

Risk Management Procedure

Version 4 - Approved 10 February 2025

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Purpose

The purpose of the *Risk Management Procedure* is to describe the methodology and process to guide, direct and assist all members of the University Community to better understand and adopt consistent risk assessment and management processes.

Applicable governance instruments

Instrument	Section	Principles
<i>Risk Management and Business Resilience Policy</i>	1 Risk Management	1.1 – 1.7
<i>General Delegations Ordinance</i>		
<i>University Risk Rating Matrix</i>		
<i>University Risk Appetite Statements</i>		

Procedure

1. Risk Management Standard

The Risk Management Framework is based on the Australian Standard for risk management, AS ISO 31000:2018 (“the Standard”) under which *the effectiveness of risk management will depend on its integration into the governance of the organization, including decision-making. This requires support from stakeholders, particularly top management.*

2. The Risk Management Framework

University Council is responsible for establishing the overall Risk Management Framework that provides the foundations and arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the University.

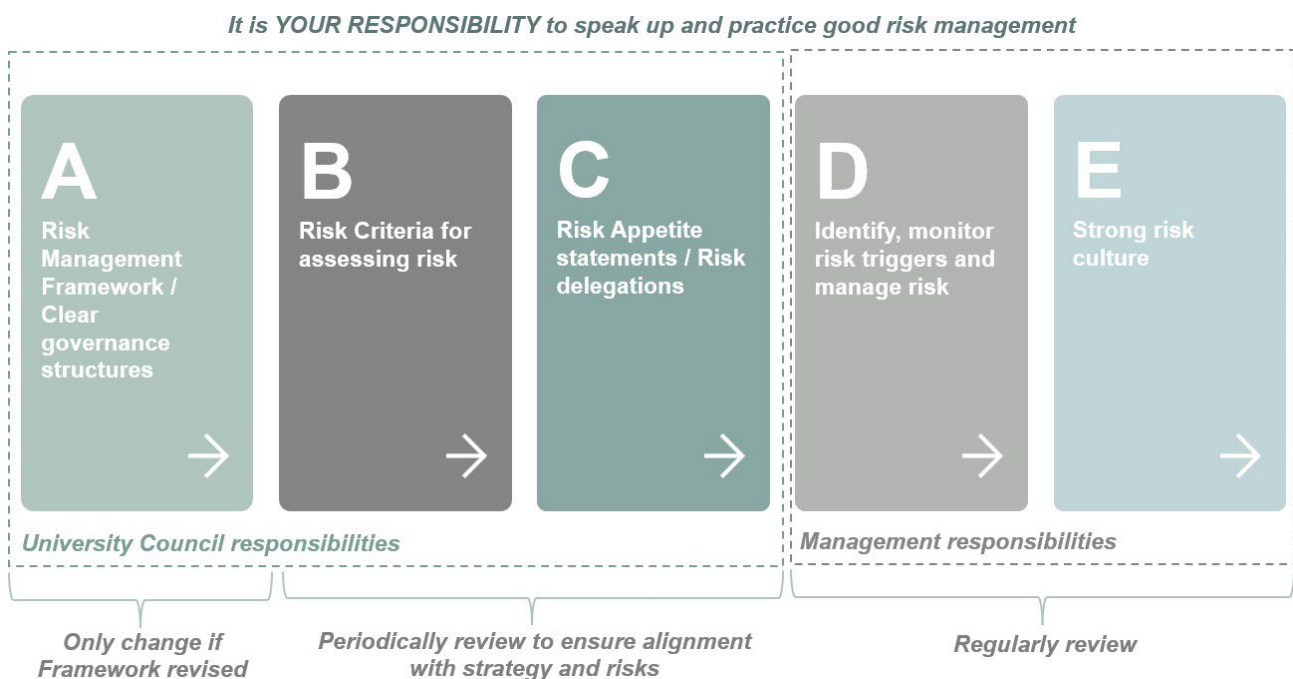
Definitions and acronyms can be found at: <https://www.utas.edu.au/policy/policy-definitions>

Related policy and procedures can be found at: <https://www.utas.edu.au/policy>

The Risk Management Framework aims to:

- Allocate responsibilities for risk management through a clear governance structure.
- Identify risks that the University might face in the pursuit of our objectives.
- Consider whether the current controls to manage the risk are sufficient and what else should be done in alignment with established criteria for risk appetite.
- Articulate each person’s responsibility for risk, identify what monitoring of the risk should occur, how relevant information is considered into risk-based decision-making and when these should be escalated to those accountable for the risk.
- Communicate risks, insights and learnings across the University to achieve continual improvement of risk management through the University.
- Ensure all staff of the University understand their responsibility to speak up and practice good risk management.

