Risk Management Policy

Planning and Policy

1 Purpose

Risk management relates to the culture, processes and structures directed towards the effective management of potential opportunities and adverse effects within Victoria University of Wellington's (the "University") environment. The purpose of this policy is to explain the University's underlying approach to risk and risk management. It describes the involvement of the Council.

2 Organisational Scope

This is a University-wide policy. Each member of the University community has a role to play in the identification and management of risk through risk management processes being integrated with planning processes and embedded in management activities.

3 Definitions

For purposes of this policy, unless otherwise stated, the following definitions shall apply:

Risk	The threat or possibility that an action or event will adversely or beneficially affect the University's ability to achieve its goals. Risk is measured in terms of likelihood and impact.
Risk Assessment	The overall process of risk identification and evaluation.
Risk Management	The culture, processes and structures that are directed towards the effective management of potential opportunities and possible adverse effects within the University's environment.
Internal Controls	Internal controls are the processes, policies and procedures we use to govern the University's work, or any additional mitigating actions that we take to deal with a particular, or potential situation.
Risk Management Process	The systematic application of policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, communicating, treating and monitoring risk.
Risk Mitigation	A risk mitigation action refers to actions that must be taken to lower the likelihood of the risk occurring and/or to minimize the impact if the risk did occur. Risk can never be totally eliminated, but it can be mitigated to lessen its likelihood and or impact.

4 Policy Content and Guidelines

4.1 Approach to Risk Management

The University defines risk as the threat or possibility that an action or event will adversely or beneficially affect its ability to achieve its goals. The University is committed to the implementation of a comprehensive risk management framework, has an open and receptive approach to solving risk problems and ensures that risk management is integrated into normal business processes and aligned to the strategic goals of the University. Risk management activities at The University are based on the AS/NZ4360:2004 Risk Management Standard which addresses governance and management responsibilities for:

(a) Establishing the risk context – the strategic and organisational context within which the risk management process of the University will take place.

(b) Risk identification, analysis and assessment – the identification of what, why and how events may arise, the determination of existing controls, and an analysis of risks in terms of the likelihood and impact of risk in the context of those controls.

(c) Risk control or treatment – for high impact risks, the University will develop and implement specific risk management plans, lower impact risks may be accepted and monitored.

(d) The oversight and review of the Risk Register and any changes that might affect it. Monitoring and review occurs throughout the risk management process.

(e) Communicating and consultation – appropriate communication and consultation will take place with internal and external stakeholders at relevant stages of the risk management process in a way that will enable the University to minimise losses and capitalise on opportunities.

4.2 Key Principles in Risk Management

The following key principles outline the University's approach to risk management:

(a) The identification and management of risk is linked to the achievement of the University's strategic goals.

(b) The Council, through its Audit and Risk Committee is responsible for overseeing a sound system of internal control that supports the achievement of its Strategic and Investment Plans.

(c) The University makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.

(d) Review procedures cover reputational, strategic, operational, compliance and financial risk.

(e) Risk assessment and internal control are embedded in ongoing operations, business as usual.

(f) Pro Vice-Chancellors, Heads of School and Directors of Central Service Units (CSUs) are responsible for encouraging and implementing good risk management practice.

(g) The Audit and Risk Committee will receive four reports each year on internal control and risk identification, evaluation and mitigation review.

4.3 Role of the Council

Through its Audit and Risk Committee the Council has a significant role to play in ensuring the integrity and transparency of risk management and risk reporting at the University. It provides direction for the University's risk management and ensures that appropriate risk mitigation activities are functioning effectively. To fulfil this role it:

(a) Reviews disaster management and business continuity activities.

(b) Monitors the robustness of the risk management systems, processes and practices.

(c) Reviews the Risk Register four times per annum.

(d) Considers the robustness of mechanisms adopted by management to mitigate key risks.

(e) Refers financial risks, as appropriate, to the Finance Committee for its consideration.

4.4 Role of Heads of Faculties, Schools and Central Service Units (CSUs)

Heads of Faculties, Schools and CSUs need to familiarise themselves with this policy so that they can:

(a) Understand and implement the policy on risk management within their respective areas of responsibility.

(b) Ensure compliance with risk assessment procedures such as the Internal Audit Programme.

(c) Embed risk management activities as part of the system of internal control.

4.5 Specific Managerial Roles

(a) The Vice-Chancellor is the 'Designated Officer' for the management of risk and as such will develop and promote risk management within the University and be accountable through the Audit and Risk Committee for internal audit and risk management activities and for the implementation of this policy in key areas of the University, maintaining a programme for risk assessment and a Risk Register for the University.

Note: The Vice-Chancellor may delegate some of these responsibilities to the Director, Planning and Policy.

(b) The Chief Financial Officer will be accountable for prudent recognition and disclosure of financial risks, and will be responsible for providing high quality financial information to those such as pro vice chancellors who are responsible for assessing risks in particular contexts.

(c) The Director Human Resources will be accountable for prudent recognition and disclosure of occupational health and safety risks, of employment risks, and of payroll risks.

(d) The Director Information Technology Services (ITS) will be accountable for the management of risks associated with the University's information technology and computing systems and for their prudent recognition and disclosure.

(e) The Pro Vice-Chancellors will be accountable for the prudent recognition and disclosure of risks in their areas of responsibility, particularly of those areas that are peculiar to their areas of responsibility, such as Faculty specific academic matters, employment and structural matters, and Treaty of Waitangi and equity risks.

(f) The Director Facilities Management will be accountable for the prudent recognition and disclosure of risks associated with the University's insurance portfolio, its plant and

buildings, its maintenance and building programmes, and its use of rooms and physical resources.

(g) All other managers are accountable for the timely and proactive provision of information to all those mentioned in (a) to (f) which will allow those responsible for recognising and disclosing risk in particular areas to carry out this task in the most informed way possible.

4.6 Business as Usual Procedures

Business as usual procedures encompass a number of elements that together facilitate an effective and efficient operation, enabling the University to respond to a variety of risks. These elements include:

(a) Environmental scans (keeping ourselves updated on our operating environment).

(b) The Integrated Reporting Framework for the Council and the Senior Leadership Team tracking progress towards the achievement of the strategic goals.

(c) Unit planning and budgeting – the unit planning and budgeting process is used to set actions and allocate resources. Progress towards meeting unit plan targets is monitored regularly.

(d) Major projects (risk assessment and mitigation strategies are essential elements).

(e) High-level Risk Register – to identify, assess, and monitor risks significant to the University. The risk register is revised four times a year and emerging risks are added as required.

(f) Assurance measures (internal audit, reporting).

4.7 Internal Audit Programme

The internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation. The internal audit strategy is developed around the University's goals.

4.8 Third Party Audits

From time to time, the use of external consultants may be appropriate. The use of specialist third parties for auditing and reporting may be used to increase the reliability of the internal control system.

5 Legislative Compliance

Though the University is required to manage its policy documentation within a legislative framework there is no specific legislation directing this policy.

6 References

AS/NZ4360:2004 Risk Management Standard

7 Appendix

Appendix A: AS/NZ4360:2004 Risk Management Process in Detail

8 Approval Agency

Vice-Chancellor

9 Approval Dates

This policy was originally approved on:	17 December 2008
This version was approved on:	17 December 2008
This version takes effect from:	17 December 2008
This policy will be reviewed by:	17 December 2011

10 Policy Sponsor

Director, Planning and Policy

11 Contact Person

The following person may be approached on a routine basis in relation to this policy:

Sue Sumpter
Director, Planning and Policy
Ext: 5990