


PROCEDURE		
<p>Ref. to Legislative Frameworks:</p> <p>HESF2015: Standard 5.1 / 5.2 / 5.3 / 5.4 / 6.1 / 6.2 / 6.3 / 7.1 / 7.2 / 7.3</p> <p>SRTO2015: Standard 7.1 / 7.2 / 7.3 / 7.4 / 8.1 / 8.2 / 8.3 / 8.4 / 8.5</p> <p>National Code 2018: Standard 1 / 3/ 4/ 6.8 / 6.9 / 8.8 / 8.9 / 11.1/ 11.2 / 11.3</p>	Risk Management	
Version: 2.3	Procedure Owner: Board of Directors	Issued on: 20/01/2018 Review by: 20/01/2020

Revision History

Current Version	Description of Change	Procedure Developer(s)	Issued Date
2.3	<p>Updated the layout to be consistent with the current template used by AAPoly</p> <p>Removed references to HESF 2011 and added references to National Code 2018</p>	<p>Chief Executive Officer</p> <p>Quality Assurance Support Officer</p>	20/01/2018
2.2	Reviewed and approved by the Board of Directors	Chief Executive Officer	20/10/2016
2.1	<p>Separated the policy from the procedure document and expanded it to be aligned with the Academies Australasia Group's Risk Management approach published in 2015/2016 Annual Report</p> <p>Expanded the content to include HESF2015 and other external as well as internal reference documentation</p>	Quality Assurance Support Officer	01/09/2016

PURPOSE

The Risk Management procedure explains how the Risk Management policy shall be implemented broadly across AAPoly.

POLICY STATEMENT

AAPoly is committed to prudent risk management in corporate governance and operations. AAPoly's risk management practices are aligned with Academies Australasia Group's Code of Conduct, Corporate Governance principles and the relevant Australian and international standards. This policy formalises AAPoly's commitment to the principles of risk management and incorporating these into all areas of its operations, including Higher Education.

SCOPE

The risk management procedure should be read in conjunction with AAPoly's Risk Management policy and the Academies Australasia Group's Code of Conduct and Corporate Governance statement.

- This procedure is applicable to all education services (including higher education) delivered by AAPoly directly or by means of third party agreements (if applicable) to domestic and international students.
- AAPoly Risk Management procedure is to be contextualised into departmental management of compliance, academic and business risks covering areas such as:
 - Academic
 - Environment
 - Finance
 - Governance
 - Reputation
 - Work Health and Safety

PROCEDURE

The AS/NZ ISO 31000:2009 Risk Management – Principles and Guidelines underpins the Risk Management framework that directs this procedure. The framework defines risk as 'the effect of uncertainty on objectives' and provides a process for managing risk.

The AS/NZ ISO 31000:2009 Risk Management - Principles and Guidelines can be used by any organisation regardless of size, activity or sector. Using AS/NZ ISO 31000:2009 can help organisations increase the likelihood of achieving strategic objectives, improve identification of opportunities and threats and effectively allocate and use resources for treatment of risks.

The diagram below shows the risk management process recommended by the AS/NZ ISO 31000:2009, which underpins the AAPoly Risk Management framework.



PROCEDURE

AAPoly Risk Management incorporates five steps i.e.

1. Establish the risk context
2. Conduct risk assessment
3. Develop risk treatment plans
4. Monitor and review the effectiveness of risk treatment plans
5. Communicate and consult with key stakeholders to ensure risk management is aligned to AAPoly's Strategic Objectives.

STEP 1: ESTABLISH THE RISK CONTEXT

AAPoly Board of Directors (the Board) is collectively responsible for establishing the strategic risk context for AAPoly. The Board ascertains the internal and external parameters that define or influence how AAPoly manages its strategic risks. Internal parameters include the organisational culture, governance structure, contracts, capabilities and internal stakeholders. External parameters include external factors and stakeholders, as well as environmental conditions that influence AAPoly's capability to achieve its objectives. These may include social, cultural, political/regulatory, economic and competitive factors. The Board collectively and consistently performs this responsibility.