The Risk Management Framework is depicted below and demonstrates the boundaries that are established by University Council and that guide Executive Management and the University Community to practice good risk management.



University Council establishes the boundaries that the University community can operate within by aligning **Strategy and Risk**. University Council sets three ‘tools’ that articulate to the University community the amount of risk that can be taken to pursue its objectives:

I. University Risk Rating Matrix

The Risk Rating Matrix defines the level of risk through standardising the consequence and frequency ratings to determine the risk rating. When completing a risk assessment, the risk rating matrix :

- defines the level of risk and the action that should be taken in response to the risk
- considers what controls are we already doing and what should we be doing to adequately manage the risk within the appetite of the University.

The Risk Rating Matrix has five consequences of 'minor', moderate, major, severe' and 'catastrophic' which are clearly defined and calibrated to separate out, for example, risks that would significantly disrupt University operations and extremely rare risks that are catastrophic and prevents the University from operating at all. The narrative in the likelihood scales have been calibrated to reflect an extremely rare event which is needed to connect with a catastrophic consequence.

The Director Risk is responsible for maintaining the University risk rating matrix and ensuring that it is fit for purpose. This is achieved through periodic review at least every 2 years, with the Audit & Risk Committee to endorse before Council Approval.

II. University Risk Appetite Statements

Risk Appetite Statements (RAS) is a central tool to the risk management process. It defines the amount of risk the University is willing to take in pursuit of its strategic priorities. The RAS provides clear guidance from University Council to UET and the University Community in the consideration of risks and opportunities across the institution.

The objectives of the RAS are to:

- agree and communicate the boundaries for risk-taking activities to empower the University Community to make consistent and risk-conscious decisions aligned with business objectives
- align risk management processes with the objectives of the University and integrate into strategic and business planning and
- provide a basis for monitoring risks and escalating those that are outside of appetite.

The Director Risk is responsible for maintaining the Risk Appetite Statements for the Institution and ensuring that it is fit for purpose. This is achieved through periodic review at least every 2 years, with the Audit & Risk Committee to endorse before Council Approval.

III. General Delegations Ordinance

University Council is authorized with powers and functions from the *University of Tasmania Act 1992*. To enable the University to operate effectively, the Council delegates some of its' powers and functions to specified positions (via a profile) through Ordinance 22 General Delegations. This includes risk and specified levels of risk according to the Risk Rating Matrix and within the Risk Appetite Statements.

Jointly, University Council and Executive Management are responsible for **identifying, monitoring and managing major risks** to the University through following the Risk Management Procedure.

IV. Institutional Wide Risks

These major risks are described in each of the Risk Portfolios, together the University Council and University Executive Management are responsible for identifying and monitoring these risks. If these risks were deemed unacceptable to the University, University Council can adjust the risk tools to ensure executive management more tightly control these risks.

University Executive Management are responsible for three core elements in **identifying, monitoring and managing major risks**:

V. Monitor trigger events

Trigger events are external uncontrolled events that can lead to catastrophic consequences for the University. When a trigger occurs (e.g. natural disaster), the event will impact the University's Institutional risks often through elevating the risk exposure. Additionally, these events can create new risks to the University. Executive management will implement monitoring of these risks to understand when a trigger event is more likely to occur and to ensure adequate mitigation plans are in place.

VI. Manage Major Risks

Each major risk is assigned to a member of the University Executive Team who is responsible for identification, reporting and ongoing management of Institutional risk.

These will be reviewed on a regular basis through the University Executive Team and reported to the Audit & Risk Committee and Council as required. Each major risk will link to key performance indicators to ensure the risk is tracked to ensure the risk exposure is within the University's risk appetite.

