Risk Management Plan

Purpose

1. The Australian International Institute of Higher Education's ('the Institute') Risk Management Plan (the Plan) is an integral part of the overall planning and review processes of the Institute. The Plan sets out an approach to support the Institute in achieving its strategic objectives by making prudent risk-based decisions. This enables high performance across the Institute's various activities as well as promoting risk-aware behaviour through reducing threats and maximising opportunities. This Plan demonstrates a systematic proactive approach to risk as part of the Institute's overall governance.
2. The Plan sets out a framework to identify, assess, evaluate, and mitigate risk and to embed a risk mindset into day-to-day operations. The Institute's approach to the identification and treatment of risks will be consistent with the *Tertiary Education Quality and Standards Agency Act 2011* and is in accordance with the International Standard for Risk Management (AS/NZS/ISO31000:2018).

Scope

3. This Plan applies to:
   a) all staff of the Institute whether full-time, part-time, casual or contract;
   b) members of the Institute's Governing Bodies;
   c) individuals engaged in providing services to the Institute or receiving services from the Institute or education agents, such as students, contractors or consultants;
   d) all key activities and processes at the Institute.

Definitions

4. The following definitions are based on the International Standard for Risk Management (AS/NZS/ISO31000:2018):
   a) ***Risk:*** The chance of something happening which will have an impact upon objectives. It is measured in terms of *consequence (impact)* and *likelihood (probability)*. Risk = Consequence x Likelihood;
   b) ***Likelihood:*** Probability/frequency/chance that an event will occur;
   c) ***Consequence:*** The outcome/impact of an event or situation, expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event;
   d) ***Inherent Risk:*** The probability of loss arising out of circumstances or existing in an environment, in the absence of any action to control or modify the circumstances (before controls);

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e) ***Residual Risk:*** Exposure to loss remaining after other known risks have been countered, factored in, or eliminated through control activities (after controls);

f) ***Risk Assessment:*** The overall process of risk identification, analysis, and evaluation. It provides an understanding of risks, their causes, consequences, and likelihood;

g) ***Risk Treatment***: Selection and implementation of appropriate options for dealing with risk. Conceptually, treatment options will involve one or a combination of the following five strategies. Once a treatment has been implemented it becomes a control. There can be multiple treatments for a risk:

   i. avoid the risk;
   ii. reduce the likelihood of occurrence;
   iii. reduce the consequences of occurrence;
   iv. transfer the risk;
   v. retain/accept the risk.

Risk management

5. Risk management is the systematic management of activities that involve a material degree of financial loss or other type of damage to the Institute. The risk management process involves the methodical application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring, and communicating risk. Risk management is part of the Institute's day-to-day management processes and is annually reviewed and managed proactively.

6. Risks can emanate from internal and external sources. Risks can include issues such as: human error; client dissatisfaction; adverse publicity; physical safety and security of staff; low performing management and staff; equipment or computer failure; legal and contractual matters; and fraud. It is not possible to have a totally risk-free environment. Many decisions involve managing risks in line with the Institute's assessment of what constitutes an acceptable level of risk (risk appetite) and its judgements about the costs and benefits of courses of action.

7. The Institute's objectives in adopting a risk management plan are to:

   a) ensure that the major inherent and residual risks faced by the Institute are identified, understood and appropriately managed;

   b) ensure that the Institute's planning and operational processes focus on areas where risk management is needed; and

   c) create an environment where the Institute's staff take responsibility and accountability for identifying and managing risk.

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Measurement of risk

8. Residual and Inherent Risks are defined as the product of consequence and likelihood scales (*see Appendices One and Two*).
9. Each individual scale is ranked from 1- 5.
10. Therefore, the residual/inherent risk product score ranges from 1- 25 and is classified as:

High	product range of 12.1 – 25.0
Medium	product range of 4.1 – 12.0
Low	product range of 0.1 – 4.0

11. This is a so called 'traffic light' approach to risk. Residual risks rated highest will be given the most immediate priority.