The CEO has oversight while departmental and functional managers are responsible for establishing the contexts of risk at operational levels. The same consideration for social, cultural, political/regulatory, economic and competitive factors is extended to the process of establishing the risk context at operational level.

STEP 2: CONDUCT RISK ASSESSMENT

The risk assessment process consists of 3 steps: risk identification, risk analysis and risk evaluation. All Board members and the CEO can identify potential key strategic risks. Each potential key strategic risk is discussed and assessed at Board meetings.

The risks identified as potential strategic risks are assigned two scores: **likelihood** score and **impact** score (1 being Lowest and 5 being Highest). The multiplication of these two scores produces a risk/severity rating. The risk/severity rating can vary between 1 (least severity) and 25 (greatest severity). All risks are ranked according to their risk/severity ratings.

The risks with risk/severity rating (i.e. likelihood x impact) greater than 9 is considered a Key Strategic Risk. Key Strategic Risks are monitored, managed and dealt by the Board of Directors. All other risks are assigned to operational management under the responsibility and oversight of the CEO.

STEP 3: DEVELOP RISK TREATMENT PLANS

The Board of Directors is responsible for devising risk management plans for all Key Strategic Risks. The CEO and departmental and functional managers are responsible for development of plans to treat operational risks.

Identified risks can be treated by any of the following five ways:

Reducing the risk	Implement controls, processes or systems to either eliminate or reduce the impact or likelihood of the risk
Transferring the risk	Move the risk to another entity (e.g. insurance policies)
Avoiding the risk	Cease doing something because the level of risk is too high and it cannot be treated to come within an acceptable level
Tolerating the risk	Accept risk and do nothing to address it, or acknowledge nothing can be done to address the risk as it is too difficult or costly to do so
Exploiting the risk	Take advantage of the opportunity the risk presents

Risk Treatment Plans shall be implemented by the CEO (for Strategic Risks) or through the departmental and functional managers (operational risks).

STEP 4: MONITORING AND REVIEW

All Key Strategic Risks, their risk treatment plans and summary actions are documented in the Strategic Risk Register (please see the attached template). The Board of Directors regularly monitors and assesses strategic risks and the effectiveness of the risk treatment plans. During each review, the risk/severity rating shall be reassessed and the outcome of the review shall be documented in the Strategic Risk Register.

The Board of Directors shall review the Key Strategic Risks at least once annually. The CEO is responsible for updating the Strategic Risk Register and to report on the risk treatment plans of Key Strategic Risks.

The same procedure and template of Strategic Risk Register are employed to monitor and review the risks and relevant risk management processes at operational levels. Operational risks are regularly monitored and reviewed at least quarterly.

STEP 5: COMMUNICATION AND CONSULTATION

The Board of Directors communicates and seeks input from senior staff in relation to the Key Strategic Risks to ensure that such risks are identified, understood and appropriately addressed. At the operational level, the CEO as well as departmental and functional managers ensure effective communication and consultation occur amongst staff which facilitates organisation-wide comprehension of and collaboration in the continuous improvement of AAPoly risk management.

RESPONSIBILITIES

- The Board of Directors is responsible for overseeing the assessment and management of risks across the organisation.
- The Academic Board has oversight of academic risks.
- The Chief Executive Officer (CEO) is responsible for identifying, communicating and monitoring the implementation of Risk Management procedures across AAPoly.
- Staff with management responsibilities such as Heads of Departments are responsible for:
 - ensuring that risk management is integrated formally and systematically into the planning and management processes of their respective departments
 - applying the AAPoly Risk Management policy and procedure to develop risk management plans for their respective Department's operations
 - monitoring the implementation of departmental risk management plans to ensure that relevant risks are mitigated appropriately
- Risk management is ultimately the collective responsibility of AAPoly management and staff at all levels. AAPoly management and staff are expected to understand the risk management policy, apply prudent judgement and compliance principles to work-related planning, practices and risk monitoring.

