

## RISK MANAGEMENT PROCEDURE

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<b>Parent Policy</b>	Risk Management Policy		
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<b>Responsible Officer</b>	Manager Student and Academic Services		
<b>Related Documents</b>	Risk Management Policy AIHE Risk Register Higher Education Standards Framework (Threshold Standards) 2021 AS/NZS ISO 31000:2009 ( <i>Risk Management - Principles and Guidelines</i> )		

\* Unless otherwise indicated, this Procedure will still apply beyond the review date.

### Contents

1. PURPOSE .....	2
2. SCOPE .....	2
3. RISK MODEL .....	2
4. RISK MANAGEMENT PROCESS .....	3
5. DEFINITIONS .....	4
APPENDIX 1: The Seven Steps Approach to Risk Management.....	5
INTRODUCTION.....	5
STEP 1: Establish Context .....	5
STEP 2: Identify the Risks.....	5
STEP 3: Analyse the Risks.....	6
STEP 4: Evaluate the Risks .....	6
STEP 5: Treat the Risks.....	7
STEP 6: Monitor, Review and Report the Risks .....	8
STEP 7: Communicate and Consult .....	8

## 1. PURPOSE

1.1 The Risk Management Procedure details the process to identify, analyse, treat, monitor, review, regularly report and communicate risks at Adelaide Institute of Higher Education (AIHE).

1.2 The Risk Management Procedure is governed by the AIHE Risk Management Policy, which provides guidance on AIHE's position and commitment in relation to risk management.

1.3 AIHE's Risk Management Policy and Risk Management Procedure are aligned with the Australian and New Zealand Standard AS/NZS ISO 31000:2009 (*Risk Management - Principles and Guidelines*).

## 2. SCOPE

2.1 Risk management is incorporated into all areas of AIHE's operations, including strategic, business, planning, quality review processes, academic and corporate governance. This procedure applies to all staff and all areas of AIHE. Managing risk is the responsibility of every member of the AIHE community including:

- AIHE Council and its Committees;
- AIHE staff and students; and
- all visitors and contractors to facilities controlled by AIHE.

2.2 The General Manager is responsible for leading the development of a risk management culture across AIHE, and for managing risk across the organisation. The General Manager holds the position of **Risk Manager** as referred to in this Procedure.

## 3. RISK MODEL

3.1 In managing all aspects of risk, AIHE will comply with the relevant regulatory requirements and standards specified by 'The Higher Education Standards Framework (Threshold Standards), 2021 (HESF)'.

3.2 To ensure consistency in the identification, analysis, reporting and updating of risk issues the AIHE Risk Management Procedure has been prepared based on the International Standard, which has been adopted by Standards Australia 'AS/NZS ISO 31000:2009 (Risk Management – Principles & Guidelines)'.

3.3 The AS/NZS ISO 31000:2009 recommends that risk management be based on three core elements:

- i) a set of principles that describes the essential attributes of good risk management and how it adds value;
- ii) a risk management framework that provides a structure for risk management within an entity or activity; and
- iii) a risk management process that prescribes a tailored, structured approach to understanding, communicating and managing risk in practice.

3.4 AIHE's Principles for risk management are set out in the Risk Management Policy. AIHE's risk management framework and processes are provided in this Procedure and the consequential Risk Management Plan.

