RISK MANAGEMENT TOOLKIT

(OPERATIONAL)

This toolkit has been adapted from the toolkit prepared by the Finance Facilities and Planning Services Branch of the Department of Education and the University of Tasmania gratefully acknowledges the Department’s consent.

25 October 2004
RISK ASSESSMENT DETAILS

FACULTY/DEPARTMENT

________________________________________________________

RISK ASSESSOR

Name
________________________________________________________

Position
________________________________________________________

Phone
________________________________________________________

Email
________________________________________________________

HEAD OF FACULTY/DEPARTMENT

Name
________________________________________________________

Phone
________________________________________________________

Email
________________________________________________________
STEP 1: CONTEXT

1.1 Core Activities

List your Faculty’s/Department’s core activities

1.2 Stakeholders

This stage of the process is designed to ensure that the interests of the stakeholders are integrated into your risk management decision making processes.

1.2.1. List all external and internal stakeholders associated with each core activity

1.2.2. Subject to UTAS’ security requirements, communicate with those stakeholders to ascertain their perception of risks associated with core activities

1.2.3. Establish a Stakeholders Communication Plan to ensure Stakeholders views are considered where relevant during the entirety of the risk management process.

1.3 Establish context
The elements of this stage are:

a) To develop an understanding of the environment (and associated risks) in which your Faculty/Department operates with a view to identifying first, the objectives and second, the external and internal factors that may either inhibit or enhance your ability to attain those objectives;

b) To scope the risk management activities you will be undertaking; and

c) To develop a structure for your risk management process.

1.3.1 **Identify the strategic objectives that relate to your particular area, and match them with each of your core activities (identified in Step 1.1)**

The University’s EDGE goals and the strategic objectives to be pursued to achieve these objectives are set out in the University Plan 2005-2007 which can be downloaded from the University’s web site at: [http://www.utas.edu.au/universitycouncil/plans_strucutre/index.html](http://www.utas.edu.au/universitycouncil/plans_strucutre/index.html)

List the strategic objectives which match each of your core activities

1.3.2 **Identify the factors which will either enhance or inhibit your ability to attain each strategic objective**

1.3.2.1 **External Context**

What factors within the University’s external environment will either enhance or inhibit the University’s ability to attain each strategic objective identified in the earlier step. Consider the legislative, political, cultural and socio-economic environments, taking into account threats and opportunities.
1.3.2.2 Internal Context

What factors within the University’s internal environment will either enhance or inhibit the University’s ability to attain each strategic objective identified in the previous step. Consider internal factors such as goals, departmental objectives, departmental budgets, available resources, competing projects or activities. Take into account your Faculty’s/Department’s strengths and weaknesses.

You have now established the strategic objectives to which the risk management process will be applied.
STEP 2. IDENTIFY RISKS/OPPORTUNITIES

UTAS has identified 6 major risk groups. These are

- Duty of care;
- Service delivery;
- Managing resources;
- Managing relationships,
- EDGE objectives; and
- Compliance.

Please see Appendix 1: UTAS Major Risk Areas for a full listing of identified risk areas, and examples of each.

2.1 Transfer the list of strategic objectives identified in Step 1.3.1 to Column (B) Appendix 2: Risk Management Worksheet placing them against the relevant UTAS major risk group.

2.2 Determine the most appropriate method of identifying risks which arise from the identified strategic objectives.

Methods may include:
- Brainstorming sessions with members of staff
- Expert judgement
- Past experience
- Flow charts
- Data analysis
- History, or failure analysis
- Audit or physical inspection
- Examination of local or overseas experience
- Scenario analysis

List the methods you’ve identified as most appropriate for your area.
2.3 Identify all sources of risks impacting on the identified strategic objectives and which will need to be managed.

Some examples of possible sources of risk are identified in Appendix 1: UTAS Major risk areas. Other generic examples are:

- Business interruption
- Commercial relationships
- Custody of information including the duty to provide and to withhold access
- Market conditions
- Natural events
- Security
- Technology/technical
- The activity itself/operations

Questions to ask about each identified risk

a) Why does this event or situation represent a risk?

________________________________________________________________________

b) Why would it impact on achieving objectives?

________________________________________________________________________

c) When, where, why and how is the risk likely to occur and who might be involved?

________________________________________________________________________

d) What is the source of the risk?

________________________________________________________________________

e) What are the circumstances surrounding the risk when it is likely to occur?