FEEDBACK

Please contact the CEO through email suggestionstotheceo@aapoly.edu.au to convey any queries or feedback about this procedure. The CEO will respond in writing to the query or feedback within two weeks after the query or feedback is received, unless in an urgent or extenuating circumstance when an immediate response is required. The query or feedback and the response will be recorded in the Continuous Improvement register and utilised in the future review of the policy and procedure.

APPENDIX 1

Strategic Risk Register Template

**ACADEMIES AUSTRALASIA POLYTECHNIC
STRATEGIC RISK REGISTER**

Key Risk No:			
Key Risk Name:		<i>Note: The risks where the risk/severity rating (i.e., likelihood x impact) is greater than 9 is considered to be a KEY RISK.</i>	
Risk Category			
		<ul style="list-style-type: none"> ▪ Strategic ▪ Operational ▪ Compliance ▪ Financial ▪ Reputational ▪ Environmental ▪ Disaster 	
Risk Background & Probable Impact:			
Risk Score	Likelihood (1 Being Low, 5 Being High)	Impact (1 Being Low, 5 Being High)	Risk Score (Likelihood x Impact)
Recommended Response & Action Plan:		Response:	
<ul style="list-style-type: none"> • Reduce • Transfer • Avoid • Tolerate • Exploit 			
Person Responsible For Implementation, Resources Required, Timeframe:			
Reporting Requirement:			
Added to Risk Register on			
Reviewed By \ Reviewed Date		Next Review Date:	

APPENDIX 2

Academies Australasia Group – Risk Matrix

Likelihood Rating Scale and Description¹	
Almost Certain (5)	Almost certain to occur (90% probability) within the next 12 months or is imminent or Has occurred at AAPoly in the last year, and is highly likely to occur again within 12 months
Likely (4)	Likely to occur within the next 12 months (greater than 60% probability) or Has occurred in the recent past (within 3 years) at AAPoly or another similar higher education provider
Possible (3)	Possible within the next 12 months (30% possibility) or Has a reasonable chance (more than 50% probability) of occurring in next 3 years or Has occurred in recent times in the higher education provider sector in Australia
Unlikely (2)	Not likely to occur in a given year (less than 30% possibility) or Has not occurred in recent years in the higher education sector within Australia
Very Unlikely (1)	May occur in exceptional circumstances (less than 1% probability) within the next 3 years or Has never occurred in Australia within the higher education sector

¹ Adapted from the Risk Matrix presented in the Risk Management Handbook from the University of Adelaide accessed on 16/08/2017 at
<https://www.adelaide.edu.au/legalandrisk/docs/resources/Risk_Management_Handbook.pdf>

Risk Score Rubric ²		Description of Impact per Risk Category				
Risk Score (Likelihood x Impact)	General Description of Impact	Education / Operations	Human	Reputation	Financial	Compliance
Extreme (20 - 25)	Event or circumstance with potentially disastrous impact on AAPoly or significant material adverse impact on a key function of AAPoly	<ul style="list-style-type: none"> • Huge loss / reduction in student enrolments / retention • Loss of a key course • Serious problems reaching number of student targets • Irreparable impact on relationship with partners • Cessation of major critical business systems 	<ul style="list-style-type: none"> • Serious injury or death • Loss of significant number of key staff impacting on skills, knowledge & expertise • Student unrest / protest / violence 	<ul style="list-style-type: none"> • Long term damage to reputation • Sustained negative media attention; • Brand / image affected nationally and / or internationally 	<ul style="list-style-type: none"> • Huge financial loss • Significant budget overrun with no capacity to adjust within existing budget / resources • May attract adverse findings from external regulators or auditors 	<ul style="list-style-type: none"> • Serious breach of contract or legislation • Significant prosecution & fines likely • Potential for litigation including class actions • Future funding / approvals / registration / licensing in jeopardy
Major (9 – 19)	Critical event or circumstance that can be endured with proper management	<ul style="list-style-type: none"> • Significant loss / reduction in student enrolment • Significant Risk of Losing of a key course • Major problems meeting student targets • Serious long term damage to partnership • Cessation of major 	<ul style="list-style-type: none"> • Serious injury • Dangerous near miss • Loss of some key staff resulting in skills, knowledge & expertise deficits • Threat of student protest / 	<ul style="list-style-type: none"> • Sustained damage to brand / image or reputation nationally or locally • Adverse national or local media coverage 	<ul style="list-style-type: none"> • Major financial loss • Requires significant adjustment to funding arrangements 	<ul style="list-style-type: none"> • Major breach of contract, Act, regulations or consent conditions • Expected to attract regulatory attention • Investigation, prosecution and / or major fine possible • May result in

