



## **Risk Management Policy**

# Risk Management Policy

## Purpose and Scope

The Risk Management Policy provides guidance and a framework for how Infinity Institute Australia (IIA) will manage any posed or real risks so as to support the corporate management of IIA and its strategic objectives and to protect its staff and students. The policy will also provide guidance on the protection of its business assets in order to attain and ensure financial stability. It also defines responsibilities and outline structures to ensure that risk management practices are regularly incorporated into all aspects of IIA's strategic, business and project planning and quality review processes.

This policy applies to:

- all staff, students, contractors, voluntary staff and visitors
- all operations and activities under the direction and/or control of IIA, whether conducted on campus or off campus.

## Definitions

**Risk** – effects of uncertainty in achieving the strategic objectives of the Institute

**Risk Management** – the coordinated activities and procedures that are aimed at controlling and directing IIA with regard to risk.

**Risk Management Framework** – the set of procedures and frameworks that set the foundation for IIA to design, implement, monitor and review its management of risk in a positive and productive way to ensure constant overall improvement in its operations.

## Policy

IIA recognises that Risk Management is an essential and key aspect of good governance. The Australian Standards of Risk Management (ISO 31000) notes in its guidelines that “the purpose of the risk management principles is to link the framework and practice of risk management to the organisation’s strategic goals”.

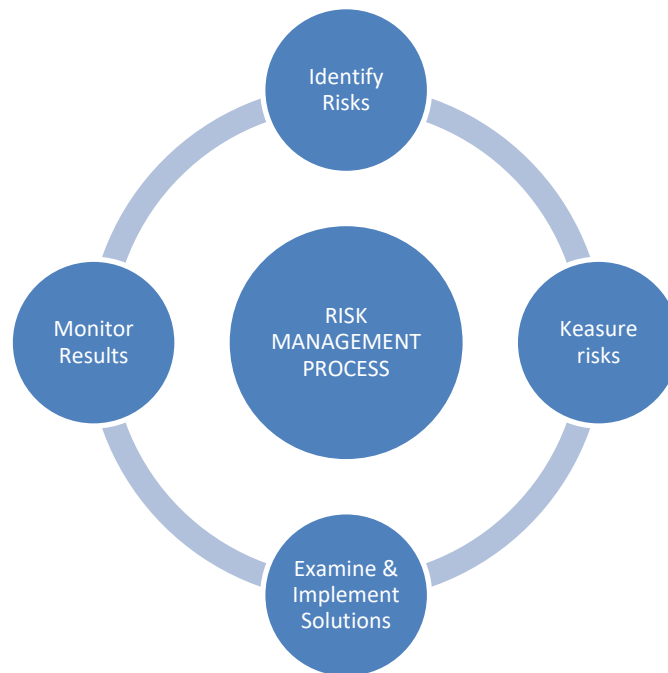
All IIA staff will be informed of this management and be instructed to apply the procedures and processes in IIA activities. This is to ensure the mitigation of risks to IIA, to its operations and to any of its staff and students.

## Risk Management Framework

A Risk Management Framework will be implemented by IIA and based on the cycle that is proposed by ISO. The normal steps are as follows:

- **Identification of the risk** – Identify and describe the sources of risk, stakeholders, communities and environments.
- **Measure the Risks** – which means analysing and evaluating the severity of the risk to determine what might be the potential impact, and in what way it may affect the strategic objectives and operations of IIA. It will then be prioritised.

- **Examine Solutions** – this to find the best strategy, to mitigate the risk or to control it and to put in to place plans that will enable the risk to be managed.
- **Implement the Solution** – ensure that the person/s responsible for the management of the risk have the necessary instruments or components for putting the solution into place.
- **Monitor Results** – Review, monitor the above mitigation plans or solutions and report on the progress to the CEO.



### Step 1: Identification of the risk

IIA will support the Risk Management Cycle by maintaining a Risk Register which will contain a Risk Matrix. The Risk register will include the following:

- Identification of the Risk
- The impact of the risk
- The potential impact and rating of the risk
- The consequences and the mitigation strategies and plans to remedy the risk
- The persons responsible for this implementation
- The report to be given to the CEO.

