



Title:

Risk Management Policy

Version	1.0
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Short description	Policy setting out the principles underpinning the University's approach to risk management and the responsibilities of management and staff.
Relevant to	All employees (including controlled entities)
Authority	University Council
Responsible officer	University Auditor
Responsible office	Office of Planning and Audit
Date introduced	June 2006
Date(s) modified/reviewed	June 2009
Next scheduled review date	June 2010
Related University documents	Corruption and Maladministration Policy and Reporting Procedure Occupational Health, Safety and Welfare Objectives and Responsibilities Policy
Related legislation	Charles Sturt University Act 1989 Public Finance and Audit Act 1983 Ombudsman Act 1974 Independent Commission Against Corruption Act 1988 OHS Act 2000
Key words	policy, risk management, compliance, risk appetite, risk profile, risk assessment, responsibilities, Council, Audit and Risk Committee, Compliance and Commercial Activities Committee

1. INTRODUCTION

- 1.1 The vision of Charles Sturt University (CSU) is to be a national university for excellence in education for the professions, strategic and applied research and flexible delivery of learning and teaching.
- 1.2 Effective risk management is necessary for competent strategic decision making and the conduct of efficient, effective and robust business processes that allow the University to take up opportunities while meeting required standards of accountability, compliance, probity and transparency. Sound management practices based on expertise, innovation and contingency planning can reduce high inherent risk exposures to acceptable levels.

2. PURPOSE

- 2.1 Risk Management is a core component of University governance.
- 2.2 The purpose of this policy is to:
 - (a) develop a culture of risk awareness whilst maintaining a culture of innovation and realisation of opportunities within Charles Sturt University;
 - (b) ensure compliance with risk management processes that are mandated by Government;
 - (c) integrate and align risk management systems with Charles Sturt University's activities and business processes;
 - (d) encourage continuous review and improvement of the University's risk assessment and management processes.
- 2.3 The objectives of the Risk Management Policy are to:
 - (a) ensure that corporate risks are taken into account when making strategic management decisions;
 - (b) ensure the management of operational risk is integrated into standard management and accountability processes; and
 - (c) develop an environment where staff assume responsibility for managing risks.

3. PRINCIPLES

- 3.1 This policy is based on principles of:
 - (a) commitment — the University is committed to the identification and effective management of risk;
 - (b) disclosure — the University will identify and document material risks in a systematic manner and take appropriate action to manage these risks;

- (c) integration - the University will integrate the Risk Management Standard (AS/NZS 4360:2004) and link staff accountability measures following established reporting lines;
- (d) improvement - the University will apply the improvement cycle of Plan, Implement, Review, Improve (PIRI) to the implementation of risk management.

4. SCOPE

The Risk Management Policy applies to Charles Sturt University as a whole, its controlled entities and all staff of Charles Sturt University and its controlled entities.

5. DEFINITIONS

5.1 Charles Sturt University has adopted the definitions provided in the Australian/New Zealand Standard AS/NZS 4360:2004: Risk Management:

- (a) Risk – ‘the chance of something happening that will have an impact upon objectives’ (AS/NZS 4360:2004)
- (b) Risk Management — ‘*the culture, process and structures that are directed towards realizing potential opportunities whilst managing adverse effects*’ (AS/NZS 4360:2004)
- (c) Risk Management Process — ‘*The systematic application of management policies, procedures and practices to the tasks of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk*’ (AS/NZS 4360:2004)
- (d) Residual risk – ‘the risk remaining after implementation of risk treatment’ (AS/NZS 4360:2004)
- (e) Risk Appetite —the degree of risk, on a broad-based level, that a company or other entity is willing to accept in pursuit of its goals
(Council of Sponsoring Organisations)

6. EXPECTATIONS

- 6.1 All staff of Charles Sturt University and its controlled entities shall comply with the Risk Management Policy, regulatory and funding body requirements.
- 6.2 The University Auditor on behalf of the Vice-Chancellor shall co-ordinate an annual University wide risk assessment.
- 6.3 Faculties and Divisions shall be aware of the risk areas that need to be controlled within their areas of responsibility and will ensure that the Vice-Chancellor is informed of emerging risk areas.
- 6.4 Managers shall manage the risks associated with their areas and will document their risk management processes. Managers will report any

unacceptably high emerging or residual risks to their supervisor. Managers will, if they deem it necessary, terminate an activity that is assessed as an unacceptably high risk.

