

# UNSW



## *Risk Management Plan*

### *Volume 2: Guidelines*

*July 2006*

*Approved: Risk Management Advisory Group*

*Date: August 2006*

*August 2006*

*Reviewed By Risk Management Committee of Council*

## **1.0 INTRODUCTION**

The following guidelines have been developed to assist members of the UNSW community to meet the intent and to gain the benefits of UNSW's Risk Management Policy. (<http://www.riskman.unsw.edu.au/risk.shtml>). The overall aim of the risk management program is to ensure that UNSW is able to meet its strategic, operational and compliance goals and objectives in an environment of possible risks.

We recognise that UNSW will have to incur risks in the pursuit of its research, teaching and learning, international and community objectives. The purpose of these guidelines is to provide a consistent framework which will assist all members of the UNSW community to recognise and manage risks inherent in the conduct of their activities as we deliver academic and research excellence on a local, national and international scale.

UNSW values its people, its community, and resources. We encourage all members of the UNSW community to act in ways which control and treat risks in order to minimise potential injuries, damage to assets and setbacks which will adversely affect UNSW's pursuit of excellence and leadership.

## **2.0 SCOPE**

These guidelines apply to all business units at UNSW and its controlled entities. They apply to all UNSW Faculties, Divisions, Centres, controlled entities and joint ventures.

## **3.0 RESPONSIBILITIES**

As per the Risk Management Policy, risk management is a whole-of-university activity. All members of the UNSW community have a role to play; in particular, staff should take an active role in the identification of potential business and operational risks facing their Faculty or Division, programs, research, business or work unit and take steps to successfully treat these risks to minimise their frequency and consequences on UNSW.

UNSW promotes a risk management culture. For senior management, this role may be more strategic in nature, however, line management (both academic and general) are responsible for the identification of risks and the development of mitigation plans. This includes the implementation of risk reduction strategies within their areas of concern. Similarly, staff with project management responsibilities will also be responsible for the development and implementation of risk treatment plans for the research or UNSW projects they oversee.

As part of our culture, we promote the view that risk management is to be integrated with other strategic and operational planning processes and management activities.

Typical risk related roles and responsibilities include:

### **3.1 Deans/Directors**

Dean of Faculties and Directors of Divisions have the responsibility to ensure that risks are identified for their business units and effective control measures are in place.

### ***3.2 Heads of Schools/Centres***

Heads of Schools have the responsibility to ensure that risks in their business units are identified and reviewed on an annual basis. This includes the design and implementation of appropriate treatment plans and the monitoring the effectiveness of such control measures.

### ***3.3 UNSW Controlled Entities***

The management of UNSW controlled entities are responsible to ensure their risks are managed in manner consistent with the UNSW Risk Management Policy.

### ***3.4 Risk Management Unit***

The Risk Management assists and facilitates the risk management process at UNSW. This includes assistance with risk assessments and reviews with Faculties, Schools, Divisions, Controlled Entities, etc, the compilation of risk data bases and the routine review of risk registers. This role includes consulting to business units on matters of risk and its control as well as the implementation of these Guidelines.

### ***3.5 Internal Audit***

Internal Audit has the responsibility to monitor the risk management process across the UNSW community to ensure risk is managed in accordance with UNSW's Risk Management Policy. Internal Audit will also examine nominated risk controls to determine the effectiveness and suitability of control methods and will advise business units and Council of their findings.

## ***4.0 UNSW CONCEPT OF RISK MANAGEMENT***

### ***4.1 Preamble***

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

UNSW recognizes that risk is inherent in all academic, administrative and business activities and that every member of the University community manages risk. Over the years formal and systematic approaches have evolved to manage risks and are regarded as good management practice. UNSW follows systems based on the Standards Australia ***AS/NZ 4360 – Risk Management***. As a result UNSW promotes the adoption of a culture which embraces a strategic and formal approach to risk management which improves decision-making, enhances outcomes and accountability.

## **4.2 Key Risk Management Documents at UNSW**

### 1. Risk Management Policy

The cornerstone of UNSW's Risk Management Program is the Risk Management Policy which can be found: <http://www.riskman.unsw.edu.au/risk.shtml>

This policy outlines the expectations Council and Senior Management have of all members of the UNSW community with respect to risk management.

### 2. Risk Management Plan Volume 1: Framework

In addition to the Risk Management Policy, Risk Management Plan Volume 1: Framework, ([www.xxxx.xxx.xxx](http://www.xxxx.xxx.xxx)) provides an outline for the development of a risk management culture at UNSW, incorporating a rolling action plan with an annual cycle of review and budget allocation which provides the mechanism for implementation of the Risk Management Policy at UNSW.