________________________________________________________________________
f) What is the potential cost of the risk?

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g) Is there a need to do research into this risk, and if so, what resources are needed to carry out the research?

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(These questions are also contained in Appendix 4 for use as a template)

**List the risks you have identified in Column (C) of Appendix 2: Risk Assessment Worksheet.**

### 2.4 Opportunities

Risk management is also about identifying opportunities and prioritising opportunities (or ‘positive’ risks) with little change to process.

The table below contains a qualitative opportunity analysis matrix that may be used to determine the level of opportunity:

**Qualitative Opportunities Analysis Matrix – Level of Opportunities**

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Positive Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Insignificant 1</td>
</tr>
<tr>
<td>Almost certain</td>
<td>M</td>
</tr>
<tr>
<td>Likely</td>
<td>M</td>
</tr>
<tr>
<td>Moderate</td>
<td>L</td>
</tr>
<tr>
<td>Unlikely</td>
<td>L</td>
</tr>
<tr>
<td>Rare</td>
<td>L</td>
</tr>
</tbody>
</table>

**Legend:**

- **H**  **HS** Significant opportunity: senior management attention needed
- **M**  Moderate opportunity: management responsibility must be specified
- **L**  Low opportunity: manage by routine procedures
STEP 3: ANALYSING THE RISKS

This step has two objectives. First, it is used to consider the likelihood (or probability) of an event occurring and to predict the impact that the event would have on the University’s work environment, program delivery etc depending at which level within the University that the risk management process is being applied.

The second objective is to separate the minor acceptable risks from the major risks that need to be treated. This is done by attaching qualitative values of “almost certain”, “likely”, “possible” “unlikely” or “rare” to the likelihood of an event occurring and “catastrophic”, “major”, “moderate”, “minor” or “insignificant” to the consequences if the event does occur. The analysis of likelihood and consequences are then combined in Step 4 to produce an estimated level of risk.

3.1 Analyse the likelihood and consequences of the risk.

In determining the appropriate level of likelihood and consequence, use the table below as a guide and ask yourself the question: “What descriptions of ‘likelihood’ and ‘consequence’ best describe the outcomes of an identified risk?” Taking into consideration the University’s existing systems and controls, analyse the risks in terms of likelihood and consequences and complete Columns (D) & (E) of Appendix 2: Risk Assessment Worksheet for each risk identified.

The analysis should consider a range of potential consequences and how likely these consequences are to occur. To avoid subjective bias when analysing the risks, use objective sources of information such as past records, relevant experience, published literature, experiments and specialist or expert judgement.

Further elaboration of consequences against risk categories is described in Section 4.2 below.

Guide for Selection of Likelihood

<table>
<thead>
<tr>
<th>Rating</th>
<th>Descriptor</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Almost certain</td>
<td>Likely to occur &gt;10 time per year</td>
</tr>
<tr>
<td>4</td>
<td>Likely</td>
<td>Likely to occur 1 to 10 times per year</td>
</tr>
<tr>
<td>3</td>
<td>Moderate</td>
<td>Likely to occur once every 2 to 5 years</td>
</tr>
<tr>
<td>2</td>
<td>Unlikely</td>
<td>Likely to occur once every 5 to 20 years</td>
</tr>
<tr>
<td>1</td>
<td>Rare</td>
<td>Likely to occur &lt;every 20 years</td>
</tr>
</tbody>
</table>
## Guide for Selection of Consequences

<table>
<thead>
<tr>
<th>Rating</th>
<th>Descriptor</th>
<th>Description</th>
</tr>
</thead>
</table>
| 5      | Catastrophic | - Death through accident or workplace acquired illness  
|        |             | - Significant asset destruction or other financial loss greater than $10M  
|        |             | - Major national TV/news coverage for several days  
|        |             | - Parliamentary intervention eg Royal Commission  
|        |             | - Catastrophic long term environmental harm  
|        |             | - Total cessation of operations for greater than 23 weeks. |
| 4      | Major       | - Multiple serious injuries or workplace acquired illness resulting in hospitalisation for more than 4 weeks and/or serious permanent disability  
|        |             | - Loss of asset or other financial loss greater than $1M to $10M  
|        |             | - Major national TV/news coverage  
|        |             | - Parliamentary inquiry  
|        |             | - Significant long term environmental harm  
|        |             | - Total cessation of operations for greater than 2 days to 3 weeks |
| 3      | Moderate    | - Serious injury or illness resulting in hospitalisation for 3 days to 4 weeks  
|        |             | - Loss of asset or other financial loss greater than $50,000 to $1M  
|        |             | - Local TV/media exposure  
|        |             | - Significant release of pollutants with mid term recovery  
|        |             | - Total cessation of operations for less than 2 days |
| 2      | Minor       | - Injury or illness resulting in time away from workplace or less than 3 days in hospital  
|        |             | - Loss of asset or other financial loss from $5,000 to $50,000  
|        |             | - Minor transient environment harm  
|        |             | - Minor disruption to services |
| 1      | Insignificant | - No injuries, or minor injury requiring first aid  
|        |             | - Minor loss of asset or other financial loss less than $5,000  
|        |             | - Brief pollution but no environmental harm  
|        |             | - No disruption to services |
**STEP 4: EVALUATE THE RISK**

