OTAGO POLYTECHNIC COUNCIL POLICY		Number: CP0015.02	
Title:	**Risk Management**		
Classification:	**Operations**		
Chief Executive Approval:	Effective Date: **01 Nov 2019**		Review Date: **01 Dec 2020**
Previous Policy No:	**n/a**		Status: **Current**
Contact Authority:	**Secretary to Council**		

Purpose

Otago Polytechnic's vision for risk management is to have a culture in which risk is managed in an integrated manner that will enable the Polytechnic to:

- be recognised as having best practice management to achieve its strategic directions;
- improve decision making and enhance outcomes and accountability;
- achieve operational and financial goals;
- manage its risks responsibly and in a timely manner
- align to AS/NZS ISO 31000: 2009;
- ensure that risk management forms part of Otago Polytechnic's internal control and corporate governance arrangements.

The aim of this policy is not to eliminate risk, rather to manage the risks involved in all Otago Polytechnic activities to maximise opportunities and minimise adversity. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Definitions

Risk: "The effect of uncertainty on objectives". An effect is a deviation from the expected. Objectives can have different aspects (e.g. financial, health and safety, environmental) and can apply at different levels (strategic, organisation wide, project, product and process).

Risk is often expressed in terms of a combination of the consequences of an event and the associated likelihood of occurrence.

Risk Register: A documented record of each risk identified. It specifies a description of the risk, its causes and impact, an outline of the existing internal and external controls, an assessment of the consequences of the risk should it occur and the likelihood of the consequences occurring given the controls, a risk rating and an overall priority for the risk. It may also identify future actions or an action plan to remove, lesson or minimise the risk.

The Risk Management Process: based on ISO31000.
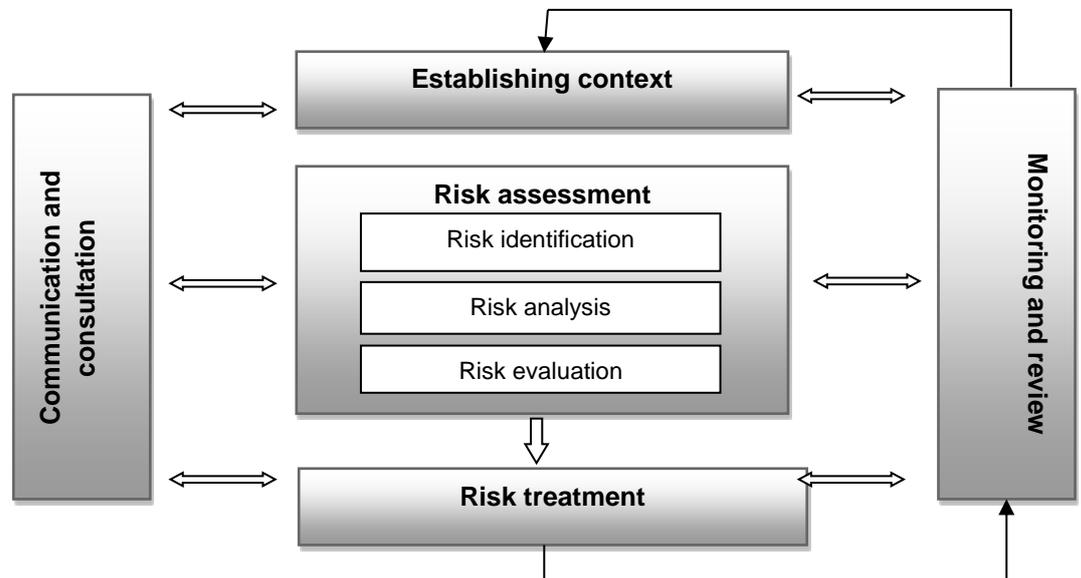
Policy

1. Risk Management is embedded into the fabric of the Polytechnic's activities. Risk management strategies are included in several different policies and procedures.

2. Otago Polytechnic has developed a risk management and compliance framework that determines the process and identifies tools for realising its objectives.

3. The framework scope is Polytechnic-wide; including any Trusts and subsidiaries that may exist. The framework is aligned with key Polytechnic strategic, operational and project plans; together with external demands which includes routine reporting through management reports. The framework will both inform and be informed by these Polytechnic planning documents and requirements.

4. The following key principles outline the Otago Polytechnic's approach to risk management:

   4.1. The identification and management of risk is linked to the achievement of the Polytechnic's strategic goals.

   4.2. Council is responsible for overseeing a sound system of internal control that supports the achievement of its Strategic and Investment Plans.