### 3. Risk Management Plan Volume 2: Guidelines

The Risk Management Plan Volume 2: Guidelines, is a procedural guide to assist members of the UNSW community in the risk management process. In general, the purpose of the risk management program is not to make UNSW risk averse but to allow managers, staff and students to pro-actively identify and manage risks in order to optimise business, academic and research opportunities to achieve the objectives of UNSW.

The guidelines outline the risk management process at UNSW and provide tools and templates to ensure a consistent approach to risk management across the organisation.

For any questions regarding these Guidelines, please contact the Risk Management Unit at 9385 1414.

## **4.3 Structure of Risk Management**

We acknowledge that risk management is already part of UNSW's academic and business practices. Risk assessments are standard part of the following UNSW activities in areas such as:

- OHS Management - safety risk assessment and hazard management as required by WorkCover and UNSW OHS Management System ([http://www.riskman.unsw.edu.au/ohs/Pdf%20version%20of%20documents/Proc\\_OHS\\_Risk\\_Management.pdf](http://www.riskman.unsw.edu.au/ohs/Pdf%20version%20of%20documents/Proc_OHS_Risk_Management.pdf))
- Commercialisation Management - in the establishing and reporting on commercial activities at UNSW. (<http://www.legal.unsw.edu.au/compliance.htm>)

- Research Management - as part of the application process for new and continuing research project and grants. (<http://www.ro.unsw.edu.au/accounts/accept.shtml>)
- Internal Audit and Controls - as part of the annual self-assessment developed by Internal Audit for all UNSW operations.

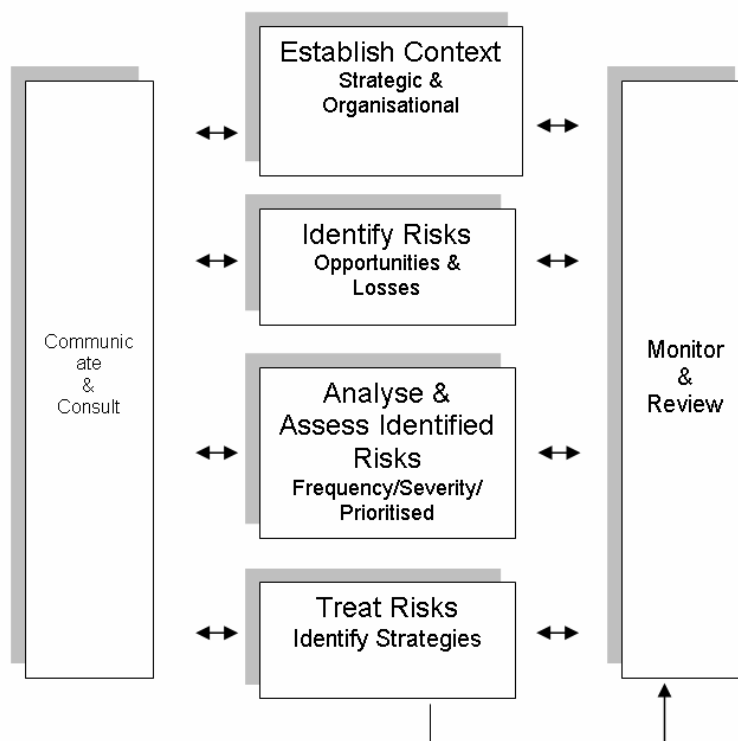
The purpose of these guidelines is to assist all members of UNSW in meeting their obligations as per the Risk Management Policy in areas of operational and strategic management including:

- The operation and management of UNSW business units
- The operation and management of UNSW Facilities and Schools
- The operation and management of all UNSW controlled entities
- The operation and management of all UNSW research centres, institutes and
- The operation and management of all UNSW major projects.

## 5.0 THE UNSW RISK MANAGEMENT PROCESS

To meet the commitment of the Risk Management Policy for ongoing best practices in the area of risk management, UNSW follows a risk management process based on the **AUS/NZ Standards 4360: Risk Management**. The Risk Management Unit is available to assist UNSW business units, controlled entities, research centres and project managers with the implementation of the risk management process.

The process is depicted in Table 1 below:



**Table 1 - UNSW Risk Management Process**

### 5.1 When to Conduct the Risk Management Process

While the management of risk is an ongoing management activity there are times when the formal risk management process should be utilised. Examples include:

1. On an annual basis as part of the environmental scan of the strategic planning process,
2. Prior to the commencement of new initiatives by Schools, Divisions, Faculties or Controlled Entities,
3. Prior to the commencement of any project with a total value greater than \$3 million ,
4. Prior to undertaking any new commercial activity or joint venture,
5. Following a significant incident, near miss or other event which identifies a previously unrecognised risk,
6. Prior to the commencement of any activity where serious injury or significant property loss foreseeable, and
7. When required by UNSW policy or procedures. (Note: OHS Policy requires risk assessment for many activities, please consult the UNSW OHS website at : [http://www.riskman.unsw.edu.au/ohs/forms\\_Risk%20Assessment.shtml](http://www.riskman.unsw.edu.au/ohs/forms_Risk%20Assessment.shtml))

### 5.2 A Brief Guide to the Steps in the UNSW Risk Management Process

While the implementation of the risk management process may vary from application to application, there are common elements in all risk assessments which must be incorporated. These common elements are illustrated in Table 1 above, can be found in greater detail in the **AUS/NZ Standards 4360: Risk Management** and are outlined below. UNSW employs a 5-step process, based on **4360**. Each step is summarised below and lists the possible tools and resources available assist in each step. The appendices contain copies of forms, templates and guides to be used in the process.

