

Curtin University

RISK MANAGEMENT PLAN

VOLUME One

Risk Management Framework

2009 – 2011

1. CURTIN RISK MANAGEMENT PLAN 2009 – 2011

Curtin's Risk Management Policy provides the framework for the development of a three-year Risk Management Plan. The Plan will incorporate a rolling action plan with an annual cycle of review and budget allocation, which in turn provides the mechanism for implementation of the policy. The purpose of the Risk Management Plan is to:

- Establish and maintain an organisational policy for planning and performing the risk management processes.
- Identify priorities
- Set objectives and targets
- Define performance indicators (linkage to University's Strategic Plan and its Operational Plan)
- Assign responsibility and authority for performing the process, and identifying the resources to implement the risk management plan.
- Establish mechanisms to monitor, evaluate and report progress.

2. GUIDING PRINCIPLES

The University recognises that risk is inherent in all academic, administrative and business activities and that every member of the University community manages risk. The University continues to evolve in how it manages risk and does so through formal and systematic processes that are regarded as good management practice. Curtin follows systems based on International Organization for Standardization *ISO 31000 – Risk Management – Principles and Guidelines on Implementation*, and Standards Australia AS/NZ 4360 – *Risk Management*. As a result of these systems, Curtin promotes the adoption of a culture which integrates a strategic and formal approach to risk management which improves decision-making and enhancing outcomes and accountability.

3. DEFINITIONS

Detailed list of definitions of risk management terminology used in the Policy, Guidelines and Framework are at Schedule 1 of this document and The key definitions used in this policy have been drawn from International Organization for Standardisation *ISO/IEC Guide 73 - Risk management – Vocabulary* and are as follows:

Risk is the effect of uncertainty that may impact upon the University's objectives. It is measured in terms of the consequence of an event and the associated likelihood of occurrence.

The concept of risk includes the possibility of good things not happening (risk as opportunity), the threat of bad things happening (risk as hazard) and the potential that actual results will not equal anticipated outcomes (risk as uncertainty).

Curtin acknowledges that risk not only includes the possibility of economic or financial loss or gain, but also injury or death, physical damage, environmental harm and business interruption or a negative reputation and image.

Risk is measured in terms of a combination of the consequences of an event or a change in circumstances, and the associated likelihood of occurrence.

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the University environment.

It is the understanding of our business objectives and the systematic application of management policies, procedures and practices to the task of establishing context, identifying, analysing, assessing, treating, monitoring and communicating risks which will direct the University towards the effective management of these potential opportunities or adverse effects.

4. OBJECTIVES OF THE PLAN

The Risk Management Plan and the Risk Management Guidelines (to be developed in 2010) are designed to assist members of the Curtin community in the business risk management process. In general the purpose of the plan is not to make Curtin risk averse, but to allow managers, staff and students to pro-actively identify and manage risks in order to optimise academic, business and research opportunities in achieving Curtin's goals and objectives.

The intent of the Risk Management Plan and the Risk Management Guidelines is to create a culture of risk management in day-to-day activities in a convenient and cost beneficial manner.

5. Risk Standard – ISO 31000 and AS/NZ 4360

The Australian New Zealand Standards for Risk Management (AS/NZ 4360) has been the key focus in implementation of risk management in Australia across government at all levels, academic, public and private sectors. The endorsement of the new *ISO 31000 – Risk Management – Principles and Guidelines on Implementation*, by 28 countries representing all continents, effectively replaces AS/NZ 4360. The inclusion of sections on Principles and Framework along with the recommended process enhances the way in which the University can manage risk. The AS/NZ 4360 process has been integrated into the ISO 31000 enabling a seamless transition into the new framework. WA Treasurer's Instruction 835 *Risk Management and Security and Implementing Risk Management* (RiskCover, Insurance Commission of WA) also served as resource for the Risk Management Plan and the Risk Management Guidelines.

The Risk Management Plan and the Risk Management Guidelines are consistent with ISO 31000 and adopt the key aspects of the Principles, Framework, and risk management process.

6. MANDATE AND COMMITMENT

6.1 Commitment to Risk Management

Curtin is committed to the protection of its people, assets and promotion of strategic opportunities through effective management of risk by identifying, analysing, evaluation and treating exposures that are likely to impact on its goals and objectives. Curtin recognises that risk management is an integral part of good management practice and is committed to achieving best practice in the area of risk management and will communicate its principles and practices throughout the University.

