Appendix 1

The risk management process adopted at the University includes eight steps:

**Step 1: Establish the context**

Establish the context within which your School/Directorate/Centre operates. Consider both the internal and the external environments of the School/Directorate/Centre (the University, the industry sector, stakeholders, etc).

Clearly define the objectives of your School/Directorate/Centre, the criteria that must be met to achieve these objectives, the purpose and scope of this risk management plan, and the consultative methods you will employ for the development and implementation of this plan.

The objectives of your School/Directorate/Centre must be consistent with the Key Objectives of the University.

**Step 2: Identify relevant risks**

In the educational sector, risks can be classified under the following headings:

1. Commercial and financial (e.g. loss of commercial income streams, loss of University funds through fraud, mismanagement or theft, breach of contract).
2. Human (e.g. injury or illness to members of the University community).
3. Business continuity (e.g. interruption to or downgrading of delivery of programs or services through loss of physical assets [fire, flood], essential services [water, power, information technology], labour [strike, resignation], etc).
4. Environmental (e.g. contamination of air, water, land by a chemical or other substance).
5. Reputation or public relations (e.g. allegations of academic fraud, misuse of public resources, mistreatment of staff/students, etc).
6. Political or economic (e.g. activities being jeopardised through political decision or intervention, loss of research grant or other public income stream).
7. Legal or management (e.g. prosecution, loss of key personnel).

**Step 3: Define the likelihood that each adverse event will occur**

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost certain</td>
<td>imminent or will occur within twelve months</td>
</tr>
<tr>
<td>Probable</td>
<td>will probably occur between one to five years</td>
</tr>
<tr>
<td>Possible</td>
<td>may occur after three years</td>
</tr>
</tbody>
</table>
### Step 4: Determine the consequence rating for each adverse event and its severity

<table>
<thead>
<tr>
<th>Consequence Rating</th>
<th>Commercial Financial</th>
<th>Human</th>
<th>Business Continuity</th>
<th>Environmental</th>
<th>Reputation Public Relations</th>
<th>Political Economic</th>
<th>Legal Management</th>
</tr>
</thead>
</table>
| **Extreme**        | Loss > $20m of revenue  
Extreme loss of market share  
Large programs terminated | Multiple loss of life or permanent impairment  
Pandemic or epidemic | Extensive loss of essential services for longer than one month affecting a Campus | Long term environmental damage affecting a Campus | Substantial loss of reputation/loss of confidence by media/public  
International/National media coverage | Parliamentary enquiry/ loss of Govt/Minister's support  
Administrators appointed | Unexpected loss of several key personnel/ extensive staff turnover  
Critical compliance error |
| **High**           | Loss < $20m of revenue  
Major loss of market share  
Major program delayed > twelve months Competition from new providers  
Student numbers declining | Single loss of life or permanent impairment | Extensive loss of essential service for longer than a month affecting a School/ Directorate/ Centre | Environmental damage affecting a Campus and requiring extensive remediation | Major loss of reputation  
Loss of stakeholder support  
Major complaints by stakeholders on program management  
Extended national/local media coverage | Ministerial attention: matters reported in Parliament / Departmental oversight  
Significant public concern raised | Unexpected loss of a key senior manager, or significant staff turnover  
Major commitment made without authorisation |
<table>
<thead>
<tr>
<th>Consequence Rating</th>
<th>Commercial Financial</th>
<th>Human</th>
<th>Business Continuity</th>
<th>Environmental</th>
<th>Reputation Public Relations</th>
<th>Political Economic</th>
<th>Legal Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medium</strong></td>
<td>Financial loss &lt; $5m of revenue</td>
<td>Health impairments to students and staff requiring rehabilitation</td>
<td>Critical service loss for more than a week affecting a program</td>
<td>Local environmental damage affecting a School/ Directorate/ Centre and requiring minor works</td>
<td>Significant complaints about programs</td>
<td>Inability to provide quality and consistent service</td>
<td>Decrease in support from Government or stakeholders</td>
</tr>
<tr>
<td></td>
<td>Some loss of market share</td>
<td>Student numbers low</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Inadequate records of a commercial negotiation</td>
</tr>
<tr>
<td></td>
<td>Student numbers low</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Low</strong></td>
<td>Financial loss &lt; $1m of revenue</td>
<td>Minor health incident with local treatment</td>
<td>Local only, service loss for a small number of days</td>
<td>Brief pollution with remediation/ damage to small area</td>
<td>Minor complaints about programs resolves locally</td>
<td>Performance concerns resolved by Vice-Chancellor</td>
<td>Inadequate consultation with program stakeholders</td>
</tr>
<tr>
<td></td>
<td>Student numbers stable</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Step 5: Define the level of risk

Combine likelihood and consequence rating to arrive at a risk rating.

<table>
<thead>
<tr>
<th>Consequence Rating</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Extreme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost Certain</td>
<td>Moderate</td>
<td>High</td>
<td>Extreme</td>
<td>Extreme</td>
</tr>
<tr>
<td>Probable</td>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
<td>Extreme</td>
</tr>
<tr>
<td>Unlikely</td>
<td>Low</td>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
</tr>
</tbody>
</table>

Step 6: Identify and implement risk treatment actions for each of the risks identified

The level of risk as defined in Step 5 defines the priority level for each of the risk treatment actions and the level of resources that may be invested in them.

A risk treatment plan needs to include:

1. one or several risk treatment actions for each risk identified;
2. responsibilities, schedules, expected outcomes, performance measures and budgets for each action;
3. mechanisms for assessing and monitoring the progress of the implementation of the actions and their effectiveness against objectives.

Risk treatment actions can be classified under the following headings:

1. Avoiding the risk (e.g. ceasing an activity, disposing of assets).
2. Reducing the likelihood of the risk (e.g. modifying work practices to prevent incidents, implementing stricter controls).
3. Reducing the consequences of the risk (e.g. reducing inventory, improving early detection mechanisms, physically protecting assets, implementing incident management measures).
4. Sharing the risk (e.g. insurance, partnerships).
5. Retaining the risk.

When determining what treatment options are appropriate for a given risk, you should consider:
Step 7: Determine the expected level of residual risk after treatment actions have been implemented

Use the process outlined in Steps 3, 4 and 5 to evaluate the level of risk that can be expected to remain once the risk treatment actions have been implemented.

Step 8: Monitor, review and report on the implementation of the risk treatment actions

Actions for Extreme and High risks need to be monitored regularly and require quarterly reporting to the Vice-Chancellor's Senior Team. Actions for lower risks require annual reporting.