- 6.5 The University Auditor on behalf of the Vice-Chancellor will co-ordinate, at a minimum, an annual risk assessment of entities which are owned or part owned by the University, partnerships and joint ventures including associated and related companies.
- 6.6 Contingency plans will be developed and tested to help ensure the continuity of key business processes and Information Technology systems.
- 6.7 The Critical Response Group on each campus will maintain a critical incident response plan. This will be co-ordinated and maintained by the Division of Facilities Management.
- 6.8 All significant projects and activity proposals, including commercial activities, will include a business plan incorporating risk analysis that will be kept up to date.
- 6.9 Projects will be conducted using approved CSU methodologies which incorporate risk management.
- 6.10 Individuals will act with regard to the wellbeing and safety of themselves and others in the University community.
- 6.11 Activities for managing risks should, where practical, be consistent with the principles outlined in the Australian and New Zealand Risk Management Standard and guidance materials issued through Standards Australia.

7. RESPONSIBILITY

7.1 University Council

The University Council has primary responsibility under section 19 (1B) of the *Charles Sturt University Act 1989* for:

- (a) overseeing risk management and risk assessment across the University (including, if necessary, taking reasonable steps to obtain independent audit reports of entities in which the University has an interest but which it does not control or with which it has entered into a joint venture);
- (b) promoting a culture that supports strategically driven decision making within a framework of public accountability;
- (c) setting the standards and expectations of staff with respect to ethical conduct and probity;
- (d) determining the risk appetite of the University and the University's attitude to risks with respect to particular major issues;
- (e) approving major policies in relation to risk management;

- (f) approving major decisions affecting the University's risk profile or exposure;
- (g) approving and monitoring systems of control and accountability for the University (including in relation to controlled entities);
- (h) approving significant University commercial activities;
- (i) establishing policies and procedural principles for the University consistent with legal requirements and community expectations.

7.2 Audit and Risk Committee

The Audit and Risk Committee is responsible, on behalf of the Council, under the *Governance (Audit and Risk Committee) Rule 2006*, for:

- (a) monitoring risk assessment by the University, and the internal control systems in place to underpin this assessment including monitoring the effectiveness of risk management processes and recommending management action to improve risk management;
- (b) reviewing reporting processes, especially in the area of financial reporting, with special reference to accounting and audit standards and budgeting, and examining the reasons behind any material variances from budgets;
- (c) monitoring the adequacy of IT systems and their ability to provide relevant, accurate and timely information; and
- (d) reviewing proposals and submissions from management and making recommendations to Council with respect to its primary responsibilities.

7.3 Compliance and Commercial Activities Committee

The Compliance and Commercial Activities Committee is responsible, on behalf of the Council, under the *Governance (Compliance and Commercial Activities Committee) Rule 2006*, for:

- (a) monitoring compliance by the University with its internal and external requirements and the assessment of risk;
- (b) reviewing risk with respect to the University's commercial activities, including business development, management and contracting processes; and
- (c) overseeing reviews and references from external agencies regarding compliance and commercial activities.

7.4 Vice-Chancellor

The Vice-Chancellor, as the Chief Executive Officer and President, is accountable to the Council for risk management and responsible for ensuring the:

- (a) development and implementation of operational policies and procedures for risk management;

- (b) identification and management of the *strategic risks* faced by the University including the provision of information to the University Council and/or its committees;
- (c) identification and appropriate management of *operational risks* throughout the University;
- (d) recommendations and directions of the University Council, the NSW Auditor General and the University Auditor, with respect to risk management are acted upon;
- (e) maintenance of an effective system of internal control, and an effective internal audit program, consistent with the *Public Finance and Audit Act 1983*;
- (f) provision of adequate information in a timely manner to the Audit and Risk Committee, Compliance and Commercial Activities Committee and the Council, on the status of risks and controls and the actions in regard to the recommendations and directions referred to in (d) above;
- (g) existence of performance standards for the implementation of risk management policies and procedures;
- (h) annual review of the performance of budget centres, business enterprises and controlled entities in relation to the implementation of risk management policies and procedures; and
- (i) review of policies and procedures on a regular basis to ensure they remain effective and appropriate.