Process Step	Step Summary	Tools & Resources
<p><b>Step 1</b> <b>Establish the Context</b></p>	<p>UNSW's context is its strategic and organisational environment against which the risk management process will take place. It establishes the criteria against which risk will be evaluated and conducted.</p> <p>A key guide to establishing the goals and objectives of UNSW is the <b>UNSW Strategic Plan 2005</b>.</p> <p>Typical Strategic Elements of UNSW Include:</p> <ul style="list-style-type: none"> <li>• UNSW's Strategic Goals and Objectives</li> <li>• Key UNSW Stakeholders</li> <li>• UNSW's Political Environment</li> </ul>	<p>Tools &amp; methods by which Faculty, Schools, Research Centres, Business Units and project managers can better understand their context include:</p> <ul style="list-style-type: none"> <li>• Reviewing UNSW strategic goals and objectives.</li> <li>• Reviewing Faculty, School/Business Unit strategic goals and objectives.</li> </ul>

	<ul style="list-style-type: none"> <li>• UNSW’s Natural Environment</li> <li>• UNSW’s Economic Environment</li> <li>• UNSW’s Academic Environment</li> <li>• UNSW’s Technological Environment</li> <li>• UNSW’s Legal Environment</li> <li>• UNSW’s Social Environment</li> </ul> <p>Typical operational elements of the UNSW context would include:</p> <ul style="list-style-type: none"> <li>• UNSW’s Academic Environment</li> <li>• UNSW’s Financial Environment</li> <li>• UNSW’s Community Environment</li> <li>• UNSW’s Research Environment</li> <li>• UNSW’s Human Resources</li> <li>• UNSW’s Compliance Environment</li> </ul>	<ul style="list-style-type: none"> <li>• SWAT Analyses</li> <li>• Personal experience, corporate history</li> <li>• Past audits</li> <li>• Brainstorming</li> <li>• Questionnaires</li> <li>• Expert judgements</li> <li>• Loss histories and incident report investigations</li> <li>• <b>AS/NZ: 4360</b></li> <li>• The Risk Management Unit’s database and consulting.</li> </ul>
<p><b><i>Step 2</i></b> <b><i>Identify Risks</i></b></p>	<p>To UNSW, risk identification is the most critical step in the risk management procedure. A risk not identified is excluded from the rest of the risk management process and may be untreated or inadequately controlled.</p> <p>The risk Identification procedure is best performed utilising a well-structured systematic process as the objective of the process is to generate a comprehensive list of events, which if they occur would affect UNSW’s objectives, goals and operations.</p> <p>In additional to identifying potential risks it is also necessary to consider possible causes and impacts of each individual risk.</p> <p>The Risk Management Unit is available to assist in this process and can be reached at 9385 1414.</p> <p>Risks should be identified and recorded on the business unit’s Risk Register (Appendix B) on an annual basis.</p> <p>If possible a consistent method of expressing risk should be utilised across UNSW. A guide to the standard expression of risk at UNSW is found in Appendix E.</p>	<p>Commonly used risk identification tools include:</p> <ul style="list-style-type: none"> <li>• Checklists (See Appendix Item C – UNSW Risk Categories)</li> <li>• Guide to Risk Identification Exercise (See Appendix Item D)</li> <li>• Past Business Unit experience</li> <li>• Past loss records</li> <li>• Flow Charts</li> <li>• Work Unit Brainstorming</li> <li>• Interviews</li> <li>• Structured Seminars and Workshops</li> <li>• Systems and Scenario Analysis</li> <li>• Risk Management Unit consultation</li> </ul>
<p><b><i>Step 3</i></b> <b><i>Analysis and</i></b></p>	<p>All risks identified through Step 2 and recorded on the business unit’s Risk Register (Appendix B) should be analysed and assessed to determine their level of risk.</p> <p>UNSW has developed a risk rating system, which is found in Appendix E, F and G. Risk assessment tools allow risks identified in Step 2 to be qualitatively assessed and recorded on the Risk Register for the business unit, School or Faculty,</p> <p>The risk assessment process is a three step process where we:</p> <ol style="list-style-type: none"> <li>1. Consider the consequence of the risk – what could</li> </ol>	<ul style="list-style-type: none"> <li>• UNSW Risk Register (Appendix B)</li> <li>• UNSW Risk Frequency Assessment Tool (Appendix F)</li> </ul>