The objective of this step is to evaluate the level of risk. This step is important because it provides a guide as to what risks should be addressed and in which order. In doing so, the process also identifies those risks the University can accept and manage with simple procedures. If any risks are identified as unacceptable, than appropriate risk management processes may be required.

The level of risk is evaluated by using a table similar to the table in 4.1. The first step is to identify whether the likelihood of an event occurring is rare, unlikely, a moderate possibility, likely or rare. Refer to the table in paragraph 3.1 above. The second step is to determine whether the potential consequences or impact of the event are insignificant, minor, moderate, major or catastrophic. Refer to the table under paragraph 3.1 above.

### 4.1 Qualitative Risk Analysis Matrix – Level of Risk

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Insignificant</th>
<th>Minor</th>
<th>Moderate</th>
<th>Major</th>
<th>Catastrophic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost Certain</td>
<td>M</td>
<td>H</td>
<td>H</td>
<td>E</td>
<td>E</td>
</tr>
<tr>
<td>Likely</td>
<td>M</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>E</td>
</tr>
<tr>
<td>Moderate</td>
<td>L</td>
<td>M</td>
<td>M</td>
<td>H</td>
<td>H</td>
</tr>
<tr>
<td>Unlikely</td>
<td>L</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>H</td>
</tr>
<tr>
<td>Rare</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>M</td>
</tr>
</tbody>
</table>

**Legend**

- **E** Extreme risk: must be managed by senior management with a detailed plan
- **H** High risk: senior management attention is required and management responsibility specified
- **M** Moderate risk: manage by specific monitoring or response procedures
- **L** Low risk: manage by routine procedures

**Insert the level of risk into Column (F) of Appendix 2: Risk Assessment Worksheet**
**STEP 5: TREAT THE RISK**

The objective of this step is to identify and implement options to manage and mitigate risks. The risk evaluation process identifies the level of risk. The objectives of this stage are:

- to identify the range of options for treating risks and assessing these options; and
- preparing and implementing risk treatment plans.

Apart from the above objectives, this stage also carries a reporting function in the sense that you will have to give consideration to reporting certain risk events to management who will in turn form a judgement as to what risk events (for example, all extreme risks) will be reported to Council.

The options for risk treatment are:

**Avoid the risk - (A)**

Decide to

- Not proceed with the activity that contains an unacceptable risk
- Choose a more acceptable alternative activity which meets the objective and goals of your faculty/division
- Choose a more acceptable alternative methodology or process within the activity which presents less risk

**Reduce the likelihood or consequences of the risk occurring (or both) - (R)**

Any one of several decisions may be chosen:

- A satisfactory (but not optimum solution)
- The most cost-effective solution
- The accepted practice (industry norm, good business practice)
- The best achievable results (given current technology)
- The absolute minimum

**Transfer the risk – (T)**

The risk may be transferred in full or in part, to another party eg to a contractor. Or it may be transferred by insurance, legislation and administrative processes.

**Retain the risk - (R1)**

Risks may be retained followed risk reduction measures. They may also be retained because they are required for political, more or constitutional reasons.

- If the established risk levels of identified risks are in the ‘Low’ category, or it is decided that the risk is otherwise acceptable, no risk treatment may be required.
- There may be cases where the risk is such that there is no treatment available. For example the risk that a project might be terminated following a change of government is not within the control of the organisation.
- The cost treatment, including insurance costs may be so excessive compared to the benefit that acceptance is the only option. This applies particularly to lower ranked risks.

5.1 **Decide what action option is required and complete Column (C) on Appendix 3 – Risk Action Worksheet.**
5.2 Detail the specific actions that will be taken in Column (D) and list persons responsible for the actions in Column (E) Appendix 3: Risk Action Worksheet.
STEP 6: MONITORING AND REVIEW

Formal monitoring and review is required on an annual basis.