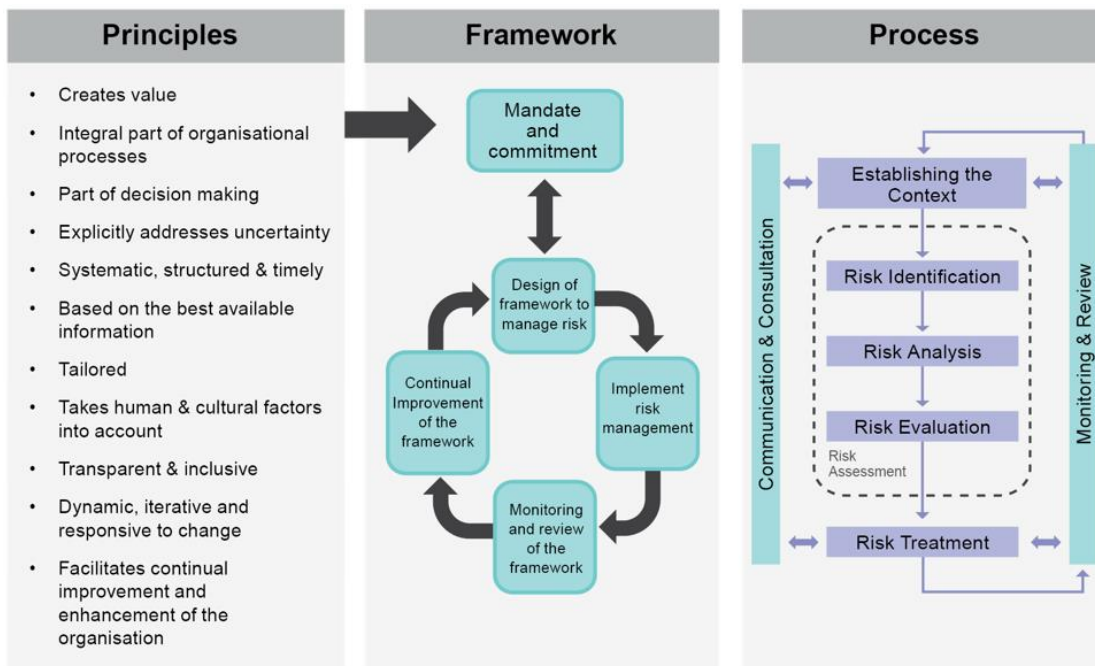


Figure 1: Three Core Elements of Risk Management. Source - ISO 31000:2009 Risk Management Principles and Guidelines

#### 4. RISK MANAGEMENT PROCESS

4.1 At the beginning of the regular AIHE planning cycle, the Council, Academic Board, General Manager and Senior Managers prepare and document business plans. The plans consider the level of risk involved in plan-associated activities, together with mitigation strategies to be implemented where the level of risk is assessed as high in relation to AIHE’s documented risk appetite and tolerance.

4.2 Within a context of ongoing communication and consultation AIHE is committed to:

- achieving its business objectives while minimising the impact of significant risks that it can meaningfully and realistically control;
- protecting and enhancing its reputation;
- behaving as a responsible and ethical corporate citizen, protecting staff, students and the broader community from harm and protecting physical property from loss or damage; and
- ensuring business decisions are:
  - informed by the identification of risks at the strategic, business and operational levels;
  - made consciously to achieve the right balance between the cost of control and the level of risk AIHE is willing to accept as part of the business environment within which it operates; and
  - underpinned by a sustainability focus and a firm commitment to social responsibility, whereby decisions are made within the context of achieving a balance between meeting the needs of today and consideration of future generations.

4.3 To achieve effective risk management processes AIHE has employed **The Seven Steps Approach to Risk Management** to guide and assist leaders and staff in their endeavours to participate effectively in the risk management activities of the organisation. The Seven Steps are:

**STEP 1: Establish Context**

Examine and document the context within which AIHE operates.

**STEP 2: Identify the Risks**

Name and record risk events that may prevent or delay the achievement of the AIHE’s strategic goals and objectives.

**STEP 3: Analyse the Risks**

Review identified risks and develop a deeper understanding of the risks and their impacts, specifically their likelihood, consequence and probability.

**STEP 4: Evaluate the Risks**

Make decisions / recommendations regarding risk management priorities based on determination whether a risk is acceptable or unacceptable, by considering the risk severity and the balance between potential benefits and adverse outcomes.

**STEP 5: Treat the Risks**

Select, agree upon and make decisions / recommendations for treatment measures, that are cost-effective actions aimed at reducing identified risk. Risk treatment measures require implementation of both existing and future treatments to prevent and/or mitigate the risk.

**STEP 6: Monitor, Review and Report the Risks**

Monitoring and reviewing occurs concurrently throughout the risk management process. AIHE maintains a register of all identified risks and actions undertaken to investigate and control the risk.

AIHE also has a schedule of review to guide its risk management processes, however, risks may be reviewed at any time to ascertain the effect of treatments and progress of mitigation strategies.

A summary of changes to risk register will be reported to Academic Board (for academic-related risks) and AIHE Council.

**STEP 7: Communicate and Consult**

Communication and consultation with internal and external stakeholders should occur at each stage of the risk management process, and are critical to ensure that stakeholders have access to relevant information.