### Step 2: Measure the risk

#### Risk Rating and Risk Matrix

The following Risk Matrix is adopted by IIA. Any identification of risk that is High or Extreme will be reported to the CEO.

**Impact:**

1. **Insignificant** – Very little likelihood of occurrence
2. **Minor** – Minor or negligible impact of disruption
3. **Moderate** – Possible minor disruptions to one or some of its services or essential operations
4. **Major** – Critical disruption to one of its essential services or operations or to several services of operations
5. **Catastrophic** – Critical disruption to major services and operations

**Likelihood of Occurrence:**

1. **Rare** – possible occurrence once in every ten years.
2. **Unlikely** - possible occurrence once in every five years.
3. **Moderate** - possible occurrence once in every 2-4 years.
4. **Likely** - possible occurrence once a year.
5. **Almost Certain** - possible occurrence several times a year

**Risk Matrix**

		Consequence				
		Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Likelihood	A Almost Certain	High	High	Extreme	Extreme	Extreme
	B Likely	Moderate	High	High	Extreme	Extreme
	C Moderate	Low	Moderate	High	Extreme	Extreme
	D Unlikely	Low	Low	Moderate	High	Extreme
	E Rare	Low	Low	Moderate	High	High

Risk severity can be estimated in the following four categories:

- **Extreme** - Unacceptable level of risk. The consequences of the risk would stop IIA from reaching its key strategic goals and objectives. Critical improvement opportunity, control required immediately.
- **High** - Unacceptable level of risk. The consequences of the risk would threaten IIA’s key strategic goals. Significant improvement opportunity, control required within 24 hours.
- **Moderate** - Unacceptable level of risk. The consequences of the risk would not threaten IIA’s strategic goals but would subject it to significant review. Moderate improvement opportunity, controls to be implemented within 10 business days.
- **Low** - Acceptable level of risk. The consequences of the risk would threaten a minor aspect of IIA’s operations, but it would not affect overall performance. Limited improvement opportunity, controls to be implemented within 20 business days.

### Step 3: Examine Solutions

The CEO make decisions and recommendations regarding risk treatment measures based on cost-effectiveness of actions aimed at reducing identified risk.

The risk treatment measures can include the following

- Avoid the Risk: implement a strategy to stop, postpone, cancel or divert an activity that introduces unacceptable risk.
- Reduce the Risk: implement a strategy that is designed to reduce the likelihood or consequence of the risk to an acceptable level, where elimination is considered to be excessive in terms of time or expense.
- Transfer the Risk: implement a strategy that shares or transfers the risk to another party or parties, such as outsourcing the management of physical assets, developing contracts with service providers or insuring against the risk.
- Retain the Risk: making an informed decision that the risk rating is at an acceptable level or that the cost of the treatment outweighs the benefit.

### Step 4: Implement the Solution

Risk treatment measures require implementation of both existing and future treatments to prevent or mitigate the risk. Risk mitigation should include information on the following:

- Existing Treatments: current treatments that are in use to prevent and/or mitigate the risk event, usual business practice.
- Future Treatments: specific treatments that will further prevent and/or mitigate the risk event. Once a future treatment has been implemented it becomes part of usual business practice and is considered an existing treatment.
- Action Owner: the person responsible for implementing the future treatments, in consultation with the Risk Owner.
- Resolution/Review Date: the date the treatments will be resolved or reviewed.

### Step 5: Monitor Results

Monitoring and reviewing occurs concurrently throughout the risk management processes. The IIA management team will monitor, review and update any aspects of the policy framework and its procedures. The CEO will lead the IIA management team in risk monitoring and review the performance of risk control strategies and will maintain an awareness of new and emerging risks.

Risk identification, assessment and control are ongoing processes. IIA regularly reviews risks identified in its risk register and documents any actions or events that change the status of a risk.