Curtin's Risk Management Program is underpinned by the Risk Management Policy which outlines the expectations that Council and Curtin Executive have of all members of the Curtin

community with respect to risk management. Implementation of the Risk Management Policy, through the Risk Management Plan and Risk Management Guidelines will ensure management can demonstrate that risks in all parts of the University are being identified and managed in a way that is appropriate for Curtin's academic, administrative and business environment and Curtin's goals and objectives.

7. DESIGN OF FRAMEWORK

7.1 Organisation and Context

The University's vision is to be an international leader shaping the future through our graduates and research, and positioned among the top 20 universities in Asia by 2020. Supporting Curtin's commitment to teaching, learning and research, diversity and corporate social responsibility, is the belief that the principles of risk management should underpin and apply to all activities in which the University is involved.

The University's Strategic Plan's primary aim is to ensure the University's future growth and success by implementing five key strategies. The strategies and actions set out in this Plan will contribute to each of these areas in the following manner:

- ***Culture of Excellence and Innovation:*** fostering a University-wide good risk management practice to underpin Curtin's culture of excellence and innovation.
- ***High Quality courses in areas of strength:*** support delivery of high quality courses to improve learning experience, strengthen teaching quality and consolidate on teaching strengths through the creation of a culture of academic risk management which safeguards the University's assets – human, financial, reputational, physical and information.
- ***Strengthen Research capability and performance:*** develop, support and promote the effective management of research risk and minimise incidents and losses and maximising opportunities for, and in, new research.
- ***International Excellence:*** support overseas programs and projects which permit growth and innovative program development while not harming Curtin's international academic standing, assets and reputation.
- ***Enhance Capacity and Financial Sustainability:*** support the University in enhancing capacity and financial sustainability by adopting risk management strategies across the University that assist to inform decision-making consistent with the University's Vision, mission and goals.

7.2 Curtin Risk Management Policy

The Curtin University Risk Management policy commits the University to achieve the following:

- Establish a best practice systematic approach to the effective management of risk at Curtin in line with the University's Strategic Plan
- Create an environment where members of the University community assume responsibility for risk management.
- Safeguard the University's assets – human, financial, reputation, physical and information;

7.3 Curtin Risk Management Plan (Volume One) which contains:

- Information on the general concept of risk and its application to the Curtin community, staff and students;
- Risk Management Framework
- Information on the implementation of the Risk Management Policy across Curtin.

