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**Risk Assessment Guideline**

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## Purpose

Risk management is an iterative process of continual improvement which seeks to identify, analyse and evaluate risk in a standardised manner across all University functions and activities. Through the use of a standard methodology, risks can be compared, categorized and assessed to ensure that they fall within acceptable limits as set by the University Council and VCST. The risk assessment process also assists in identification of gaps and areas of potential improvement and documenting treatment plans to bring risks to an acceptable level.

This procedure guides the process of risk assessment and mitigation to achieve a consistent approach to risk management across Federation University Australia.



* *Figure 1 – AS ISO 31000:2018*

## Step 1: Establish the scope and context

Establishing the scope of your risk assessment requires that you consider all factors which may be relevant to your decision making processes:

* What is my objective – what am I setting out to achieve?
* Broader implications – what affect could my project/decision have on other facets of the university and how does it sit within our strategic objectives?
* Who should be involved – who are the stakeholders who may be impacted by this project/decision or may be able to give me relevant information to assist me?
* Regulatory environment – Is there legislation which I need to consider?

## Step 2: Risk Identification

Identifying risk is the process of looking at your objectives and identifying what could impact on your ability to achieve that objective. Risks can be positive (opportunities) or negative (threats).

The University identifies and assesses risk across seven broad categories:

|  |  |
| --- | --- |
| CATEGORY | CONSIDERATIONS |
| Financial | What are the possible short, medium and long term financial impacts? |
| People | What are the safety or health and wellbeing implications?Do we have the right people with the right skills and accountability? Do we have adequate resources? |
| Business interruption | What will the impact of this decision/project have on the operation of the school, directorate or University as a whole? |
| Environmental | What are the environmental risks associated with the project/initiative? What are the implications for our sustainability objectives? |
| Reputational and Political | What are the potential positive and negative impacts to brand and reputation?  |
| Quality and Regulatory | Does the project or decision comply with regulatory and legal requirements? Will it impact compliance with standards or impact registration? |
| Fraud and cybercrime | What are the risks of internal or external fraud? Are adequate cyber security measures in place? |

In Identifying your risks, you should also be considering and documenting what controls you have in place to minimize the chance of things going wrong and the maximize the potential for your project to proceed and meet expectations. **Controls** should be ongoing processes, systems, policies, procedures, audits, reviews and reporting, which direct or control behaviour and enhance accountability.

## Step 3: Analyse the Risks

The aim of analysing risks is to determine where the greatest risks and opportunities exist. On this basis risk treatment plans can be developed, resources allocated where most effective and decisions made at the appropriate levels of the organisation based on best available information and a consistent criteria of evaluation.

Risk analysis is based on a simple matrix considering the likelihood of an event occurring and the likely consequence of that occurrence. A University wide set of consequence and likelihood criteria has been developed that should suffice for most risk management activities down to project level. The applicability of these criteria needs to be examined as part of establishing the context for each individual risk assessment activity.

Determining the likelihood

The first step in analyzing risk involves determining the realistic likelihood of the identified risk occurring. The likelihood can be measured in the context of a period of time based on past history and stakeholder specialist knowledge.

Determining the consequence

The consequence of a risk can be expressed using a variety of different types of criteria such as financial cost, health and safety, reputational damage. The university has developed a table of consequence ratings across the seven identified categories of risk to guide assessment of potential consequence. When assessing the potential consequence, consideration should be given to each of the relevant criteria.

## Step 4: Evaluating the Risk

The level of risk is determined by aligning the consequence and likelihood using the risk-rating matrix *(Appendix 1)* to derive a level of risk. Once this is determined, a comparison to the Risk Appetite Statement *(Appendix 2)*should be undertaken to establish whether the risk is within the University’s acceptable risk levels, or whether further remediation is required.

If the risk sits within the acceptable level a decision may be made to implement treatments to further reduce the risk, or to accept the risk at its current level. Where the risk is assessed as beyond the acceptable level, treatment plans must be implemented to reduce or eliminate the risk.

## Step 5: Treating Risks

Treatment of risk requires that actions are taken to reduce the likelihood of the risk materialising or the event occurring, limiting the potential consequences if the risk materializes, or a combination of both. Multiple treatments may be required to reduce the risk as far as reasonably practicable.

Treatments may include a variety of measures including implementing new policies and procedures, limiting exposure, purchasing insurance, seeking further professional advice, outsourcing and implementing training programs.

When determining risk treatments a number of factors must be considered:

Will the treatment effectively reduce the risk?

Is the cost proportionate to the risk reduction achievable?

How long with it take to implement?

Is the treatment in line with best practice?

Are the resources (human and financial) available?

What additional risks might the treatment introduce?

Risk treatment plans should be recorded, including who is responsible for delivery of each identified treatment and target dates for delivery. An expected risk rating should then be recorded indicating the expected residual risk once the treatments have been applied.

Risk treatments plans should be regularly reviewed by the risk owner to ensure that treatments are implemented and will be reviewed and monitored by the Risk and Integrity Unit.

## Step 6: Recording and Reporting

All risk assessments must be recorded in the appropriate risk register

## Step 7: Monitoring & Review

Sound risk management requires ongoing review and is based on a cycle of continuous improvement. Identified risks may change or cease dependent on both internal and external circumstances.

Monitoring and review of both risks and treatment plans are the responsibility of the identified risk owner. The table below denotes the University’s cycle of review.

|  |  |  |
| --- | --- | --- |
| RATING | APPROVAL AND REVIEW | ACTIONS |
| Extreme | VCST approval and active management | * Consideration should be given to ceasing or delaying the activity until treatments can be implemented to reduce the risk.
* Approval to proceed must be obtained from the VCST prior to commencement.
* Ongoing review of risk treatments must be undertaken by the appropriate member of VCST.
* On identification the risk must be reported to the Chancellor for Council awareness and consideration.
* Reported quarterly to the A&RMC.
 |
| High | Provost/DVC/COO/PVC approval and continuous review | * Risk owner to regularly monitor application of controls.
* Treatment plans to be implemented and updated quarterly.
* Changes in risk to be notified to approver as soon as practical
* A&RMC review on request.
 |
| Medium | Director or equivalent approval and annual review | * Review controls for potential improvement.
* Monitor risk treatment plans and update quarterly.
* Quarterly review of risk analysis and controls.
 |
| Low | No formal escalation required. Annual review. | * Dean, Director or equivalent oversight to identify changing circumstances that may increase the level of risk.
* Quarterly review of risk and controls.
 |

## Assistance and Advice

For assistance or advice in conducting risk assessments, risk reviews or updating risk registers please contact:

* Enterprise Risk Function - Strategy and Office of the Vice-Chancellor
* Operational Risk Function - Chief Operating Office
* Project Risk Function - Chief Operating Office

Appendix 1 – [Risk Matrix](https://policy.federation.edu.au/forms/Federation-University-Risk-Matrix1.docx) (DOCX 155.7kb)

Appendix 2 – [Risk Appetite Statement](https://policy.federation.edu.au/forms/Risk-Appetite-Statement.docx) (DOCX 222.3kb)