VII. Sustain a strong risk culture

Risk culture is people's thinking, behaviours and actions around risk and risk management. University Executive management will lead and sustain a strong risk culture through implementing the University's values through desired risk culture:

- Creating and serving shared purpose through encouraging and educating others in risk and risk management.
- Nurturing a vital and sustainable community through being concerned about the impact of risk management on others.
- Focussing on opportunity and demonstrating a positive attitude to risk management and a desire to be more risk aware.
- Working from the strength diversity brings by engaging in open and clear communication.
- Collaborating in ways that help us be the best we can be by always considering risk in any decision that is made, prior to the decision being made, and taking ownership of problems.

3. Responsibilities

The Council has a responsibility to establish good risk management through applying 6 core elements:

1. Establish the overall Risk Management Framework
2. Allocate responsibilities through a clear governance structure
3. Establish the risk criteria for assessing risk through the Risk Rating Matrix
4. Set the Risk Appetite Statements
5. Delegate in line with risk appetite, through the General Delegations Ordinance
6. Identify, monitor and manage major risks.

These core elements ensure the effective facilitation, identification, assessment and mitigation of key higher-level risks across the University (including all entities and activities). It exercises that responsibility through the Audit & Risk Committee, which regularly reports to Council.

Additionally, it authorises the Academic Senate to provide advice and guidance on academic risk matters.

The responsibilities of respective parties for risk management in respect to these core elements are described below:

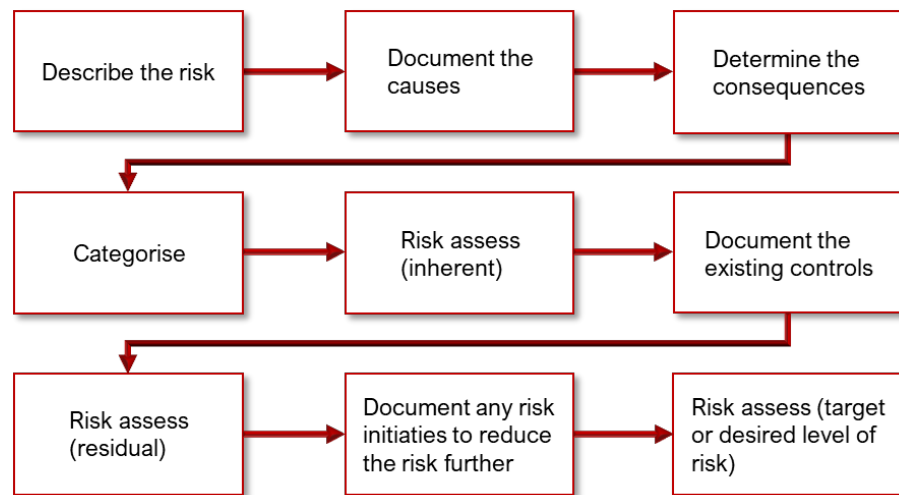
Vice-Chancellor	<ul style="list-style-type: none"> • Establishing management processes and monitoring systems which leads to the successful management of risk. • Ensuring that Key Risks of the University are managed and monitored appropriately. • Setting the tone for University's culture towards risk management.
Each member of the University Executive Team (UET)	<ul style="list-style-type: none"> • Individuals have responsibility for the identification, reporting and ongoing management of Institutional risks within their portfolio. • Overseeing the development of University plans and budgets and for monitoring performance, quality and risk once the plans and budgets have been approved by Council. • Ensuring that the University's risk management framework is effectively implemented within their respective portfolios. • Ensuring that the appropriate risk mitigation strategies are established by Executive management within their respective portfolios.
Director, Risk	<ul style="list-style-type: none"> • Establishing supporting processes, tools and advice to facilitate effective risk management. • Facilitating the identification, assessment and reporting of the Institutional risk profile to the UET and Audit & Risk Committee. • Conducting internal audit assessments on the effectiveness of risk mitigation strategies and controls to inform the assessment of residual risks. • Co-ordinating the development and continuous improvement of the University's Risk Management Framework.
Director, Governance & Compliance	<ul style="list-style-type: none"> • Establishing supporting processes, tools and advice to facilitate effective compliance management. • Facilitating the identification, assessment and reporting of non-compliance to the UET and A&RC.
Organisational Unit Heads	<ul style="list-style-type: none"> • Understanding the University's risk management principles and foster a risk aware culture within their organisational units. • Documenting and managing risks within their areas of responsibility according to the Risk Management Procedure. • Reporting to their respective UET member, the risks identified in their organisational unit. • Escalation of risks when outside of the University's appetite. • Reporting of non-compliance with University's appetite and General Delegations.
Project Directors / Managers	<ul style="list-style-type: none"> • Understanding the University's risk management principles and embed into project management methodology. • Documenting and managing risks in their respective projects according to the Risk Management Procedure. • Escalation of risks when outside of the University's appetite. • Reporting of non-compliance with University's appetite and General Delegations.