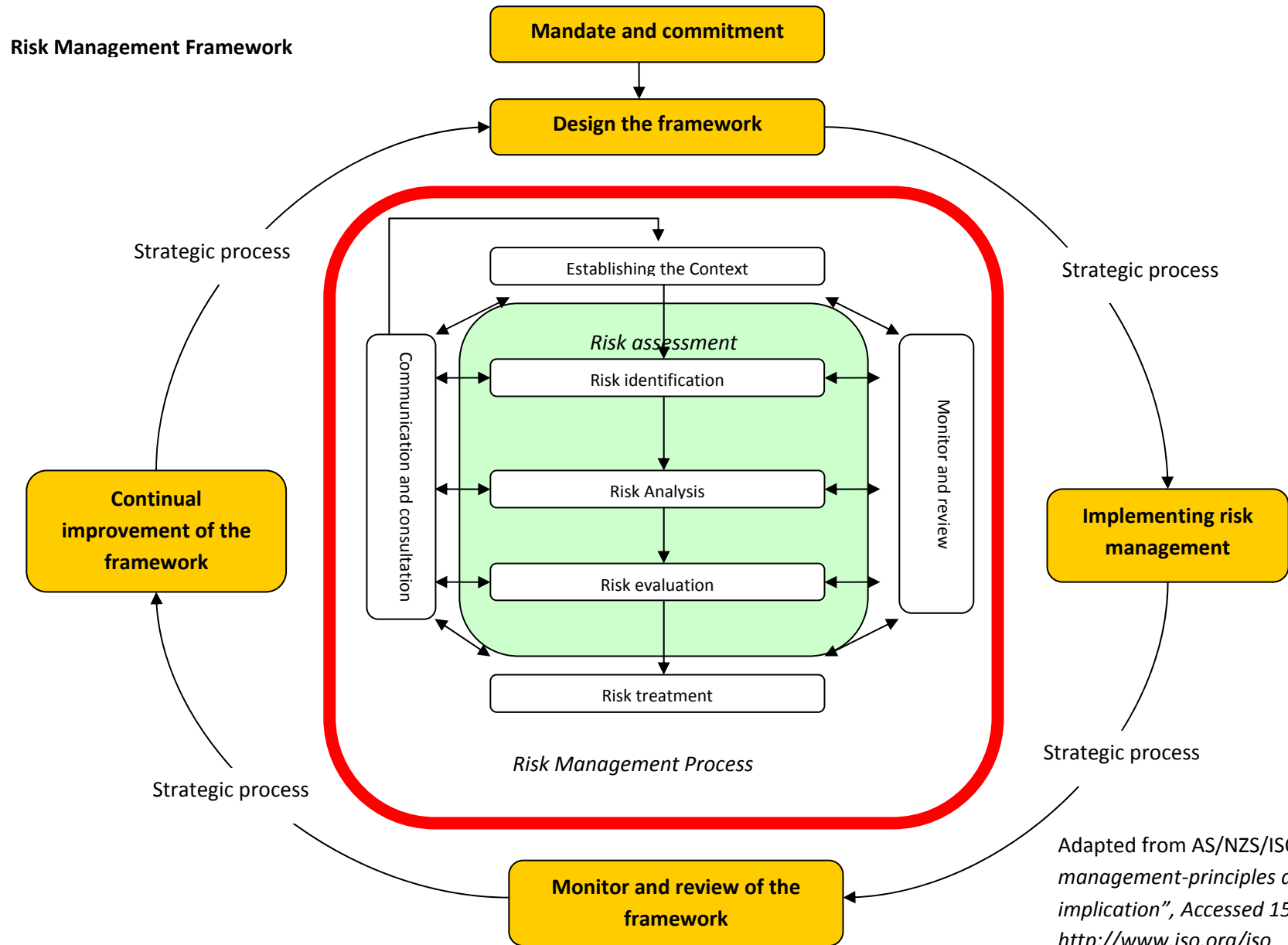
7.4 Curtin Risk Management Guidelines (Volume Two to be completed in 2010) will contain:

- Procedures, principles, techniques and tools to be applied in all areas of risk exposure with special emphasis on corporate and business risks which may affect the University in meeting its goals and objectives.
- Risk Management Assurance Program which outlines how the business risk management process is to be conducted at Curtin at the various levels of the organisation.

7.5 Risk Management Process

- **Establish a context** to understand the academic, international, strategic, organisational, and operational risk management context against which the risk management process will be evaluated. This context will be closely aligned to the strategic objectives of each Organisational Unit at the University and how individual Organisational Unit objectives contribute to the overall objective of Curtin.
- **Identify risks** which the Organisational Unit can encounter and identify what, why and how risks arise as the basis for further analysis.
- **Analyse and assess** identified risks. This is the determination of existing controls and the analysis of business risks in terms of consequence and likelihood in the context of these controls. These risks will be evaluated to allow for the ranking and prioritising of each risk.
- The **treatment or control** of unacceptable or higher priority risks or risks which are not adequately controlled. Risk registers require the identification of risk treatment and controls such that the residual risk is consistent with the University's risk appetite and tolerance established in the Risk Assessment Matrix and commensurate with an appropriate risk reward ratio.
- Appropriate **Communication and Consultation** with internal and external stakeholders should occur at each stage of the risk management process, as well as throughout the process as a whole.

Fig: ISO/DIS 31000 Risk Management Framework



Adapted from AS/NZS/ISO: 31000, "Risk management-principles and guidelines on implication", Accessed 15th Sept 2009, <http://www.iso.org/iso>

8. IMPLEMENTATION : CURTIN RISK MANAGEMENT FRAMEWORK

The University has developed a framework to ensure risk is managed in a systematic and comprehensive manner across the University. It is recognised that all members of the Curtin community have a significant role in the management of risk. While this role may vary from identifying and reporting risks associated with their own jobs or activities to participation in a formal University or business risk management process, it is important this process takes place in a consistent, systematic framework.