<p><b>Assessment of Identified Risks</b></p>	<p><i>reasonably</i> happen as well as what has actually happened. Select a descriptor which is most suitable for the consequence in light of existing controls. (Appendix G)</p> <ol style="list-style-type: none"> <li>2. Consider the likelihood of the risk – what is the likelihood of the identified risk happening? Consider this without any new controls in place. Look at the descriptions and chose the one which is most suitable. (Appendix F)</li> <li>3. Calculate risk – taking the ratings established in Steps 1 and 2, consult the risk matrix to find the appropriate score which corresponds with the ratings on the matrix found in Appendix H.</li> <li>4. Record values on the Register of Risks in the appropriate columns (Appendix B)</li> </ol>	<ul style="list-style-type: none"> <li>• UNSW Risk Consequence Assessment Tool (Appendix G)</li> <li>• UNSW Risk Rating Matrix (Appendix H)</li> <li>• <b>AS/NZ: 4360</b></li> </ul>
<p><b>Step 4 Control of Risks</b></p>	<p>The objective of the risk control step is to identify and implement the most appropriate risk treatment or control option(s) so risks can be regarded as adequately mitigated.</p> <p>This step in the process requires a wide range of control and treatment options be identified and examined. The overall objective of this step is to ensure that effective strategies are in place to minimise the frequency and severity of identified risks. Existing controls must also be examined to determine whether they are effective in reducing the overall risk to UNSW.</p> <p>Risk Control options often fall in to the following categories:</p> <ul style="list-style-type: none"> <li>• <b>Risk Avoidance</b> – taking action or making decisions which ensure the risk can not possibly occur at UNSW.</li> <li>• <b>Risk Reduction</b> – taking actions or making decisions which reduce the likelihood of a risk occurring at UNSW.</li> <li>• <b>Risk Mitigation</b> – taking action or making decisions which reduce the consequences of risk to UNSW if they should occur.</li> <li>• <b>Risk Transfer</b> - taking actions, making decisions, or establishing management systems which transfer either the responsibility for the risk or responsibility to finance the effect risk if it should manifest itself at UNSW</li> </ul> <p>Selecting the Best Risk Controls</p>	<ul style="list-style-type: none"> <li>• UNSW Risk Register (Appendix B)</li> <li>• Sample risk control techniques in Appendix I</li> <li>• The Risk Management Unit</li> <li>• Internal Audit</li> <li>• Senior Management consultation</li> <li>• Stakeholder consultation</li> </ul>

	<p>The selection of appropriate risk controls requires each business unit to take an action which will assist in the management of the identified risk. These actions are to be listed in the Unit's Register of Risks, (Appendix B) can to be created as a result of workshops, meetings of key stakeholders or other such methods which facilitate the listing of the most efficient and effective risk control techniques given the environmental factors and available resources.</p> <p>It is useful to identify control measures in terms of Pre-Loss actions, those which take place before the risk manifests itself, and Post loss actions, those which occur after a loss in order to reduce its consequence.</p> <p>Each risk control or treatment action should be assigned to a person in the Faculty, School or business unit who is responsible to ensure the prescribed action takes place. This person will also be directly responsible for ensuring progress is made toward issues affecting the selected risk control measure. The identity of the responsible person should be recorded in the appropriate column on the Register of Risks.</p> <p>Copies of completed UNSW Registers of Risks should be submitted to the Risk Management Unit.</p> <p>Each risk control action should also have a date when the risk and its control actions will be re-examined by the nominated responsible person or a date by when the selected risk control method will be fully employed or implemented for the identified risk. Such dates may also depict dates of inspection, implementation dates for selected control techniques, etc.</p>	
<p><b><i>Step 5 Monitor, Review, Communicate and Consult</i></b></p>	<p>As risk controls are set up to manage known and understood causes, it should also be recognised that both the sources of risk and/or controls may change over time thus regular monitoring and review is required. UNSW operates in a dynamic environment and as a result; we witness frequent changes in the operating context.</p> <p>Each business unit should establish a treatment monitoring program to ensure that:</p> <ul style="list-style-type: none"> <li>• Risk treatments are implemented as required.</li> <li>• Risk treatments are reasonable and efficient their operation.</li> <li>• Risk treatments are suitable for their intended purpose.</li> <li>• Risk treatments are effective in meeting their objectives of reducing the frequency or severity of the identified risks.</li> </ul>	<ul style="list-style-type: none"> <li>• UNSW Internal Audit Review</li> <li>• UNSW Internal Audit Self-Review</li> <li>• Risk Management Unit Consultation &amp; Review</li> <li>• Physical inspections</li> <li>• Policy Reviews</li> <li>• Review by external experts</li> </ul>