All academic and professional staff, Adjunct, Clinical, Associate title holders and Visiting Fellow	<ul style="list-style-type: none"> • Being aware of the University’s risk management principles and contributing towards building a strong risk management culture. • Executing expected operational responsibilities with diligence and integrity, contributing to effective operational risk management. • Bringing to the attention of their managers/supervisor’s risks within their areas of operations which are outside of the University’s appetite and General Delegations.
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4. Risk Management Steps

- 4.1.** Each decision made during day-to-day activities have an element of risk.
- 4.2.** It is important to describe risks in a way that ensures focus on the actual event that is impacting the University’s objectives and therefore how to respond appropriately to the risk.
- 4.3.** On most occasions once a risk has been identified, it can be prevented, controlled, or avoided. Sometimes even though a risk has been identified, no action will be taken, and the risk is accepted.
- 4.4.** Sometimes the University may want to take some risk to achieve its strategic objectives, this is referred to as the University’s Risk Appetite. The level of risk that the University is willing to take is set by University Council and any decision outside of that must be escalated to University Council. This is described in the University’s Risk Appetite Statements.
- 4.5.** It is important that risks are reported, to reduce the chance that an injury or decision will impact the University’s intended outcomes.
- 4.6.** When understanding risk management, these key stages should be undertaken to ensure good risk management is practised:

Stage	Description
Communication and Consultation	It is essential that all relevant stakeholders are consulted during good risk management. The purpose of this is to provide the decision-maker with as much relevant information as is available and to facilitate implementation by ensuring that the reasons for the decision taken is understood.
Risk Assessment	<p>The Risk Assessment process incorporates three key steps:</p> <ol style="list-style-type: none"> 1 Risk identification 2 Risk Analysis 3 Risk Evaluation <p>It is described further by these nine steps when completing the University risk register template:</p>



The Risk Management Staff Intranet page provides further guidance and templates for when completing a risk assessment or risk register (see the [Risk Management Intranet Page](#)).

Risk Identification	Risks are described as prospective events or process failures that could impede the University’s strategic intent and operational activities. This assists the University in focussing on what the actual event is, how to mitigate its occurrence and as a result, focus and shift behaviour to manage the risk more effectively.
Risk Analysis	Risk will be analysed to determine which objective/s of the University is affected and the degree of influence each risk has on the achievement of objective/s.
Risk Evaluation	<p>Each identified risk will be evaluated to determine its residual risk rating, based on existing levels of controls implemented.</p> <p>Risks are rated and prioritised using the consequence and likelihood definitions contained in the Risk Rating Matrix. The Risk Rating Matrix is used as guidance for responsible risk owners to rate inherent, residual and target risk exposures.</p>
Risk Treatment	<p>The need for further mitigation strategies will be guided by the level of risk deemed acceptable by the University, through the University’s Risk Appetite Statements.</p> <p>The University’s risk treatment and acceptance principles are:</p> <ul style="list-style-type: none"> • Apply the University’s Risk Rating Matrix and ensure risk treatments are appropriate. • Accept risks in accordance with the Risk Appetite Statements, and according to the <i>General Delegations Ordinance</i>. • If not within <i>General Delegations Ordinance</i>, apply further mitigation strategies and controls to reduce unacceptable residual risks to acceptable

risk levels, within the agreed timeframes. If you are unable to reduce the risk further, apply the *'One-up' Principle* to those with appropriate authority.

- A commitment to managing risks to the agreed target risk level.