Details of **The Seven Steps Approach to Risk Management** are provided in Appendix 1.

**5. DEFINITIONS**

5.1 See the AIHE Glossary of Terms for definitions.

**Document Control**

Version #	Date	Key changes
1.0	5/12/2017	Procedure approved by General Manager
1.0a	17/12/2018	Reviewed; no changes
1.0b	26/04/2019	Format updated
1.0c	09/12/2021	Update to 4.3 Step 6, and reference to HES Standards Framework 2021

## APPENDIX 1: The Seven Steps Approach to Risk Management

### INTRODUCTION

To achieve effective risk management processes AIHE has employed **The Seven Steps Approach to Risk Management** (The Seven Steps) to guide and assist leaders and staff in their endeavours to participate effectively in the risk management activities of the organisation. The approach is integral to the AIHE Risk Management Procedure and is governed by the AIHE Risk Management Policy, which provides guidance on AIHE's position and commitment in relation to risk management and the AIHE Risk Management Plan. AIHE's Risk Management Policy, Procedure and Plan are aligned with the Australian and New Zealand Standard AS/NZS ISO 31000:2009 (*Risk Management - Principles and Guidelines*).

The Seven Steps provide a comprehensive process for the identification, analysis, treatment, monitoring, reviewing, regular reporting and communicating of risks at Adelaide Institute of Higher Education (AIHE). The steps are:

#### STEP 1: Establish Context

- Examine and document the context within which AIHE operates, considering both the internal and the external environments. This information will be documented in AIHE Planning Documents and Risk Management Plan.

#### STEP 2: Identify the Risks

- Identify and describe the sources of risk, stakeholders, communities and environments. Name and record risk events that may prevent or delay the achievement of the AIHE's strategic goals and objectives. This information will be documented in AIHE Risk Analysis Documentation and Risk Register.
- AIHE risks are classified under six (6) risk categories (see Figure 2).

Risk Category	Description
Strategic	Decisions concerning business objectives.
Compliance	Requirements related to laws, regulations, standards and codes of practice (e.g. The Higher Education Standards Framework (Threshold Standards), 2015).
Financial	Financial transactions and governance, systems and structure of the business (e.g. loss of commercial income streams, loss of funds through fraud, mismanagement or theft, breach of contract).
Operational	Operational practices and administrative procedures (e.g. interruption to or downgrading of delivery of programs or services through loss of physical assets [fire, flood], essential services [water, power, information technology], labour [strike, resignation]).
Environmental	External events such unfavourable economic conditions (e.g. contamination of air, water, land by a chemical or other substance).
Reputational	The character or goodwill of the business and its staff (e.g. allegations of academic fraud, of misuse of funds, of mistreatment of staff/students).

Figure 2: AIHE Risk Classifications.

### STEP 3: Analyse the Risks

- Review identified risks and develop a deeper understanding of the risks and their impacts, specifically their likelihood, consequence and probability.
- AIHE uses five (5) levels of risk ratings for:
  - **Likelihood** ranging from 1 = Very high to 5 = Very low;
  - **Consequence** ranging from A = Catastrophic to E = Insignificant; and
  - **Probability** of the risk occurring ranging from less than 5% probability, to greater than 90% probability.

See Figure 3 for an overview of risk ratings.

Likelihood	Definition	Consequence	Probability
1. Almost Certain.	Almost certain, extremely likely to occur several times a year.	A. Catastrophic	>90%
2. Likely	Very likely, will probably occur once a year.	B. Major	50% – 90%
3. Possible	Possible, likely to occur once every few years.	C. Moderate	10% - 59%
4. Unlikely	Possible, but unlikely to occur. Maybe occur once in five years	D. Minor	5% - 9%
5. Rare	Conceivable, but rare. Might occur once in every ten years	E. Insignificant	<5%

Figure 3: AIHE Risk Ratings for Likelihood, Consequence and Probability.

### STEP 4: Evaluate the Risks

- Prioritise risks based on the level of risk found during the analysis process.
- The AIHE Council, Academic Board and/or General Manager make decisions and recommendations regarding risk management priorities based on determination of whether a risk is acceptable or unacceptable and delegation parameters. The Council, Board and General Manager decision-making is informed by the risk severity rating (the product of the consequence rating and likelihood rating) and the balance between potential benefits and adverse outcomes.
- AIHE uses a risk matrix to establish an estimated level of risk severity.
- Using the risk matrix, AIHE risk severity can be placed in one of five (5) categories: Very High Risk, High Risk, Tolerable Risk, Low Risk or Very Low Risk (see Figure 4).