	<p>All business risks should be reviewed on at least an annual basis as part of the Risk Management Assurance Program, outlined below.</p> <p>Business Units should note there may be a particular need for awareness of potential changes resulting new situations, projects or activities. Such changes may effect the successful application of risk control strategies. It is also important to note that changes in stakeholder expectations should be considered as well.</p>	
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### **5.3 Risk Management Process Summary**

Through the use of methodologies such as those above, the, Faculty, School, Division or Business Unit can ensure an ongoing review process is taking place so that the risk management process remains relevant in our dynamic University environment. Few risks remain static, and the risk management process must recognise this fact and ensure systems are in place to regularly repeat the risk management cycle. According to the **AS/NZ 4360**, review is an integral part of the risk control and treatment process.

The Standard also tells us that communication and consultation are important considerations at each step in the risk management process. This requires a two way dialogue between stakeholders at every step in the process, with efforts focused on consultation rather than a one way flow of information from the School, Faculty or business unit decision makers to the relevant stakeholders.

It is important to communicate risk management information. UNSW encourages employees to be open about risks, as we feel that by sharing information we can learn from the experiences of others and share the ways in which we manage similar risks. Risk information sharing can be facilitated through:

- An annual business unit risk review, established as a regular feature of management and staff meetings.
- An annual Faculty or Division risk review as part of the strategic planning process
- Following an accident, incident, lawsuit or “near miss” which has highlighted the need for closer examination and treatment of risks
- As a standard part of an application, approval or business case process within the Faculty, School or Business Unit.

It is also important to consult with members of the University community and relevant stakeholders about risks and to include them in the risk management process. Stakeholders could include:

- Senior Management Groups
- Other Schools, Faculties or business units
- The Risk Management Unit
- Financial Services Division
- Legal Division

- Members of the local community.

## **6.0 RISK ASSURANCE PROCESS**

### **6.1 The Annual Risk Review**

All UNSW Heads of School, Heads of Business Units and Heads of Controlled Entities, etc. will review, on an annual basis their operation's strategic and operational risks. Their completed Register of Risks is evidence of that process.

It is recommended that the following participants contribute to the School/Business Unit annual risk review:

- The Head of School or Business Unit will lead the process as part of the Unit's strategic planning session.
- The School or Business Unit's senior management team
- A Representative of the Risk Management Unit, if required.
- A minute taker or recorder.

The purpose of the Annual Risk Review will be to:

1. Allow the Head of School or Business Unit Manager to report on the strategic goals and objectives for the Unit and how those objectives align with the Divisional/Faculty strategic objectives.
2. Allow the unit's manager to review historical loss information provided by the Risk Management Unit.
3. Allow a comprehensive assessment of the School/Unit's risks including identifying risks which may affect the Unit meeting their goals and objectives.
4. Permit the School/Business Unit to employ risk management methodology as outlined above.
5. Permit the School/Unit to update and/or complete their Register of Risks for all identified risks for submission to the Dean or Business Unit Director.

### **6.1 Additional Risk Reviews**

In addition to the annual review as listed above, there may be times when a formal risk assessment is required. This risk assessment will result in either additional to the existing Register of Risks for the business unit or in the compilation of a separate Register of Risks. Examples include:

- All new activities planned for the upcoming year to ensure that any unacceptable risk exposures are identified and managed at an appropriate level.

- All new projects with a total value in excess of \$3 million.
- All new joint ventures or commercial activities planned for the upcoming year to ensure that any unacceptable risk exposures are identified and managed at an appropriate level.
- Following reports of serious losses, accidents, injuries affecting their operations.
- At the recommendation of the Risk Management Advisory Group (RMAG)

***Appendix Item A***  
***Risk Management***  
***Glossary of Terms***  
*(Source: AS/NZ 4360)*

Consequence	The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There maybe a range of possible outcomes associated with an event.
Cost	Includes both direct and indirect costs of activities, involving any negative impact, including money, time, labour, disruption, goodwill, political and intangible loss.
Event	An incident or situation, which occurs in a particular place during a particular interval of time.
Frequency	A measure of the rate of occurrence of an event expressed as the number of occurrences of an event in a given time (see also likelihood and probability)
Hazard	A sources of potential harm or a situation with a potential to cause loss.
Likelihood	Used as a qualitative description of probability or frequency.
Loss	Any negative consequence, financial or otherwise.
Monitor	To check, supervise, observe critically, or record the progress of an activity, action or system on a regular basis in order to identify change.
Probability	The likelihood of a specific event or outcome measured by the ratio of specific events or outcomes to the total number of possible events or outcomes. Probability is expressed, as a number between 0 and 1, with 0 indicating an impossible event or outcome and 1 indicating an event or outcome is certain.
Risk	The chance of something happening that will impact