Monitoring and Review	<p>University risks are required to be identified and recorded using the tools and templates provided on the intranet site.</p> <p>Academic Units and Division risks, and how they are being managed/mitigated, will be scrutinised through the annual planning process, and periodically presented to the Audit & Risk Committee.</p>
Recording and Reporting	<p>The risk management process and its outcomes should be documented and reported to:</p> <ul style="list-style-type: none"> • communicate risk management activities and outcomes across the University • provide information for decision-making • practice good risk management • assist interaction with stakeholders • communicate insights and learnings, and • continually improve and evolve Risk Management • provide clarity on appropriate delegate for a decision in accordance with the Risk Delegations within the General Delegations Ordinance.

5. Definitions

Risk	<p>Effect of uncertainty on the University achieving its objectives.</p> <p>Risks are described as prospective events or process failures that could impede the University's strategic intent and operational activities.</p> <p>This is important to ensure focus on the actual event that is impacting on the University's objectives and therefore how to mitigate its occurrence. As a result of focusing on the risk, behaviour can shift to mitigate the risk more effectively.</p>
Strategic Risk	Risks that affect or are created by the University's strategic objectives
Operational Risk	Risk which may impede operational function of the University, Academic Unit or a Division's strategic objectives.
Inherent Risk	An assessment of the risk exposure without reference to specific mitigation strategies or actions
Residual Risk	The risk that remains after implementation of mitigation strategies and controls as a result of either; removing the risk source, modifying the consequences, changing probabilities, transfer or acceptance of the risk.

Target Risk	<p>Target risk is the desired risk exposure after taking into account such matters as:</p> <ul style="list-style-type: none"> • Capacity to influence risk exposure • Costs required to implement risk mitigations with reference to anticipated benefits of implementation • With consideration of the University's Risk Appetite Statements
Risk Appetite Statements (RAS)	<p>The University's RAS defines the amount of risk the organisation is willing to take in pursuit of its strategic priorities. The RAS is central to the risk management process and provides clear guidance from the Council to UET and the University Community in the consideration of risks and opportunities in the organisation.</p> <p>The RAS articulates the desired behaviours, limits and considerations that the University Community are to take into account in its decision-making process when both setting and implementing strategy and the day-to-day running of their areas of responsibilities. This is applicable to every organisational unit controlled or managed by the University.</p>
Major Risk	Any extreme or high inherent risk.
Risk Assessment	<p>Risk assessment is a process that is made up of three processes: risk identification, risk analysis, and risk evaluation:</p> <ul style="list-style-type: none"> • Risk identification is a process that is used to find, recognise, and describe the risks that could affect the achievement of objectives • Risk analysis is a process that is used to understand the nature, sources, and causes of the risks that you have identified and to estimate the level of risk. It is also used to study impacts and consequences and to examine the controls that currently exist • Risk evaluation is a process that is used to compare risk analysis results with risk criteria in order to determine whether or not a specified level of risk is acceptable or tolerable.
University Risk Rating Matrix	A tool for evaluating and ranking risks by defining ranges for consequence and likelihood for the Institution.
WHS Risk Rating Matrix	A tool for evaluating and ranking risks by defining ranges for consequence and likelihood for harm to a person.
Risk Register	A tool for documenting risks including detailed assessment, controls and risk initiatives.
Mitigation Strategies	Activities or controls taken to reduce the likelihood or consequence of risks to the University.

Risk Controllability	<p>The extent to which the University is able to influence the risk rating.</p> <ul style="list-style-type: none"> • Controllable: The University has the capacity to significantly influence the risk rating • Partially controllable: The University has some capacity to influence the risk rating • Not controllable: The University has limited or no capacity to influence the risk rating
Emerging risks	Risks that are known to some degree but are not likely to materialize or have an impact for several years.
Risk Triggers	An external uncontrolled event that can lead to catastrophic consequence to the University. This event will impact the University's Strategic and Operational risks and can create new risks for the University.

Versions

<u>Version</u>	Action	Approved by	Business Owner/s	Approval Date
Version 1	Approved	Chief Operating Officer	Director, Audit and Risk	25 September 2020
Version 2	Approved	Chief Operating Officer	Director, Risk	15 December 2021
Version 2	Reconfirmed, unchanged	Chief Operating Officer	Director, Risk	16 February 2023
Version 3	Approved	Deputy Vice Chancellor, Student Services and Operations	Director, Risk	16 February 2024
Version 4	Approved	Deputy Vice Chancellor, Student Services and Operations	Director, Risk	10 February 2025