This process will involve:
- Determining whether each risk previously identified is still relevant to the organisational area
- Reviewing the assessments given to likelihood and consequences for each risk
- Reviewing the risk rating
- Reviewing the adequacy of existing systems and controls to manage the risk
- Reviewing the treatment strategies which previously have been considered
- Determining if there are any new risks which should be included and undertaking the risk assessment process for these new risks.
STEP 7: COMMUNICATION AND CONSULTATION

Communicate and consult with internal and external stakeholders, as appropriate, at every stage of the risk management process and concerning the process as a whole.
## APPENDIX 1: UTAS MAJOR RISK AREAS

<table>
<thead>
<tr>
<th>RISK GROUP</th>
<th>RISK AREA</th>
<th>RISK TYPE</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duty of Care</td>
<td>Students</td>
<td>A1</td>
<td>Duty of care owed by the University to all students in respect of their personal safety and learning activities both on and off campus</td>
</tr>
<tr>
<td></td>
<td>Staff</td>
<td>A2</td>
<td>Duty of care owed by the University to all employees including protecting them from adverse actions by third parties.</td>
</tr>
<tr>
<td></td>
<td>Visitors</td>
<td>A3</td>
<td>Duty of care owed by the University to all persons on and in the reasonable vicinity of the University including visitors, contractors and volunteers.</td>
</tr>
<tr>
<td>Service Delivery</td>
<td>Academic</td>
<td>B1</td>
<td>The risk of not attaining strategies 1 through to 18 of the University of Tasmania Plan 2005 - 2007.</td>
</tr>
<tr>
<td></td>
<td>Vocational and training</td>
<td>B3</td>
<td>The risk of not attaining strategy 23 and 24 of the University of Tasmania Plan 2005 - 2007.</td>
</tr>
<tr>
<td></td>
<td>Information Services</td>
<td>B4</td>
<td>Risk of inadequate monitoring of appropriate use of IT services by staff and students.</td>
</tr>
<tr>
<td>Managing Resources</td>
<td>Human</td>
<td>C1</td>
<td>Risks associated with managing human resources including single-person dependency for critical functions, ageing workforce, lack of succession plans, loss of corporate expertise, failure to attract high calibre staff, failure to develop and retain high quality staff</td>
</tr>
<tr>
<td></td>
<td>Information</td>
<td>C2</td>
<td>Risks associated with the provision of information including failure of major IT systems, lack or failure of back-up systems, loss of access to information due to upgrade of technologies and ageing equipment and IT infrastructure.</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>C3</td>
<td>Risks associated with the provision of financial services and program funding, including insufficient funds to meet Government objectives, misappropriation of funds, lack of understanding of financial transactions and purchasing requirements, change in Government funding policy. Inability to meet targets, failure of faculties and departments to exercise budgetary control.</td>
</tr>
<tr>
<td></td>
<td>Property, Assets &amp; Facilities</td>
<td>C4</td>
<td>Risks associated with managing property and assets including ageing infrastructure and costs of upkeep or redundant facilities, destruction of library and archival material by fire or flood, not maintaining and protecting records, lack of or inadequate security systems on UTas facilities.</td>
</tr>
<tr>
<td></td>
<td>External legal</td>
<td>C5</td>
<td>Risks of failure to manage relationship with external solicitors, in particular, delays and costs.</td>
</tr>
<tr>
<td>Managing Relationships</td>
<td>Government</td>
<td>D1</td>
<td>Risks associated with managing communication with all levels of Government including failure to recognise politically sensitive issues, ineffective handling of the media.</td>
</tr>
<tr>
<td></td>
<td>Community</td>
<td>D2</td>
<td>Risks associated with the UTas’ the involvement in the community including failing to respond to the communities concerns about noise pollution from student residences and student activities including sport and social activities, loss of community support.</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>D3</td>
<td>Risks such as non-recognition of stakeholders, non-compliance with statutory requirements imposed by government authorities, failure to fulfil Commonwealth funding prerequisites.</td>
<td></td>
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<tr>
<td>-------------</td>
<td>----</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>D4</td>
<td>Risks associated with internal management processes including insufficient and inappropriate communication strategies between the campuses and lack of consistency of processes throughout the University.</td>
<td></td>
</tr>
<tr>
<td>Reputations</td>
<td>E1</td>
<td>Failure to achieve strategic objectives as outlined in University of Tasmania Plan 2004-2006</td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>E2</td>
<td>Failure to achieve strategic objectives as outlined in University of Tasmania Plan 2004-2006</td>
<td></td>
</tr>
<tr>
<td>Position</td>
<td>E3</td>
<td>Failure to achieve strategic objectives as outlined in University of Tasmania Plan 2004-2006</td>
<td></td>
</tr>
<tr>
<td>OH&amp;S</td>
<td>F1</td>
<td>Failure to comply with statutory regime</td>
<td></td>
</tr>
<tr>
<td>Records</td>
<td>F2</td>
<td>Failure to comply with statutory archiving legislation; failure to adequately save, record and store University records;</td>
<td></td>
</tr>
<tr>
<td>Anti-</td>
<td>F3</td>
<td>Failure to comply with statutory regime.</td>
<td></td>
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<tr>
<td>discrimination</td>
<td></td>
<td></td>
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<tr>
<td>Certified</td>
<td>F4</td>
<td>Failure to negotiate comply with terms of Certified Agreement</td>
<td></td>
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<tr>
<td>Agreement</td>
<td></td>
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<tr>
<td>Taxation</td>
<td>F5</td>
<td>Failure to comply with statutory regime.</td>
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<td>(including GST)</td>
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<tr>
<td>Workers</td>
<td>F6</td>
<td>Failure to comply with statutory regime.</td>
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<tr>
<td>compensation</td>
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<td></td>
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<tr>
<td>Environmental laws</td>
<td>F7</td>
<td>Failure to comply with statutory regime.</td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td>F8</td>
<td>Failure to comply with statutory regime.</td>
<td></td>
</tr>
<tr>
<td>laws</td>
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APPENDIX 2: RISK ASSESSMENT WORKSHEET