7.5 Executives and Managers

Executives and managers of the University, and its controlled entities, are responsible for incorporating risk management into their standard management practices by:

- (a) identifying and determining appropriate actions to address operational risks within their area of responsibility in accordance with University policies and procedures;
- (b) developing and maintaining a register of material risks;
- (c) implementing actions with respect to risk management as directed by the Vice-Chancellor;
- (d) reporting on the management of significant emerging or residual risks; and
- (e) ensuring the inclusion of risk management responsibilities in duty statements, induction, professional development and performance management processes for all staff of the University and its controlled entities.

7.6 Office of Internal Audit

The role of the Office of Internal Audit is to provide advice on the implementation of the University Risk Management Policy and to monitor the effectiveness of the policies and procedures for managing risk in the University. The Office of Internal Audit will report to the Audit and Risk Committee on the effectiveness of controls implemented to manage fraud, corruption and maladministration risks.

8. CSU RISK APPETITE AND CATEGORIES

8.1 Charles Sturt University's *Risk appetite* or risk tolerance is the degree to which the University is prepared to accept risk.

8.2 The University Council has determined that Charles Sturt University will be an innovative institution that maintains a low risk profile. The University is expected to be able to identify and manage the risks associated with activities and opportunities in an effective manner.

8.3 The key challenges are to:

- (a) ensure ethical and effective governance practices including responsible stewardship of resources and realisation of opportunities while allowing innovation and avoiding unnecessary bureaucracy, and
- (b) avoid the creation of a risk averse corporate culture by correct assessment and management of risks.

8.4 The University's risk appetite will often be different at an activity level from that at a whole-of institution level. The University's whole-of-institution appetite for risk in the following risk categories is:

- (a) **Health, Safety and Environment**
The University's appetite for risks related to health, safety and environment is **very low**. Charles Sturt University puts the wellbeing of people and the environment above all other considerations.
- (b) **Values, Ethics and Institutional Reputation**
The University's appetite for risks related to values, ethics and institutional reputation is **very low**. Charles Sturt University will not compromise its reputation and values by either short term or long term expediency.
- (c) **Business Continuity**
The University's risk appetite is **very low** with respect to the operation of key university systems. These systems are understood to underpin the ongoing delivery of critical services to a scale, scope and quality necessary for the University to compete in a rapidly changing environment.
- (d) **Quality**
Within this category, the University's risk appetite is **low**. The University recognises that the quality of its services is fundamentally linked to its reputation and financial status. It is with

this understanding that the University expects accountability and continuous improvement at all levels within the institution, including the personal level.

- (e) **Financial**
The University's appetite for financial risk is **modest**. Charles Sturt University recognises its financial strength as being critical to its future. Financial risks and rewards are to be weighed against both short and long term strategic and operational priorities.
- (f) **Compliance**
Within this risk category, the University's risk appetite is **low**. As a good corporate citizen, the University seeks to comply with relevant statutory requirements to the best of its endeavours. This statement is made with the understanding that the seriousness of particular compliance requirements may vary depending upon the relationship of the requirement with the risk categories **listed above**. The University will look to satisfy compliance requirements in the simplest and most effective way possible.

9. PERFORMANCE

- 9.1 The University Council, principally through the Audit and Risk Committee (and, where relevant, the Compliance and Commercial Activities Committee), will monitor and evaluate the University's performance in relation to risk management. This will be informed by an annual assessment facilitated by the Office of Internal Audit covering:
- (a) the effectiveness of the implementation of risk management policies and procedures across the University and its controlled entities;
 - (b) the awareness of managers and staff of their responsibilities, including appropriate professional development and performance management in relation to risk management;
 - (c) the existence of risk management plans for all major activities, including all commercial activities;
 - (d) the identification of risk management responsibilities in duty statements, induction, professional development and performance management processes for all staff of the University and its controlled entities;
 - (e) the currency of the corporate risk assessment.

10. AUTHORITY

- 10.1 The Vice-Chancellor, delegated executives and delegated managers may approve risk management procedures and guidelines that are not inconsistent with this policy.

11. REVIEW

11.1 This policy will be reviewed every year.

ATTACHMENTS

Table of amendments

Version number	Date	Short description of amendment