	upon objectives. It is measured in terms of consequences and likelihood.
Risk acceptance	An informed decision to accept the consequences and likelihood of a particular risk.
Risk analysis	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
Risk assessment	The overall process of risk analysis and evaluation.
Risk avoidance	An informed decision not to become involved in a risk situation.
Risk control	Part of risk management that involves the implementation of policies, standards, procedures and physical changes to eliminate or minimise adverse risk.
Risk delegate	Appropriate staff member who is responsible and accountable for the decision regarding whether a risk is acceptable or requires further treatment.
Risk engineering	The application of engineering principles and methods to risk management.
Risk evaluation	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.
Risk financing	The methods applied to fund risk treatment and the financial consequences of risk.
Risk identification	The process of determining what can happen, why and how events arise as the basis for further analysis.
Risk level	The level of risk calculated as a function of likelihood and consequence.
Risk management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.
Risk management process	The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluation, treating, monitoring and communication risk.
Risk rating	The combined effect of the likelihood of the occurrence of the event and the severity of the impact of the event.
Risk reduction	A selective application of appropriate techniques and management principles to reduce either likelihood of an occurrence or its consequences or both.
Risk retention	Intentionally or unintentionally retaining the responsibility for loss or financial burden of loss within the organisation.
Risk transfer	Shifting the responsibility or burden for loss to another party through legislation, contract, insurance or other means. Risk transfer can also refer to shifting a physical risk or part thereof elsewhere.

Risk treatment	Selection and implementation of appropriate options for dealing with risk.
Stakeholders	Those people and organisations who may affect, be affected by or perceive themselves to be affected by, the decision or activity.
SWOT analysis	Provides an assessment of an organisation's strengths, weaknesses, opportunities and threats to provide a snapshot of the present and a view of what the future may hold.

## Appendix Item B UNSW Register of Risks

School/Budget Unit.....

Date of risk analysis.....

Completed by.....

Reviewed by.....

Risk Category	Statement of Risk	Impact of Risk	Assessment		Risk Rating	Risk Controls	Person Responsible	Review Date
			Severity	Frequency				
Image and Reputation	A risk of widespread adverse publicity resulting from a poorly administered high profile research project.	Research Income Enrolments Recruitment\ Staff	3	C	M	1.Routine Reviews 2.Ethics Committee 3.Policy and Procedure	Harry Rosenthal	12-09-04

### ***Appendix Item C UNSW Risk Categories***

In order to assist in the risk identification process, the Risk Management Advisory Group has recommended the following 6 general categories of risk (listed below). These categories are not designed to be exhaustive but are to serve as a guide for organising, identifying and reporting risks and findings. These risk categories may be helpful when identifying and analysing risks and identifying key risk drivers and underlying causes, as well as links between various categories of risk and specific Faculty/School/Business Units.

Managers are advised to take note of these categories but not to be constrained by them. The categorisation of risks is a key element of the Risk Management Process and is recorded on the business unit's UNSW Risk Register under the appropriate column Appendix B).

<b><i>Risk Categories</i></b>	<b><i>Broad Definitions</i></b>
Image and Reputation Risks	Risks relating to the generation of adverse publicity, deletion of goodwill, course content, course reviews, examinations or any other mechanism by which there would be a negative effect on the University's local, national and international reputation.
Environment Risks	Risks relating to environmental impacts of UNSW activities including pollution, toxic substance release, exposure to radiation which affects UNSW's tangible & intangible assets and the local environment.
Liability and Compliance Risks	Risks relating to potential UNSW liabilities including third party lawsuits, contract disputes, or non-compliance with Acts and Regulations, Common Law or internal policies and procedures. It can include legal issues arising from matters of discrimination, negligence, failure in duty of care, or the delivery of UNSW services or products.
Financial Loss Risks	Risks relating to any aspect of UNSW operations which results in either an increase in UNSW expenses or a decrease in UNSW revenues. Examples of sources of revenue decreases could include significant reduction in student enrolments, reductions in research funding or traditional funding sources. Sources of increases in expenses could include additional costs in University administration, legislative compliance, internal auditing, recruitment and investigations.
Staff Risks	Risks relating to the members of the UNSW community and resulting from utilising academic and general staff at UNSW. These risks can include staff management issues such as, organisational change, staff morale, training and development, retirement, discipline, industrial relations, etc.
Health and Safety Risks	Risks relating to accident, injury or illness to UNSW staff, contractors, visitors, consumers of UNSW products, members of the UNSW community or public. Examples would include injuries which result in medical treatments, disability, fatalities or mental trauma.