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Groups</td>
<td>Strategic Objectives</td>
<td>Description of Risk/Opportunities</td>
<td>Probability</td>
<td>Consequence</td>
<td>Risk Rating</td>
</tr>
<tr>
<td>Duty of Care</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Delivery</td>
<td></td>
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<tr>
<td>Managing Resources</td>
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<tr>
<td>Managing Relationships</td>
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<tr>
<td>EDGE objectives</td>
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<tr>
<td>Compliance</td>
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</tbody>
</table>

Ratings

- Almost certain
- Likely
- Possible
- Unlikely
- Rare
- Negligible
- Minot
- Medium
- Major
- Moderate
- Low
- Critical
- Significant
- Moderate
- Low

Compiled by: _____________________________________   Reviewed by:  ______________________________________________  Date: ___________________
## APPENDIX 3: RISK ACTION SHEET

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td>Risk/Opportunity</td>
<td>Acceptable Or Risk Treatment</td>
<td>Details of action to be taken</td>
<td>Persons responsible</td>
</tr>
<tr>
<td>1</td>
<td></td>
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<tr>
<td>16</td>
<td></td>
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</tr>
</tbody>
</table>
APPENDIX 4: RISK ASSESSMENT QUESTIONS

a) Why does this event or situation represent a risk?

b) Why would it impact on achieving objectives?

c) When, where, why and how is the risk likely to occur and who might be involved?

d) What is the source of the risk?
e) What are the circumstances surrounding the risk when it is likely to occur?

____________________________________________________________________________________

____________________________________________________________________________________

f) What is the potential cost of the risk?

____________________________________________________________________________________

____________________________________________________________________________________

g) Is there a need to do research into this risk, and if so, what resources are needed to carry out the research?

____________________________________________________________________________________

____________________________________________________________________________________

List the risks you have identified in Column C of Appendix 2.
APPENDIX 5: RISK MANAGEMENT POLICY

Policy – No. Px.x (DRAFT)
Risk Management

| Relevant UTas Ordinances and/or Principle | Ordinances 3 (The Vice-Chancellor), 6 (Council Delegations) and 7 (Execution of Documents), Principle No. Px.x (Risk Management) |
| Relevant State/Federal Govt. Legislation | University of Tasmania Act 1992 |
| Commencement Date | <to be determined> |
| Review Date | <to be determined> |

1. **Objective**
Managing risk and compliance are critical matters to achieving the goals and objectives of the University. Risks are defined as the chance of anything happening that would impact on the University’s ability to achieve its goals.