Risk identification, evaluation, assessment and mitigation

12. The Institute is risk aware as evidenced by the following behaviours and processes.
13. The Institute's Governing Council and Academic Board will propagate an organisational culture that is risk-focussed, and proactively integrates risk-aware behaviour into the Institute's business activities and processes. The risk management approach will ensure that the Institute's systems and staff are equipped to identify, evaluate, assess and mitigate risk.
14. Under the supervision of the Governing Council, the CEO will provide effective oversight of the strategic and operational functions of the Institute to ensure that risk is appropriately managed (through appropriate structures, processes and decision making) and that appropriate and effective treatment actions are undertaken.
15. The CEO will ensure completion of Risk and Control Self Assessments (RCSAs) for all functional areas (split by process and further split by activity), which allow a systematic and consistent approach to risk management. This is a tool to be used to identify and assess inherent and residual risk in all the Institute's functions, processes or activities. It will allow the Institute to identify areas where risk management is needed, identify what control gaps exist and to create an action plan to address the gaps and thus mitigate risk. This process will be ongoing and require periodic reviews and updates.
16. The Institute maintains a Risk Incident Reporting Process via the *AIIHE Risk Register and Risk Incident Register*. This ensures that the Institute logs all risk incidents or near misses that cause (or could have caused) loss or damage to the Institute such as financial losses, reputational damage, compliance breaches, health and safety breaches/issues and other stakeholder issues. This process is designed to capture deficiencies or gaps in internal controls and is used to ensure that any weaknesses in processes are identified and rectified as they occur (corrective controls). Current and emerging risks must be incorporated in the risk register as they are identified.
17. When reporting a risk incident, the following minimum information must be recorded:

    a) date of incident and person reporting;

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b) detailed description of incident or near miss;

c) financial loss or potential financial loss;

d) other consequences or potential consequences (e.g. reputation, compliance, efficiency, health and safety);

e) root cause;

f) remediation required; and

g) remediation plan.

TEQSA's Risk Assessment Framework

18. The TEQSA Regulatory Risk Framework identifies categories of risk in line with the Threshold Standards to frame a detailed set of risk indicators (see below) across institutional practice and outcomes. The risk assessment of providers against these indicators is based on a balance of quantitative and qualitative information, allowing for expert judgement in finalising the assessment.

19. TEQSA makes an overall evaluation against "Risk to Students" and "Risk to Financial Position". This evaluation uses a traffic light approach of a high, moderate, or low rating.

20. TEQSA focuses on four (4) key areas in risk assessments to support the overall evaluation:

    a) regulatory history and standing;

    b) students (load, experience, and outcomes): risk indicators include cohorts completed; student load; attrition rate; progress rate; completions; graduate satisfaction; graduate destinations

    c) academic staff profile: Risk indicators include senior academic leaders; student to staff ratio; academic staff on casual work contracts; and

    d) financial viability and sustainability (as well as other identified risks)

21. TEQSA's assessment is predominately focused on institutional risk while the Institute incorporates a much wider remit of operational risk into its risk assessment plan and processes. The Institute ensures that as part of its Plan it identifies and assesses institutional risk and implements controls where appropriate to address key risk areas outlined above.

Reporting and review

22. The aim of regular review of the *Risk Management Plan* is to identify when new risks arise and to monitor existing risks to ensure that treatments or controls are still effective and appropriate.

23. The frequency of the review will depend on the risk rating, the strength of controls and the ability to effectively treat the risk.

24. All staff at the Institute will play a role in continuous monitoring of known or emerging risks and regularly checking or ensuring that controls are in place and are being used.

25. The CEO will report annually on all risk matters to the Governing Council but where any matters represent extreme and high-risk the CEO will report these immediately to the Council.

26. This Plan will be reviewed by the Executive Management Team in accordance with the Institute's *Planning Framework*, *Quality Assurance Framework*, and the *Policy Development Policy and Procedure*.
27. The CEO will review annually (or as needed) the Risk Management Plan. During the review an assessment will be made of the effectiveness of the treatments proposed for managing and minimising risks that may impact on the operations of the Institute. Based on this review and assessment a new Risk Management Plan will be published.
28. The Risk Management Plan will be approved and ratified by the Governing Council.