**Appendix Item D - Guide for a Risk Identification Exercise**

- As per the Risk Management Policy, and the strategic planning process, It is the responsibility of all University Business Units, controlled entitles and Research Centres, on at least an annual basis to identify the risks which will prevent them from meeting their business goals and objectives. The guide below is designed to facilitate discussion on possible risks by providing a framework for discussion.
- The Risk Management Unit offers the generic tool below (Based on **AS/NZS 4360**) to assist business units in the risk identification process called the Sources of Risk Template. This template guides UNSW Business Units to assist in the compilation of their Risk Register (See Appendix B)
- Note: Please use 5 Areas of Impact (Categories of Risk) as a guide. If other areas of impact are significant please record them on the Risk Register and submit to the Risk Management Unit.

<b>Sources of Risk</b>	<b>Areas of Impact</b>						
	Image and Reputation	Environment	Health and Safety	Liability & Compliance	Financial Loss	Staff	Teaching & Learning
Teaching/Academics							
Research Activities							
International Programs							
Community Involvement							
Commercialisation							
Economic Circumstances							
Commercial & Legal Relationships							
Human Behaviour							
Political Circumstances							
Technology/Technical Issues							
Management Activities & Controls							
Individual Activities							

### ***Appendix Item E - Guide for a Risk Identification Exercise***

#### Use of UNSW Risk Descriptions

UNSW has adopted a standard method for expressing individual risks of the University. This method employs a narrative or storytelling format which ensures each risk is not only identified but also expressed in terms of possible causes and scenarios. UNSW's standard method of risk expression allows for:

1. Standard expression of risk among Business Units, Research Centres, Controlled Entities and Project Managers
2. Common frame of reference for risk analysis and assessment
3. Consistent format which will allow UNSW to compare and identify risks across Business Units.

The UNSW format requires that all risks be identified as an Outcome ("There is a risk of...") produced by an "Event" ("Resulting from" ...)

Examples are as follows:

***"A risk of*** widespread adverse publicity ***resulting from*** a poorly administered, high profile research project."

***"A risk of*** a fire in a lab, ***resulting from*** an overloaded electrical circuit... "

***"A risk of*** employee slipping, falling and being injured, ***resulting from*** a recently mopped floor."

## ***Appendix F Risk Frequency Assessment Tool***

- This is a description of the probability or likelihood of the risk expressed. We make this judgement based on our past experience and our knowledge of future strategic plans.
- For all risks listed in the ***UNSW Register of Risks (Appendix B)***, there is a column for recording the likelihood or frequency of each risk. To analyse each risk we must assign a designation (A, B, C, D, E or F) to reflect our judgement probability or frequency of this risk occurring in the future.
- Please use the six point scale below to rank the likelihood of each identified risk and records this on the ***UNSW Register of Risks*** under the appropriate “Frequency” column.
- The following Table offers the rating range for risk frequency and suggested “metrics” by which the ratings should be used. It is recognised that the suggested metrics are for consideration only, and should serves as guide to allow the user to consistently distinguish between the various 6 points on the scale.
- The objective of the process is to, to best of the user’s ability, identify whether the occurrence of a particular risk, under the current situation would occur and whether the occurrence of this risk would be regarded as rare, unlikely, possible, likely or almost certain.
- For assistance please contact the Risk Management Unit.

### **UNSW Risk Likelihood Scale**

<b>Rating</b>		<b>Likelihood of the risk arising and leading to the assessed level of consequences</b>	
A	Almost Certain	It is expected to occur in most circumstances	More than once a year
B	Very Likely	It expected to occur on an annual basis	Once a year
C	Likely	Will probably occur in most circumstances	Once in 2 years – Once in 5 years
D	Possible	Might occur at some time	Once in 5 years to 30 years
E	Unlikely	Not expected to occur	Once in 30 years to 100 <sup>1</sup> years
F	Rare	May occur only in exceptional circumstances	Exceptional circumstances only (>100 years)

### ***Appendix G Risk Consequence Assessment Tool***

- Severity or consequences are the outcome of an event, being a loss, injury, disadvantage or gain, in the event that a particular risk manifests itself. It is a measure of the potential impact of an expressed risk if it should manifest itself, leading to losses.
- Depending on category of risk being assessed, we consider factors such as human impact (including the number of people injured), property impact, net income impact (and the possible financial costs), reputation impact, (including mitigating costs) and liability impact (including fines and penalties) to UNSW.
- Please refer to the five point scale found below to rank the consequences for all risks found in the ***UNSW Register of Risks*** and record them in the appropriate column.