2. **Policy Statement**
The University faces a variety of risks from external and internal sources that must be identified and managed. Risk management derives directly from the objectives of the organisation, and an assessment of the financial, operational, systems and compliance risks that are involved in pursuit of the objectives. Some need to be eliminated, others insured and others managed internally\(^1\).
UTas is committed to building an organisational culture where active and effective risk management is an integral part of all university activities, and a core management capability and responsibility.

Effective risk management requires:
- a strategic focus;
- forward thinking and proactive approaches to management;
- an astute balancing of the cost of managing risks with the anticipated benefits; and
- contingency planning in the event that mission critical threats are realised.

3. **Scope**
This policy applies to all members of the University – staff, students and Council members.

---

4. **Approach**

4.1. **Model**  
The model of risk management adopted by UTas follows AS/NZS4360 and is set out in the diagram below.

**Figure 1  Risk Management Model**

This model requires Council input at three stages:
- establishing the context of risk analysis;
- providing a policy on the priority of risk management; and
- approving a management proposal for the treatment of risk. This process takes into account the cost of mitigation of risks in relation to the consequences of loss.

Council, through the Audit Committee, monitors all aspects of the risk management process.

Five broad types of risks are identified in Attachment 1:
- Strategic Risk;
- Financial Risk;
- Operational Risk;
- Compliance Risk; and
- Reputational Risk.

4.2. **Risk Acceptance**  
For each of the risks identified, sufficient analysis is undertaken to present a risk management grid as set out in Figure 2. Council sets the policy on the classification of combinations of loss and probability (i.e. what is ‘critical’, ‘significant’, ‘moderate’ or ‘low’).
Figure 2  Risk Management Matrix

<table>
<thead>
<tr>
<th>LIKELIHOOD</th>
<th>Negligible</th>
<th>Minor</th>
<th>Medium</th>
<th>Major</th>
<th>Extreme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost certain</td>
<td>M</td>
<td>M</td>
<td>S</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Likely</td>
<td>M</td>
<td>M</td>
<td>S</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Possible</td>
<td>L</td>
<td>M</td>
<td>S</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Unlikely</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>S</td>
<td>C</td>
</tr>
<tr>
<td>Rare</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>S</td>
<td>C</td>
</tr>
</tbody>
</table>

**Legend**

C=Critical
- Council level attention required. VCE undertake detailed actions for mitigating the risk.

S=Significant
- VCE level attention required. Executive members implement action plans to mitigate the risk. Council notified.

M=Moderate
- Divisional Head manages the risk by keeping it under review, overseeing mitigation actions and ensuring continued good practice.

L=Low
- Managed through good practice and routine procedures.

### 4.3 Programme of Implementation

Risks identified for active mitigation are allocated a mitigation implementation plan, with a management representative nominated to take active responsibility for the mitigation. The plan includes reporting responsibilities for all relevant related events. A detailed consolidated report is made to the Audit Committee and presented in summary to Council.

### 4.4 Information Collection

Management executes a process that identifies the risk environment of the University. This process includes a review of the potential risks by Council through the Audit Committee. The process is reviewed on at least an annual basis to identify emerging risks that result from either a change of operations, change of operating environment or change of information. It is important that this process explicitly recognises the need for fresh review of risks so as to avoid the possibility of familiarity with the previous review(s) clouding the judgement of those involved.

### 4.5 Incident Analysis

Any serious incidents, or frequent minor incidents where a systemic issue may be involved, is reviewed in a debrief process by the Audit Committee. This process includes a causal analysis, and a review of the risk management structure related to the incident. The resulting report to Council includes recommendations for changes to the risk management structure that emerge from incidents which indicate a systematic failure.

### 4.6 Compliance

Compliance with the implementation and management of risk mitigation policies is audited and reported to Council through the Audit Committee.
4.7 Effectiveness
Periodic independent review of the effectiveness of the University’s risk management approach is commissioned by the Audit Committee and reported to Council.

5. Responsibilities
The University uses a multilevel approach to managing risk.
Overall management responsibilities for risk management are specified in Attachment 2.
There are three levels of risk management activity within management. At each level the following questions are addressed:

- what are the relevant goals and objectives?
- what are the key risks to achieving these objectives?
- what are the characteristics of these risks (likelihood and impact)?
- how can the risks be mitigated and who is responsible for implementing actions?
- who needs to be informed?
- how will risks be monitored and reviewed?