   4.3. The Polytechnic makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.

   4.4. Review procedures cover reputational, strategic, operational, compliance and financial risk.

   4.5. Risk assessment and internal control are embedded in ongoing operations; business as usual.

   4.6. The Chief Executive, Executive Leadership Team, Heads of School/College and Directors are responsible for encouraging and implementing good risk management practice.

   4.7. Council will review each year the risk management policy and the risk management framework which includes the risk evaluation criteria and reporting processes.

   4.8. All Polytechnic employees have a role to play in the identification and management of risk and are provided with appropriate knowledge to identify, manage and monitor risk.

5. **Responsibility for Risk Management**

   5.1. **General:** Every employee of Otago Polytechnic is responsible for the effective management of risk, including the identification and reporting of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies including those regulated by statute (e.g. the Health and Safety in Employment Act 1992). Risk management processes should be integrated with other planning processes and management activities.

   5.2. **Council:** has governance responsibility for risk management at the Polytechnic. This includes ensuring the integrity and transparency of risk management and risk reporting at the Polytechnic, providing direction for the Polytechnic's risk management and ensuring that appropriate risk mitigation activities are functioning effectively. This includes but is not limited to:

       a. Reviewing disaster management and business continuity activities.
       b. Monitoring the robustness of the risk management systems, processes and practices.
       c. Reviewing the governance strategic risk register.
       d. Considering the robustness of mechanisms adopted by management to mitigate key risks.
       e. Referring financial risks, as appropriate, to the Finance and Audit Committee for its consideration.

<ol type="a" start="6">
Annual review of the risk management policy and the risk management framework (including the risk evaluation criteria and reporting processes).

5.3. **Finance & Audit Committee:** As part of its role has oversight of financial risk management at the Polytechnic.

5.4. **Chief Executive:** is accountable for ensuring a risk management system is established, implemented and maintained in accordance with the policy.

5.5. **Executive Leadership Team:** members are accountable for strategic and operational risk assessment, management, monitoring and reporting areas under their control, including the devolution of the risk management process to operational managers.

5.6. **Specific Managerial Roles:**

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The Deputy Chief Executive: Corporate Services, will develop and promote risk management within the Polytechnic, and is responsible for the implementation of this policy, maintaining a programme for risk assessment and compiling the governance strategic risk register.
The Deputy Chief Executive: Corporate Services, will be accountable for the prudent recognition, disclosure and management of financial, payroll and insurance portfolio risks, and will be responsible for providing high quality financial information to senior managers who are responsible for assessing risks in particular contexts.
The Director: People and Culture will be accountable for the prudent recognition disclosure and management of occupational health and safety risks and employment risks.
The Chief Information Officer will be accountable for the prudent recognition, disclosure and management of risks associated with the Polytechnic's information technology, computing systems, plant, buildings, maintenance, building programmes, and use of rooms and physical resources.
Respective members of the Executive Leadership Team will be accountable for the prudent recognition disclosure and management of risks in their areas of responsibility, particularly of those areas that are peculiar to their areas of responsibility, such as School/College specific academic matters, employment and structural matters, Treaty of Waitangi, and equity risks.
All other Directors are accountable for the timely and proactive provision of information to allow those responsible for recognising and disclosing risk in particular areas to carry out this task in the most informed way possible.

5.7. **Business Services, Heads of School/College and Directors**

Heads of School/College and Directors need to familiarise themselves with this policy so that they can:

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Understand and implement the policy on risk management within their respective areas of responsibility.
Ensure compliance with risk assessment procedures such as the Internal Audit Programme.
c) Embed risk management activities as part of their everyday activities.

6. A governance strategic risk register has been developed and will be reviewed and reported on monthly by portfolio owners and members of the Executive Leadership Team and considered by the Chief Executive and Council.

6.1. In addition, a financial risk register will be completed by the Deputy Chief Executive: Corporate Services, and will be reviewed monthly by the Finance and Audit Committee.

7. The Polytechnic will assess risk based on how impact (or consequence) and likelihood ratings apply to each risk. Impact and likelihood are numerically rated from 1-5 as per the following tables.

