



EXCELSIA
COLLEGE
Sydney - Australia

Document Name

RISK MANAGEMENT POLICY AND PROCEDURE

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Purpose and Scope

The *Australian New Zealand Risk Management Standard (AS/NZS ISO 31000:2009)* defines risk management as the "coordinated activities to direct and control an organisation with regard to risk"(1).

Risk arises in all aspects of the College's operations and at all stages within the life cycle of those operations. It offers both opportunity and threat, and must therefore be managed appropriately.

This policy confirms the College's commitment to adopting a strategic, consistent and structured enterprise-wide approach to risk management in order to achieve an appropriate balance between realising opportunities for gains and minimising losses. The policy reflects the *Australian Standard on Risk Management (AS/NZS ISO 31000:2009)* which provides the overall framework for risk management at Excelsia College.

Risk management involves establishing an appropriate risk management infrastructure and culture, and applying logical and systematic risk management processes to all stages in the life cycle of any activity, function or operation. By minimising losses and maximising gains, risk management enables the College to best meet its organisational objectives.

Policy Intent

Risk Management is an integral part of sound management practice and an essential element of good corporate governance, as it improves decision-making and enhances outcomes and accountability.

The aim of this policy is to ensure that the College makes informed decisions with respect to the activities that it undertakes by appropriately considering both risks and opportunities.

Objectives

The application of this policy and related framework will provide the basis for:

- more confident and rigorous decision-making and planning;
- better identification of opportunities and threats;
- pro-active rather than re-active management;
- more effective allocation and use of resources;
- improved incident management and reduction in loss and the cost of risk, including commercial insurance premiums;
- improved stakeholder confidence and trust;
- a clear understanding by all staff of their roles, responsibilities and authorities for managing risk;
- improved compliance with relevant legislation;
- better corporate governance; and
- the development of a more risk aware organisational culture through enhanced communication and reporting of risk.

Definitions

Risk management definitions can be found in the definitions section of the Standards Australia, *AS/NZ 4360 - Risk Management*. The key definitions utilised in this policy are as follows:

- **consequence** means the outcome of an event;
- **control** means the measure that is modifying risk;
- **Enterprise Risk Management System (ERMS)** the system within which risk information will be contained and maintained;
- **likelihood** means the chance of something happening;

- **monitoring** means continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected;
- **level of risk** means the magnitude of a risk or combination of risks, expressed in terms of the combination of consequence and their likelihood;
- **residual risk** means the risk remaining after risk treatment;
- **review** means the activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve the established objectives;
- **risk** means the effect of uncertainty on objectives;
- **risk analysis** means the process to comprehend the nature of risk and to determine the level of risk;
- **risk appetite** means the amount of risk that the Institute is prepared to accept or be exposed to at any point in time;
- **risk assessment** means the overall process of risk identification, risk analysis and evaluation;
- **risk evaluation** means the process of comparing risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable;
- **risk identification** means finding, recognising and describing risks;
- **risk management framework** is the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation;
- **risk management** means coordinated activities to direct and control an organisation with regard to risk;
- **risk management plan** means scheme within the risk framework specifying the approach, the management components and resources to be applied to the management of risk;
- **risk management process** means the systematic application of management policies, framework and practices to the activities of communicating, consulting, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk;
- **risk owner** means the person or entity with the accountability and authority to manage a risk;
- **risk profile** means the description of any set of risks;
- **risk rating** means the rating resulting from the application of the Institute's risk assessment matrix on the likelihood and consequence of a risk occurring; and
- **risk treatment** means the selection and implementation of appropriate options for dealing with risk.

Responsibility

The following people have a responsibility in relation to this procedure:

- Board of Directors
- Chief Executive
- Director of Finance and Administration
- Chief Academic Officer
- Director of People and Culture
- Director of Quality
- Heads of Schools & Departments
- All Excelsia College Staff

Risk Overview

- Risk management will be incorporated into the strategic and operational planning processes at all levels within the College.
- Risk and the management of risk will be identified and monitored according to the College organisational chart, and risk categories, as defined in the *Risk Management Plan*.
- Risk assessments will be conducted on all new commercial activities, ventures and projects prior to commencement to ensure alignment with risk appetite and College objectives.
- Risks will be identified, reviewed and monitored on an ongoing basis at nominated levels within the College, twice annually.
- Risks will be assessed against the College's agreed risk assessment matrix according to agreed definitions of likelihood and consequence.
- All identified risks will be recorded in the College's risk management system.
- All risks will be assigned an owner who is responsible for managing, monitoring and ensuring that adequate controls and treatments are being applied so that risks are brought within tolerable levels.

Risk Management Approach

- Risks will be managed according to the College's *Risk Management Plan* which is based on the *AS/NZS ISO 31000:2009 Risk Management Process (AS/NZS 31000:2009)*.