Responsibilities

29. The CEO is responsible for:
    - overseeing risk management of the Institute from an operational perspective line with the Institute's Risk Management Plan;
    - maintaining and updating the *AIIHE Risk Register and Risk Incident Register*;
    - reporting risks to the Audit and Risk Committee and the Governing Council as appropriate.
30. The Audit and Risk Committee is responsible for:
    - reviewing Risk Management Plan bi-annually and review the Risk Register at each meeting;
    - monitoring risk management processes, including identification, evaluation, treatment, documentation and periodic review;
    - reporting risks to the Governing Council.
31. The Governing Council is responsible:
    - approving the Risk Management Plan;
    - approving and monitoring the *AIIHE Risk Register and Risk Incident Register*;
    - for overseeing risk management of the Institute's higher education operations.

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Associated information

Approving body	Governing Council
Date approved	9 October 2020
Date of effect	Commencement of operation
Next scheduled review	Two years from when policy commence
Policy owner	Audit and Risk Committee
Policy contact	Audit and Risk Committee
Related AIIHE Documents	*Planning Framework* *Quality Assurance Framework* *Stakeholder Feedback Policy* *AIIHE Strategic Plan*
Higher Education Standards Framework (Threshold Standards) 2015 (Cth)	*Standard 6.2* *Standard 6.3*
Other related external instruments/documents	**Related Legislation** • *Tertiary Education Quality and Standards Agency Act 2011*

Document history

Version	Author	Changes	Approval Date
1.0	Not applicable	Original version	9 October 2020

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Appendix One - Consequence (impact) Scales

		1	2	3	4	5
A	**Financial in AUD:**	< AUD$1K	AUD $1K - AUD $100k	AUD $100K - AUD $500K	AUD $500K - AUD $1M	> AUD $1M
B	**Operational Efficiency**	▪ Operational inefficiencies easily overcome and not materially affected. ▪ No effect on operational requirements or accountability.	▪ Institute's ability to meet key operational requirements would not be affected with minor accountability implications. ▪ Recovery would be quick without need to divert resources.	▪ Operational inefficiencies require significant additional resources and revised planning to overcome. ▪ Resources would be required to be diverted from core areas and recovery would be gradual.	▪ Significant impact on customer service and Institute operations. ▪ Institute unable to meet major portion of obligations and liabilities. ▪ Institute's asset/ resource base may be significantly depleted.	▪ Critical deterioration in ability to continue operations and delivery product/ service to client. ▪ Institute unable to meet obligations and liabilities.
C	**Reputation / Brand**	Little or no impact on brand/reputation or public perception.	Localised adverse impact on brand/reputation but can recover.	National adverse impact on brand/reputation but can recover gradually.	Significant and sustained national negative impact on reputation/public perception.	Significant and sustained impact on reputation/ public perception over a long period. Difficult to recover.

		1	2	3	4	5
D	**Stakeholders**	Stakeholder interests would not be affected.	Some minor effects on the interests of stakeholders. For example, other sources or avenues would be available to stakeholders	Stakeholders would experience considerable difficulty pursuing their rights and entitlements.	Stakeholders would be unable to pursue their rights and entitlements.	Stakeholders would face major consequences.
E	**Compliance**	Low priority. Compliance breach or inability to meet regulatory requirements is unlikely to have an adverse effect.	Medium priority. Compliance breach has the potential to give rise to an adverse finding from a Regulator and minor accountability implications.	High priority. Compliance breach has potential to result in financial penalty being imposed. Institute would have trouble complying with key regulatory requirements, which may jeopardise accreditation.	Critical priority. Compliance breach causes significant reputational damage to the Institute. The Institute would not be able to comply with most of its regulatory requirements with a likelihood of accreditation being suspended.	Severe priority. Compliance breach has the potential to cause the revocation of the Institute's licence. Severe accountability implications would result in the Institute being unable to meet regulatory requirements.

Appendix Two - Likelihood Scales:

		1	2	3	4	5
A	**Probability**	Likelihood under 10% Remote or unlikely for an error to occur.	10%- 25% Some chance but not much chance of an error occurring.	25% - 50% Possible– 50/50 chance of error occurring	50% - 75% Probable – very good chance of error occurring	More than 75% likelihood. Certain or expected.
B	**Experience**	Very infrequent occurrence: ▪ never or not in the last few years ▪ has never occurred in the industry.	Rarely, Infrequently: ▪ has incurred in the industry but not here.	Monthly/ Occasionally: ▪ has occurred here e.g. monthly.	Weekly/Frequently/ Often: ▪ has occurred frequently e.g.: weekly.	Frequent (daily): ▪ occurs regularly e.g. daily.

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