Likelihood				
Rating	Definitions			
1	Very Low	Very unlikely	Rare, might occur only in exceptional circumstances	Once every 5 years
2	Low	Unlikely	Could occur at some time but doubtful	Once a year
3	Medium	Possible	Might occur at some time	Once a month
4	High	Probable	Will probably occur in some circumstances	Once a week
5	Very High	Definite	expected to occur in most circumstances	Every day

Impact								
Rating	Definitions							
	Description	Description	Financial	Operational / Capability	Learning & Teaching	Research & Business Development	Student Experience	Community Engagement
1	Very Low	Insignificant	less than $10k	Negligible delay/impact to core or support activities	Negligible impact on Learning & Teaching activity and outcomes	Negligible impact on research activity	Minimal impact on meeting student demands and expectations	Negligible impact on community engagement and participation
2	Low	Minor	Cost $10k to $50k	Minor delay/impact to core or support activities	Minor impact on Learning & Teaching activity and outcomes	Minor impact on research activity	Minor inability to meet student demands and expectations	Minor impact on community engagement and participation
3	Medium	Moderate	Cost $50k to $250k	Minor delay/impact to core or support activities over a sustained period	Minor impact on Learning & Teaching activity and outcomes over a sustained period	Minor impact on research activity over a sustained period	Significant inability to meet student demands and expectations	Significant impact on community engagement and participation
4	High	Critical	Cost $250k to $1 million	Major delay/impact to core or support activities over a sustained period	Major impact on Learning & Teaching activity and outcomes over a sustained period	Major impact on research activity over a sustained period	Serious failure to meet student demands and expectations	Serious impairment to community engagement and participation
5	Very High	Excessive	Cost over $1 million	Unable to participate in core activities for a sustained period	Serious impairment to Learning & Teaching activities and outcomes	Serious impairment to research activities	Complete failure to meet student demands and expectations	Serious brand damage

8. An overall risk rating (Risk Factor RF) will be calculated by multiplying impact rating by likelihood rating. Overall risk ratings are then categorised as low, medium, high or very high as per the following table.

Risk Factor (RF)

IMPACT					
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5

LIKELIHOOD

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9. Actions taken will depend on the overall risk rating and need to be in accordance with the risk evaluation table (e.g. very high rated risks require immediate action and low rated risks require noting only).

Risk Evaluation table

Risk Rating	Description	Action
16 to 25	Very High Risks	Immediate action to reduce risk if possible – detailed action plan required
11 to15	High Risks	Needs Regular Monitoring
6 to10	Medium Risk	Review where necessary
1 to 5	Low Risk	Note

10. The Risk Register will include actions to manage the risk through elimination or actions to lesson or minimise the risk where elimination isn't possible.

Referral Documents	CP0007 Legislative Compliance
	CP0008 Sensitive Expenditure
	CP0010 Fraud Prevention and Response
	CP0010a Fraud Prevention and Rseponse_SOP001_Fraud Control Plan
	CP0014 Internal Audit
	Risk Matrix Template

Approved by Chair of Council
Date: 06 November 2019

Appendix 1: Example Governance Risk Matrix

Otago Polytechnic Governance Risk Matrix Framework

Risk Element	Impact (I)	Likelihood (L)	Responsibility	Risk Factor (I) x (L)	Risk Factor Last Month	Mitigations
GOAL ONE: ACHIEVE EXCELLENT OUTCOMES FOR OUR LEARNERS						
Failure to maintain quality in teaching and learning leading to a downgrade of our NZQA quality status to category 2.	3	3	Oonagh McGirr	9	9	Annual quality review of all programmes and services. Action plans required for all areas falling below quality targets.
Failure to maintain research capability and output, for degree and postgraduate programmes leading to loss of accreditation.	2	1	Oonagh McGirr	2	2	All degree programme teams require a research plan updated annually and all academics teaching on degrees/post graduate required to have an individual research plan. Plan is monitored by research director for team plans and head of college/school for individual plans.
Failure to meet TEC KPI's for Educational Outcomes leading to reputational harm.	3	1	Megan Gibbons and Heads of Schools	3	3	Action plans required for all programmes falling below EPI targets.
Failure to maintain strong Governance and Executive Management leading to poor decision making which undermines educational and financial performance.	5	1	Phil Ker	5	5	Annual feedback on Council (Council evaluation) and Executive team performance supported by WES feedback for the Executive Leadership Team.
A major adverse media event leading to significant reputional harm.	3	2	LT Member Concerned	6	6	Implement critical incident policy (if relevant), preparation of press releases in anticipation of media coverage. Prompt management action when potential risks are identified.

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