- Very small: less than 10 students (high + low residence) lost // less than 50 k EUR in 3 years lost,
- Small: less than 50 students lost // less than 250 k EUR in 3 years lost,
- Significant: less than 100 students lost // less than 550 k EUR in 3 years lost,
- Critical: less than 200 students lost // less than 1 mn EUR in 3 years lost,
- Catastrophic: more than 200 students lost // more than 1 mn EUR in 3 years.

ESTABLISHING THE DETECTION OF A RISK

Detection is a control or set of controls that verify that the operation meets intended requirements (the risk has not manifested) or there is a cause and / or failure mode (the risk has manifested or is very likely to manifest in the nearest future).

ESTABLISHING FREQUENCY OF STATUS CONTROL

Frequency of status control is expected time period between intended status control (detection) activities.

PLANNING ACTIONS TO BE TAKEN

Actions to be taken are counter-measures managed by a responsible person (people), aimed at mitigating the effects of risk (if it has already manifested) or minimise the probability of its manifestation.

ASSIGNING RESPONSIBLE PEOPLE

Under the column "Responsible", person (people) within the EHU are assigned to manage the detection of a particular risk and possible counter-measures (if the risk is very likely to manifest or has already manifested).

Person (people) under the "Responsible" role are managing responsibilities assigned in this policy (under the role "Those responsible for particular risk management and assessment").

RECOGNISING THE PRIORITY OF A RISK

Risk priority is a measure indicating a risk's criticality within the realm of EHU's operation. Risk priority is derived from a combination of its probability and severity:

Severity: Probability:	Very small	Small	Significant	Critical	Catastrophic
Very low	Low	Low	Low	Low	High
Low	Low	Low	Low	Average	Intolerable
Average	Low	Low	Average	Average	Intolerable
High	Low	Average	Average	High	Intolerable
Very high	Average	Average	High	Intolerable	Intolerable

- Low risk priority: should be monitored as intended in a Risk management plan.
- Average risk priority: should be monitored as intended in a Risk management plan. Responsible person (people) should give more consideration to controls during each detection period.
- High risk priority: should be monitored as intended in a Risk management plan. Responsible person (people) should prepare / update a detailed action plan and ensure sufficient institutional (human / monetary / time) resources for risk mitigation during each detection period.
- Intolerable risk priority: sufficient institutional (human / monetary / time) resources should be assigned for a responsible person (people) to manage minimisation of the risk probability / severity immediately.

Risk management plan is established and updated in Appendix A of this policy.

Appendix A: Risk management plan

Last update: 2019.05.21

No.	Type of risk	What happens	Causes	Effects	Probability	Severity	Detection	Frequency of status control	Actions to be taken	Responsible	Risk priority
1.	Governance / management	Loss of licence to operate as a higher education institution in LT	Failure to meet SKVC quality criteria: Strategic management / Research & arts	Closing operations	Low	Catastrophic	Periodic SKVC's institutional assessments	4–5 academic years (assessment cycle)	<p>Close recruitment process & adjust external communication</p> <p>Initiate negotiation to permit existing students to finish their studies as intended</p> <p>Initiate negotiation to ensure donors' funding throughout exit operations</p> <p>Identify partner institutions in LT/BY/other countries to recruit EHU's students</p>	Rector	Intolerable
2.	Governance / management	Loss of funding from EC	<p>Shift in EC political priorities (regarding political-academic projects and programmes)</p> <p>Geopolitical situation (EC-BY-LT)</p> <p>Return of EHU to BY (end of <i>university-in-exile</i> status)</p> <p>Failure to meet EHU obligations (adherence to mission)</p> <p>Funding 'fatigue'</p>	<p>Insolvency</p> <p>Failure to meet strategic objectives</p> <p>Trigger for other donors to follow suit</p>	Average	Catastrophic	Regular communication with SIDA (Rector, Finance and HR, Communication & Development units)	1 month	<p>Regular proactive communication</p> <p>Annual status meetings & consistent reporting</p> <p>Quality representation of EHU in EC and EU delegation in BY</p>	Rector	Intolerable