<b>CONSEQUENCE RATING</b>	Catastrophic [A]	Tolerable	High	Very High	Very High	Very High
	Major [B]	Low	Tolerable	High	Very High	Very High
	Moderate [C]	Low	Low	Tolerable	High	High
	Minor [D]	Very Low	Low	Tolerable	Tolerable	High
	Insignificant [E]	Very Low	Very Low	Low	Tolerable	Tolerable
		Rare [5]	Unlikely [4]	Possible [3]	Likely [2]	Almost Certain [1]
<b>LIKELIHOOD RATING</b>						

Legend – Risk Severity	
	<b>Very High Risk.</b> Unacceptable level of risk. The consequences of the risk would stop = AIHE from reaching its key strategic goals and objectives. Critical improvement opportunity, control required immediately.
	<b>High Risk.</b> Unacceptable level of risk. The consequences of the risk would threaten = AIHE’s key strategic goals and objectives. Significant improvement opportunity, control required immediately (within 24 hours).
	<b>Tolerable Risk.</b> Unacceptable level of risk. The consequences of the risk would not threaten AIHE’s key strategic goals and objectives, but would subject it to significant review. Moderate improvement opportunity, controls to be implemented (within 14 days).
	<b>Low Risk.</b> Acceptable level of risk. The consequences of the risk would threaten a minor aspect of AIHE’s operations, but it would not affect overall performance. Limited improvement opportunity, controls to be implemented (within 28 days).
	<b>Very Low Risk.</b> Acceptable level of risk. The consequences of the risk pose no material threat to AIHE. Effective controls in place no action required.

Figure 4: AIHE Risk Rating Matrix.

### STEP 5: Treat the Risks.

- The AIHE Council, Academic Board and/or General Manager make decisions and recommendations regarding risk treatment measures based on cost-effectiveness of actions aimed at reducing identified risk.
- AIHE risk treatment measures can include:
  - **Avoid the Risk:** decide to stop, postpone, cancel or divert an activity that introduces unacceptable risk.
  - **Reduce the Risk:** implement a strategy that is designed to reduce the likelihood or consequence of the risk to an acceptable level, where elimination is considered to be excessive in terms of time or expense.
  - **Transfer the Risk:** implement a strategy that shares or transfers the risk to another party or parties, such as outsourcing the management of physical assets, developing contracts with service providers or insuring against the risk.

- **Retain the Risk:** making an informed decision that the risk rating is at an acceptable level or that the cost of the treatment outweighs the benefit.
- Risk treatment measures require implementation of both existing and future treatments to prevent and/or mitigate the risk. Risk mitigation should include information on the following:
  - **Existing Treatments:** current treatments that are in use to prevent and/or mitigate the risk event, usual business practice.
  - **Future Treatments:** specific treatments that will further prevent and/or mitigate the risk event. Once a future treatment has been implemented it becomes part of usual business practice and is considered an existing treatment.
  - **Action Owner:** the person responsible for implementing the future treatments, in consultation with the Risk Owner.
  - **Resolution/Review Date:** the date the treatments will be resolved or reviewed.

### **STEP 6: Monitor, Review and Report the Risks**

- Risk identification, assessment and control are ongoing processes. AIHE regularly reviews risks identified in its risk register and documents any actions or events that change the status of a risk.
- AIHE has a schedule of review to guide its risk management processes, however, risks may be reviewed at any time to ascertain the effect of treatments and progress of mitigation strategies.
- Monitoring and reviewing occurs concurrently throughout the risk management processes.
- The General Manager will lead risk monitoring and review the performance of risk control strategies, and will maintain an awareness of new and emerging risks.

### **STEP 7: Communicate and Consult**

- Communication and consultation with internal and external stakeholders should occur at each stage of the risk management process.
- Communication efforts must be focussed on consultation, rather than a one-way flow of information from decision-makers to stakeholders, especially those outside AIHE.
- Communication and consultation are critical to ensure that stakeholders have access to relevant information. It is also critical that this information be presented in a manner that the recipients understand.