² Adapted from the Risk Matrix presented in the Risk Management Handbook from the University of Adelaide accessed on 16/08/2017 at <https://www.adelaide.edu.au/legalandrisk/docs/resources/Risk_Management_Handbook.pdf>

		critical business systems for an unacceptable period	activity			infringement notice
Moderate (4 – 8)	Significant event or circumstance that can be managed under normal circumstances	<ul style="list-style-type: none"> • Significant loss / reduction of number of students in a course • Risk of losing a key course • Significant problem meeting student targets • Significant but short term damage to partnership • Major service delivery targets cannot be met • Loss / interruption / compromise of critical business systems 	<ul style="list-style-type: none"> • Staff injury, lost time or penalty notice due to unsafe action or practice • Short term loss of skills, knowledge, expertise • Severe staff morale or increase in workforce absentee rate • Student dissatisfaction 	<ul style="list-style-type: none"> • Significant but short term damage to reputation • Student / stakeholder and / or community concern • Sustained / prominent local media coverage 	<ul style="list-style-type: none"> • Significant financial loss • Impact may be reduced by reallocating resources 	<ul style="list-style-type: none"> • Significant breach of contract, Act, regulation or consent conditions • Potential for regulatory action
Minor (2 – 3)	Event with consequences that can be readily absorbed but requires management effort to minimise the impact	<ul style="list-style-type: none"> • Moderate reduction in student enrolments / retention • Temporary problems meeting some student targets • Risk of losing / interruption / compromise of critical business systems 	<ul style="list-style-type: none"> • Health & safety requirements compromised • Lost time or potential for public liability claim • Some loss of staff members with tolerable 	<ul style="list-style-type: none"> • Some short term negative media coverage • Concern raised by students / stakeholders 	<ul style="list-style-type: none"> • Some financial loss • Requires monitoring & possible corrective action within existing resources 	<ul style="list-style-type: none"> • Minor non compliances or breaches of contract, Act, regulations, consent conditions

			loss / deficit in skills			
Insignificant (1)	Some loss but not material; existing controls and procedures should cope with event or circumstance	<ul style="list-style-type: none"> • Minor reduction in student enrolments • Negligible impact on student targets • Negligible impact on delivery of service 	<ul style="list-style-type: none"> • Incident with or without minor injury • Negligible skills or knowledge loss 	<ul style="list-style-type: none"> • Minor damage to brand, image or reputation 	<ul style="list-style-type: none"> • Unlikely to impact on budget or funding/ financial resources 	<ul style="list-style-type: none"> • Unlikely to result in adverse regulatory response or action

References

Source	Document Title	Version/Date
Internal	Academies Australasia Group Audit and Risk Committee Charter	Current in http://www.academies.edu.au/Corporate-Governance.html#.V8fYb_I97IU
	Academies Australasia Group Code of Conduct	
	Academies Australasia Group Diversity Policy	
	Academies Australasia Group Governance Statement	
	AAPoly Risk Management Procedure	v. 2.3/20012018
External	AS/NZ ISO 31000/2009	2009
	ASQA Standards for Registered Training Organisations	2015
	Australian Government's National Code of Practice for Providers of Education and Training to Overseas Students	2007
	Higher Education Standards Framework	2015
	Work Health and Safety Act 2014	2014