No.	Type of risk	What happens	Causes	Effects	Probability	Severity	Detection	Frequency of status control	Actions to be taken	Responsible	Risk priority
			(esp. if project funding outcomes are insubstantial) Unsuccessful negotiations (bureaucratic issues, conflict between interested parties)								
3.	Governance / management	Key strategic management staff leaving	Fatigue & individual reasons Rapid change in EHU's financial stance (loss of donor funding) Decrease of EHU's attractiveness as an employer	Negative signal to donors & institutional partners Failure to ensure high operational quality and strategic objectives	High	Critical	Board meetings	2-3 times per annum	Consistent (in-)formal feedback among top management Preparation of long-list & short-list of candidates to the position (prepared in cooperation with donors)	Chancellor – Head of the Rectors Office	High
4.	Governance / management	Loss of funding from SE government (via SIDA)	Loss of funding from EC Failure to meet EHU obligations (adherence to mission) Shift in political priorities after 2023 Return of EHU to BY (end of <i>university-in-exile</i> status)	Failure to ensure high operational quality and strategic objectives (major part of funding lost) Negative signal to academic community & partners	Low	Critical	Regular communication with SIDA (Rector, Finance and HR, Communication & Development units)	1 month	Regular proactive communication Annual status meetings & consistent reporting Quality representation of EHU in SE via SIDA	Rector	Average
5.	Governance / management	Closure / highly limited operations in Propilei in BY	Shift in political priorities: political oppression getting worse (BY) Severe financial difficulties in EHU	Decrease in the no. of (potential) students (→ lost revenue) Regular recruitment process disabled	Low	Critical	Monitoring social-political climate in BY Intensified control procedures (financial / operational / other) by BY	Constant	Identification of 'alternative Propilei' (short-list of potential centers to be opened) Preparation of alternative recruitment	Head of Communications and Development unit	Average

No.	Type of risk	What happens	Causes	Effects	Probability	Severity	Detection	Frequency of status control	Actions to be taken	Responsible	Risk priority
							institutions		channels (online) Communication campaign with (potential) EHU students and community members on altered recruitment process		
6.	Study	Failure to meet financial KPIs for individual study programmes	Decrease in students' no. Continuously high drop-out Increase in operational costs	Closing study programme Negative impact on EHU image Loss of / worsening institutional partnerships (in case of joint programmes)	Average	Significant	Periodic study programme reviews (decisions on continuation / closure)	Per academic semester	Standard cost-base study programme performance review	Vice-Rector for Academic Affairs Heads of Academic departments (2) Head of Finance & HR unit	Average
7.	Governance / management	Loss of funding from LT government (incl. in-kind contributions for Research & Arts)	Shift in URM budgeting decisions & priorities (regarding political-social projects between BY-LT) Failure to meet EHU obligations (adherence to mission) Loss of funding from EC and / or SE via SIDA Return of EHU to BY (end of <i>university-in-exile</i> status) Funding 'fatigue' (esp. if project funding outcomes are insubstantial)	Failure to ensure high operational quality and strategic objectives (significant part of funding lost) Negative signal to academic community & partners Limited potential for Research & Arts → Risk for not meeting criteria for a higher education institution	Average	Small	Draft budgets of URM Internal Research & Arts quality control	Period from Sept to Dec / each fiscal year 6 months (semi-annual Research & Arts quality check)	Presentations and additional engagements with MFA Lithuania (education on the impact of EHU) Targeted communication towards MFA / LT government via 'EHU friends' Regular & consistent accountability to 'EHU friends' and MFA / LT government Compensation of lost budget for Research & Arts with own-resources	Rector	Low