RISK MANAGEMENT PROCESS – EXPLANATORY NOTES

AS/NZS ISO 31000:2009 Risk Management Process*

* Risk Management Process - Overview, "Risk Management Guidelines Companion to AS/NZS ISO 31000:2009"

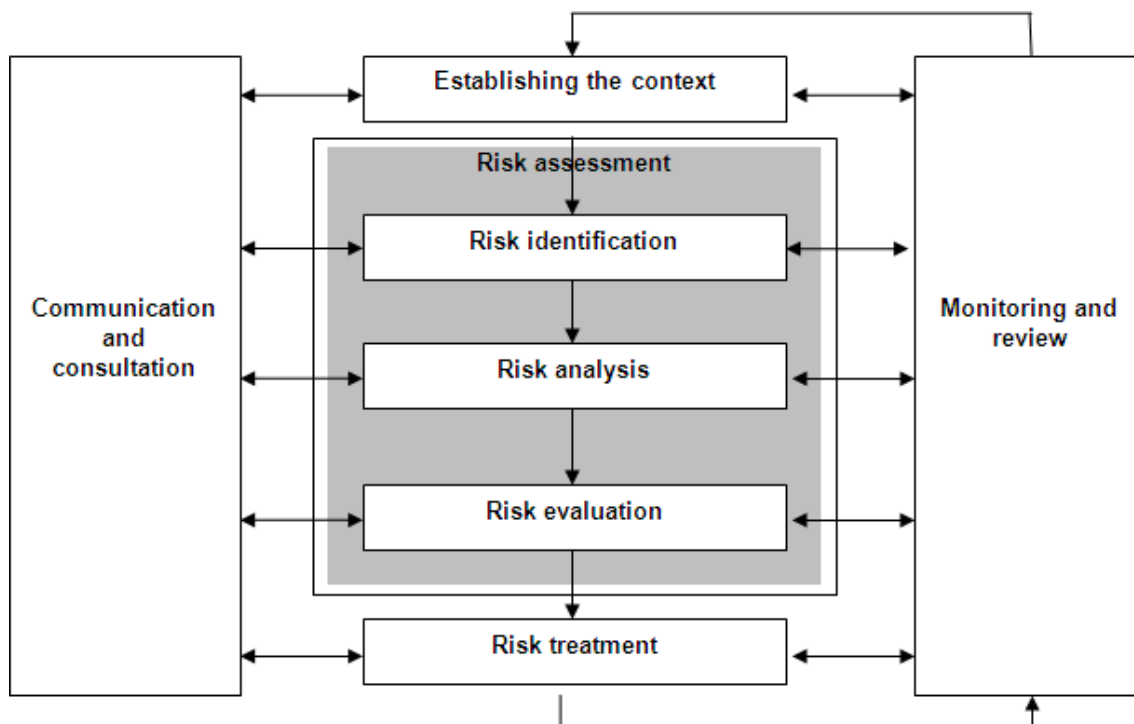


Figure 1.1 AS/NZS ISO 31000:2009 Risk Management Process (2)

1. **Establishing the Context** means the College considers both external and internal factors when identifying and managing risks associated with the achievement of strategic and operational objectives.
2. **Risk assessment** means the overall process of risk identification, risk analysis and risk evaluation.
3. **Risk identification** means identifying risk sources, areas of impacts, events, causes and possible consequences to form a comprehensive list of risks based on those events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives.
4. **Risk analysis** means considering the range of causes, sources of risk, consequences and likelihood to produce a risk rating. The rating can then be used to determine further management by the College.
5. **Risk evaluation** means the level of risk identified during risk analysis can be ranked and prioritised according to a consistent overall ranking and rating system.
6. **Communicate and consult:** Effective communication, consultation and education in risk management are necessary to achieve a successful integration of the risk processes into the business.
7. **Risk treatment** means selecting one or more options for modifying risks including funding and other resource considerations.
8. **Monitoring and review:** Continual monitoring and reviewing of risk profiles is essential to maintain the effectiveness and appropriateness of the College's risk management profiles, including more specifically, risk treatment plans, risk assessments and to identify emerging risks.

Roles

- The College's Management Committee will advise the Board of Directors on matters of strategic and operational significance related to the identification and management of risk.
- The Board of Directors will oversee risk management and risk assessment across the College.
- Management Committee will be responsible for championing the roll out of the *Risk Management Plan* into the Institute's business operations; for ensuring that staff understand their responsibilities with respect to operational risk management; and for developing a risk aware culture within their area of responsibility.
- Managers and supervisors will ensure that staff within their areas, understand their responsibilities with respect to operational risk, and will assist in fostering a risk aware culture within their area.
- The Management Committee will coordinate and facilitate the College's *Risk Management Plan*.
- Roles and responsibilities for risk management at all levels of the Institute are described in the College's *Risk Management Plan*.

Reporting

- The Management Committee will report to the Board of Directors via the College's Risk Management Plan twice annually.

References and Related Documents

(1)Standards Australia, AS/NZ 4360 - Risk Management-
<http://infostore.saiglobal.com/store/details.aspx?productid=381579>
<http://www.newcastle.edu.au/policy/000601.html>

Risk Management Plan – Risk Register August 2012