Description		Criteria					
		Health & Safety	Liability & Compliance	Financial Loss	Image & Reputation	Environment	Staff
5	Catastrophic	Multiple fatalities of staff, students, contractors or the public	Regulatory intervention and prosecution possible; fines, costs or penalties above \$1 million	Net revenue loss or asset damage exceeds \$20 million	Damage to reputation at international level; adverse international media coverage; major loss of Government, student or community support	Long term environmental damage (5 years or longer), requiring >\$5 million to study or correct or in penalties	A large number of senior academics or experienced staff leave
4	Major	Single fatality; or non recoverable occupational illness or permanent major disabilities (acute or chronic)	Breach of licenses, legislation, regulation or mandated standards; fines, costs or penalties from \$500K to \$1 million	Net revenue loss or asset damage between \$5 and \$20 million	Damage to reputation at national level; adverse national media coverage; Government agency questions or enquiry; significant decrease in community support	Medium-term (1-5 yr) environmental damage, requiring \$1 to 5 million to study or correct	Some senior academics or experienced staff leave, high turnover, not perceived as an employer of choice
3	Moderate	Loss time or restricted injury or occupational illness (recoverable)	Breach of external standards, guidelines or impending legislation, or subject raised as a corporate concern through audit findings or voluntary agreements; fines, costs or penalties from \$100K to \$500K	Net revenue loss or asset damage between \$0.5 and \$5 million	Adverse news in NSW state media; decrease in Government, student or community support	Short-term (<1 yr) environmental damage, requiring up to \$1 million to correct	Poor reputation as an employer, widespread attitude problems
2	Minor	Medical treatment required	Breach of internal procedures or guidelines; fines, costs or penalties less than \$100K	Net revenue loss or asset damage between \$100K and \$0.5 million	Adverse news in local media; concerns on performance raised by Government, students or the community	Environmental damage, requiring up to \$250,000 to study or correct	General morale and attitude problems, increase in turnover
1	Insignificant	On-site First Aid required, no lost time or occupational illness	No breach of licenses, standards, guidelines or related audit findings	Net revenue loss or asset damage <\$100K	Public awareness may exist, but there is little public concern; issue resolved promptly by day to day management process	Negligible environmental impact, managed within operating budgets	Negligible or isolated dissatisfaction

## Appendix H Risk Rating Matrix

Using the Risk Rating Matrix, below, the Faculty, School, and Business Unit should complete the analysis and assessment process by combining the selected risk frequency and risk severity ratings to determine the overall risk rating for each identified risk.

All Business Unit risks should be ranked from most extreme to the lowest to ensure the most critical risks are being managed.

### Risk Rating Matrix

<i>Likelihood</i>	<i>Consequences</i>				
	<i>Insignificant 1</i>	<i>Minor 2</i>	<i>Moderate 3</i>	<i>Major 4</i>	<i>Catastrophic 5</i>
<i>A Almost certain</i>	Medium	Medium	High	Extreme	Extreme
<i>B Very Likely</i>	Medium	Medium	High	High	Extreme
<i>C Likely</i>	Medium	Medium	Medium	High	High
<i>D Possible</i>	Low	Medium	Medium	High	High
<i>E Unlikely</i>	Low	Low	Medium	Medium	High
<i>F Rare</i>	Low	Low	Low	Medium	Medium

Key:

<i>Risk Rating</i>		<i>Suggested Management Responses</i>
E	Extreme Risk	Unacceptable risk - action must be taken immediately to reduce this risk.
H	High Risk	Senior management attention needed and management responsibilities specified for further action. Goal is to reduce high risks.
M	Medium Risk	Managed at division level , monitored by senior management specific monitoring or response procedures,
L	Low Risk	Manage by routine procedures, unlikely to need specific application of resources

**Note: Extreme and high risks may go to the RMAG for review.**

## Appendix I Sample Risk Control Measures

**Risk Reduction** - taking actions, making decisions, or establishing management systems which reduce the frequency or likelihood of the risk occurring at UNSW. Examples of risk reduction actions could include:

Review and compliance programs	Contract conditions	Standard operating procedures
Formal reviews of requirements	Inspection and process controls	Probity audits
Investment and portfolio management	Project management	Financial delegations
Preventative actions	Quality assurance, standards	OHS Management System
Research & Development	Structured training programs	Security and access procedures
Effective governance processes	Strategic, operational and tactical planning processes	Campus infrastructure planning
Supervision	Testing	Position descriptions
Technical controls	Organisational arrangements	Teaching methods

**Risk Mitigation** – taking actions, making decisions to establish systems which reduce the severity or consequences to UNSW in the event the risk manifests itself and losses occur.

Examples of such actions could include:

Business continuity & disaster recovery Plans	Contingency planning	Fire suppression systems
Contractual arrangements	Contract conditions	IT Security and Access Procedures
Stakeholder Management Program	Engineering & structural barriers	Integrated Risk Management Program
Separation of items exposed to risk	Fraud control and detection systems	Teaching & Learning Management Plans
Portfolio planning`		Research Plans and Strategies
Separation or relocation of activities or resources	Succession planning	Back-up of IT data and Recovery Plans
Insurance	Public relations	Code of Conduct
Ex gratia payments	First aid training	Student Support Services