No.	Type of risk	What happens	Causes	Effects	Probability	Severity	Detection	Frequency of status control	Actions to be taken	Responsible	Risk priority
			Unsatisfactory results of Research & Arts activities								
8.	Study	Loss of academic partnerships (Bard / Herzen / VDU / other)	Shift in political / academic priorities Failure to meet EHU partnership obligations	Damage for EHU's reputation & image Potential decrease in student no. (→ lost revenue) Potential increase in drop-outs	Average	Small	Communication on continuing partnership engagements in-between annual programmes / projects (periodic reviews)	Per annum	Initiation of individual annual reviews on partnership priorities & potential Consistent communication & delivery of EHU obligations	Rector	Low
9.	Research & Arts	Key academic staff leaving	Failure to meet expectations for accreditation process / outcomes Decrease of EHU's attractiveness as an employer Conflicts of interest Uneven distribution of workload Rapid change in EHU's financial stance (loss of donor funding)	Decrease in medium-term Study + Research & Arts quality Declining EHU's attractiveness for potential students	Low	Small	Information from staff members	At the time of staff member leaving	A long-list & a short-list of potential candidates for Study / Research & Arts position(s) Review of HR model (esp. motivational system)	Vice-Rector for Academic Affairs Heads of Academic departments (2)	Low
10.	Governance / management	Negative press / word of mouth	Deliberate political provocation Other (various / individual)	Potential decrease of interested students (→ lost revenue) Unfavourable communication with institutional partners	Average	Small	Public information channels Established channels for monitoring political-social climate	Constant	Consistency in external and internal communication / marketing In urgent cases, adjustment of scheduled communication initiatives	Head of Communications and Development unit	Low
11.	Governance / management	Loss of infrastructure	Failure to renew lease contract	Need to allocate Negative impact	Low	Small	Communication with URM / LT	At the end of lease contract	Identification of alternative	Chancellor – Head of the	Low

No.	Type of risk	What happens	Causes	Effects	Probability	Severity	Detection	Frequency of status control	Actions to be taken	Responsible	Risk priority
		(premises)	Shift of political priorities (as part of LT support for BY academia)	on EHU's image			government	renewal (once in 2 years)	premises Initiation of team for reallocation (planning activities)	Rectors Office	
12.	Governance / management	Management fraud (incl. activities such as theft, corruption, conspiracy, embezzlement, money laundering, bribery, extortion)	Individual or group misdemeanour (falsification of documents / illegal operations, irrational activities' planning, unjustified purchases, other)	Decrease in the trust of donors (→ potential review of funding conditions)	Low	Very small	Verification of activities' planning, purchasing process, contracts and other documents, payments and transfers	Constant	Improvement and monitoring of the Internal control system	Governing Board Rector	Low

Appendix B: Periodic risk assessment report

Last update: 2019.05.21

Filled in by: Strategic development committee

No.	What happens	Risk priority	Status on detection (date of last detection & risk status detected)	Actions to be taken	Responsible
1.	Loss of licence to operate as a higher education institution in LT	Intolerable	[Date] [Status]	[Action 1] [Action 2]	Rector
2.	Loss of funding from EC	Intolerable			Rector
3.	Key strategic management staff leaving	High			Chancellor – Head of the Rectors Office
4.	Loss of funding from SE government (via SIDA)	Average			Rector
5.	Closure / highly limited operations in Propilei in BY	Average			Head of Communications and Development unit
6.	Failure to meet financial KPIs for individual study programmes	Average			Vice – Rector for Academic Affairs Heads of Academic departments (2) Head of Finance & HR unit
7.	Loss of funding from LT government (incl. in-kind contributions for Research & Arts)	Low			Rector
8.	Loss of academic partnerships (Bard / Herzen / VDU / other)	Low			Rector
9.	Key academic staff leaving	Low			Vice – Rector for Academic Affairs Heads of Academic departments (2)
10.	Negative press / word of mouth	Low			Head of Communications and Development unit
11.	Loss of infrastructure (premises)	Low			Chancellor – Head of the Rectors Office
12.	Management fraud (incl. activities such as theft, corruption, conspiracy, embezzlement, money laundering, bribery, extortion)	Low			Governing Board Rector

Appendix C: Direct risk assessment report

Last update: 2019.05.21

Filled in by: Responsible for particular risk management and assessment [Name, Surname]

No.	What happens	Risk priority	Status on detection (risk status detected)	Actions to be taken
1.	[Risk that is being controlled]	[Low / Average / High / Intolerable]	[New information / status of control measures / relevant changes or signals]	[Mitigation measures]
2.				
3.				
4.				