Table 1 below is an illustration of the University’s risk management framework (based on the UNSW Risk Management Framework model)

Structure & Processes	Resources & Commitment	Risk Financing
<ul style="list-style-type: none"> • Risk Management Policy • Risk Management Plan • Risk Register • Loss Reporting • Annual Risk Review • Implementation of Strategy & Planning into RMP 	<ul style="list-style-type: none"> • Executive Committee; Planning and Management Committee • Risk Management Committee • Corporate Risk • Internal Audit • Strategy & Planning 	<ul style="list-style-type: none"> • Commercial Insurance • Self Insurance

8.1 Structures and Processes

The structures and processes of the Curtin Risk Management Framework ensure that a systematic process is created and implemented across the University. They include document hierarchies, policies, procedures and reporting guidelines which will assist the University in implementing risk management across all aspects of the University in accordance with best practice guidelines and legislative requirements.

These structures and processes enable risk management to become integrated into the general management and culture of Curtin and will foster an environment where staff and members of the University community assume responsibility for managing risks.

The key components of the structures and processes for the Risk Management Framework include:

- **The Risk Management Policy**

This policy outlines the risk management culture of the University and the expectations placed on Curtin’s staff by Council and Curtin Executive regarding the management of risk.

Implementation of the policy will ensure management can demonstrate that risks in all parts of the University are being identified and managed in a way that is appropriate for the Curtin environment and objectives.

- **The Risk Management Plan**

A document designed to guide the implementation of Curtin's Risk Management culture as expressed in the Risk Management Policy. When joined with the Risk Management Guidelines both documents ensure the delivery of consistent business risk management practice across the University.

- **Risk Register/s**

The reporting tool by which all strategic, operational and Organisational Unit level risk information will be stored centrally by Corporate Risk, who will be responsible for ensuring the information is available for reporting and analysis of cross-organisational risk.

- **Loss Reporting**

Historical and current information regarding the risks which have occurred at Curtin is collected by Corporate Risk and distributed on a routine basis to Curtin management as part of the annual strategic review process. Accurate data, depicting frequency and severity of historic losses will be used as part of the risk identification, analysis and assessment process.

Incident and hazard reporting are additional sources of risk information which may assist Curtin's organisational units in the identification of risk and the monitoring the success of risk treatment and control strategies. This information is available from Corporate Risk as part of the annual strategic review process.

- **Annual Risk Reviews**

A critical element of the University's Business Risk Assurance Framework, which involves an annual examination of risk on a University-wide basis. This review will be conducted using a two-tier approach with Direct Report to the Vice Chancellor and Executive Managers annually reviewing risk as part of a scheduled Risk Management Forum.

- **Business Risk Assurance**

Key audit point in the Risk Management Plan and Risk Management Guidelines is the Business Risk Assurance Framework which outlines how Organisational Units at Curtin will demonstrate their awareness of key business risks and how these risks will be managed and controlled. This will demonstrate to Curtin's Senior Executive and Council a systematic process is in place to address the management of risks in the strategic planning process.

8.2 Resources & Commitment

The key resources of the Risk Management Plan are the committees and internal consultants who will guide and assist the University in the business risk management process.

Committees and resources include:

- Executive Committee of Council
- Audit & Compliance Committee of Council
- Planning & Management Committee
- Risk Management Committee
- Corporate Risk
- Curtin Internal Audit Office
- Office of Strategy and Planning

8.3 Risk Financing

An outcome of the Risk Management Plan and the Risk Management Guidelines will be a greater understanding of Curtin's risk appetite i.e. the extent to which the University is comfortable self-funding identified areas of risk and the potential losses associated with such risk.

Through more effective business risk management and through the delivery of a risk management culture at Curtin, there is greater potential to implement cost effective risk financial methodologies which will assist the University in meeting its goals and objectives through maximising internal and external financial resources.

9. CONTINUAL IMPROVEMENT OF THE FRAMEWORK

Following the annual reviews and reports arising from the loss registers, decisions on how the risk management framework, policy and plan may be improved will be undertaken in line with the ISO 31000 standards, Treasury's instructions and AUQA recommendations. These decisions will lead to improvements in the University's risk management and risk management culture.

References:

International standards ISO DIS 31000, *"Risk management-principles and guidelines on implication"*,
Accessed 15th Sept 2009, <http://www.iso.org/iso>

University of New South Wales Risk Management Plan.