5.1 Corporate
The VCE (through the Planning and Resources Committee):
- undertakes regular assessments of risk focusing on
  - corporate wide risks (including strategic risk and reputational risk)
  - monitoring and reviewing consolidated risk assessments (risk management reports) from the other two levels;
- produces a corporate level risk management report; and
- reports on risk management to the Audit Committee and Council.

5.2 Faculty/Division/Institute
Each unit:
- undertakes regular risk assessment focusing on strategic, financial, operational, compliance and reputational risks; and
- produces a regular unit level risk management report.

5.3 Project level
Before significant new projects proceed (e.g. business ventures, IT projects, building projects, major research projects, CRCs), a business case must be established (according to a specified methodology) and approved. A key feature of each business case is the completion of a risk analysis. Project implementation is based a standard project management methodology which includes risk management.

6.1 Corporate governance and risk management
Risk management is an integral component of corporate governance and builds on transparent and accountable processes consistent with sound business practice. Risk management is applied to the development and implementation of policy, procedures, plans and future directions of UTas.

6.2 Executive and management commitment
The Chancellor and Council, the Vice-Chancellor and the VCE, Deans, Heads of School, Heads of Section and management at all levels are committed to the pro-active management of risk in a systematic way in order to enhance the operation of
the University. The risk management process makes a significant contribution towards establishing priorities in the allocation of resources. Managers at all levels are accountable for risk management.

6.3 Culture of risk management
All staff are committed to ensuring that their behaviours relating to their individual performance encompass informed decisions to do or not do things based on a reasonable analysis of foreseeable risks, opportunities and their associated impacts on the implementation of University strategies and the attainment of goals.

6.3 Review and monitoring risks
Formal mechanisms for review and monitoring are in place to measure and benchmark the effectiveness of risk management throughout the University at all governance and management levels.

6.4 Reporting
Risk management information systems are in place to communicate and report on risks that have been identified and the status of actions implemented to mitigate risks.

6.5 Risk tolerance
The risk tolerance of the University is ultimately determined by Council.

6.6 Opportunity
Risk management also involves the University identifying and taking advantage of opportunities in a way that ensures that any risks are managed on the basis of informed decision-making and on a realistic analysis of possible outcomes.

7 Supporting/related Documents
7.1 Council Principle
This establishes the University’s approach to risk management and assigns responsibilities between Council, the Audit Committee and management.

7.2 Risk Management Toolbox
This provides:
- practical guidance on how to undertake risk management tasks; and
- reporting templates.
Attachment 1 Risk Types

1. Strategic Risk – that affects the Universities ability to achieve key goals
   HIGH LEVEL → Inability to remain viable
   LEVEL 4 → Need to significantly change direction
   LEVEL 3 → Inability to meet a number of key goals
   LEVEL 2 → Inability to meet a key goal
   LOW LEVEL → Delay in achieving a key goal

2. Financial Risk – that affects the Universities financial position
   HIGH LEVEL → Insolvency
   LEVEL 4 → Major financial crisis
   LEVEL 3 → Significant loss
   LEVEL 2 → Loss
   LOW LEVEL → Reduced cash flow

3. Operational Risk – that affects the University’s ability to operate smoothly and effectively
   HIGH LEVEL → Loss of life or an inability to continue operations for a significant period
   LEVEL 4 → Major loss of physical infrastructure or disruption to operational systems and processes
   LEVEL 3 → Significant loss of physical infrastructure or disruption to operational systems and processes. Significant loss of key staff
   LEVEL 2 → Loss of some non-critical physical infrastructure or a temporary disruption to operational systems and processes. Loss of some key staff
   LOW LEVEL → Temporary and very short-term disruption to operations

4. Reputation Risk – that affects the University’s reputation and/or brand
   HIGH LEVEL → Permanently destroy credibility with a number of key stakeholders (widespread)
   LEVEL 4 → Permanent and critical loss of credibility with individual key stakeholders
   LEVEL 3 → Temporary and critical loss of credibility with key stakeholders
   LEVEL 2 → Permanent and non-critical loss of credibility with key stakeholders
   LOW LEVEL → Temporary and non-critical loss of credibility with key stakeholders.

5. Compliance Risk – that affects compliance with external laws, regulations or requirements and internal principles, [policies and procedures.
   HIGH LEVEL → Critical, systemic
   LEVEL 3 → Critical, non-systemic
   LEVEL 2 → Non-critical, systemic
   LOW LEVEL → Non-critical, non-systemic
### Attachment 2: Management Roles And Responsibilities

<table>
<thead>
<tr>
<th>Element</th>
<th>Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Risk policy</td>
<td>• interact with the Audit Committee on policy development</td>
</tr>
<tr>
<td>2. Risk identification</td>
<td>• identify risks within agreed context</td>
</tr>
<tr>
<td></td>
<td>• analyse</td>
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<tr>
<td></td>
<td>• assess and prioritise</td>
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<tr>
<td></td>
<td>• identify risk treatment</td>
</tr>
<tr>
<td></td>
<td>• regularly review</td>
</tr>
<tr>
<td>3. Incidents in identified risk areas</td>
<td>• monitor</td>
</tr>
<tr>
<td></td>
<td>• record and report</td>
</tr>
<tr>
<td></td>
<td>• manage and respond</td>
</tr>
<tr>
<td></td>
<td>• review and evaluate</td>
</tr>
<tr>
<td></td>
<td>• propose any consequential policy changes</td>
</tr>
<tr>
<td>4. Changes in the consequences or probabilities of identified risks.</td>
<td>• regularly monitor changes</td>
</tr>
<tr>
<td>Possible triggers include:</td>
<td>• review and evaluate</td>
</tr>
<tr>
<td>• defined business incidents</td>
<td>• recommend changes to risks and/or probabilities and treatments</td>
</tr>
<tr>
<td>• changes in the external environment</td>
<td>• propose any consequential policy changes</td>
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<tr>
<td>• changes or renewals of major contracts</td>
<td>• report to the Audit Committee</td>
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<tr>
<td>• incidents in similar facilities elsewhere</td>
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<tr>
<td>• changes in personnel, financial arrangements, statutory arrangements,</td>
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<tr>
<td>demand patterns changed operational requirements</td>
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<tr>
<td>(which need to be evaluated with regard to original design assumptions)</td>
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</tr>
<tr>
<td>5. Changes in mitigating strategies for identified risks (e.g. due to a</td>
<td>• regularly monitor changes</td>
</tr>
<tr>
<td>change in something relied on for mitigation)</td>
<td>• review and evaluate</td>
</tr>
<tr>
<td></td>
<td>• recommend changes to treatments</td>
</tr>
<tr>
<td></td>
<td>• propose any consequential policy changes</td>
</tr>
<tr>
<td></td>
<td>• report to the Audit Committee</td>
</tr>
<tr>
<td>6. Audit</td>
<td>• co-operate with auditors</td>
</tr>
<tr>
<td>7. Effectiveness Review</td>
<td>• participate in reviews</td>
</tr>
<tr>
<td><strong>Risk management</strong></td>
<td>The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects in order to improve the achievement of its goals by UTas</td>
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<tr>
<td><strong>Risk management process</strong></td>
<td>The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks to the achievement of University goals</td>
</tr>
<tr>
<td><strong>Risk tolerance</strong></td>
<td>The level of risk UTas is prepared to accept without insisting on action to reduce the likelihood of the event occurring or its likely impact</td>
</tr>
<tr>
<td><strong>Risk management context</strong></td>
<td>Defining the relationship between the University and its environment, identifying UTas’ strengths, weaknesses, opportunities and threats. The context includes the financial, operational, competitive, political (public perceptions/image), social, client, cultural and legal aspects of UTas. It is similar to the first step in a soundly based strategic planning process</td>
</tr>
<tr>
<td><strong>Corporate governance</strong></td>
<td>The way in which UTas is directed and controlled in order to achieve its strategic goals and operational objectives. The control environment makes the university reliable in achieving its goals and objectives within an acceptable degree of risk. Corporate governance ensures a high standard of accountability at all levels of the organisation and as such enables the University’s accountable officer, the Vice-Chancellor, to exercise accountability in law. Corporate governance is the glue that holds the organisation together in pursuit of its objectives, while risk management provides the resilience The concept of public sector governance places an additional emphasis on delivering outcomes and cost-effective outputs through implementing programs and reforms in accordance with enabling legislation</td>
</tr>
<tr>
<td><strong>Risk management framework</strong></td>
<td>The structure within UTas that supports the risk management practice, reporting, responsibilities and accountabilities at all organisational management levels. The risk management framework is a description of streams of accountability and reporting that will support the risk management process within existing organisational structures</td>
</tr>
<tr>
<td><strong>Streams of accountability</strong></td>
<td>The major areas within UTas that are accountable for and report on an area of service or service support. This enables the risk management process to be applied within the current organisational structures.</td>
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</tbody>
</table>