
Risk Management Policy and Register

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1.0 Purpose

The purpose of this procedure is to set out the way EIT intends to manage the risks involved in all of its activities that maximise opportunities and minimise adversity. Effective risk management requires:

- a strategic focus
- forward thinking and active approaches to management
- a balance between the cost of managing risk and the anticipated benefits
- contingency planning in the event that mission critical events are realised.

Risk management also provides a system for the setting for priorities when there are competing demands on limited resources.

2.0 Scope

This procedure applies to all the professional staff, students and academics currently attending or working for EIT or who have attended in the past. It relates to risk management within EIT.

3.0 Objectives

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within EIT. Risk is inherent in all academic, administrative and business activities. Every member of EIT's community continuously manages risk. Formal and systematic approaches to managing risk have evolved and they are now regarded as good management practice. As a consequence



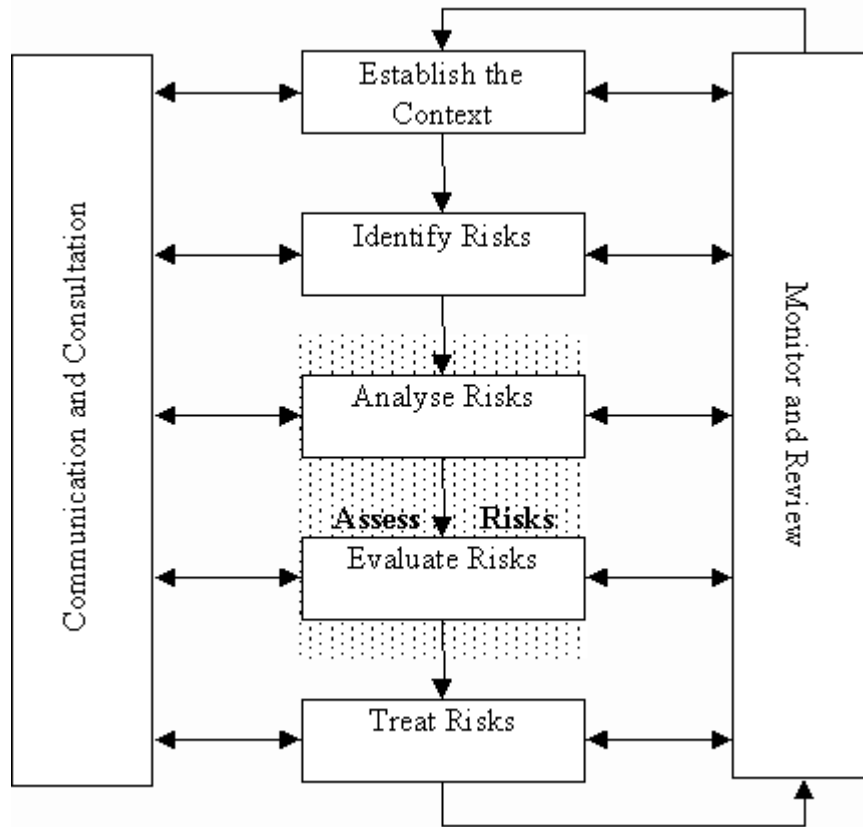
EIT acknowledges that the adoption of a strategic and formal approach to risk management will improve decision-making, enhance outcomes and accountability.

4.0 Implementation

EIT will maintain procedures to provide a systematic view of the risks faced in the course of our academic, administrative and business activities. Where appropriate these procedures will be consistent with the Standards Australia risk management standard, AS/NZS 4360:2004 - Risk Management and by the AS/NZS ISO 31000:2009, Risk management - Principles and guidelines. This will:

- **Establish a context.** This is the strategic, organisational and risk management context against which the rest of the risk management process in EIT will take place.
- **Identify Risks.** This is the identification of what, why and how events arise as the basis for further analysis.
- **Analyse Risks.** This is the determination of existing controls and the analysis of risks in terms of the consequence and likelihood in the context of those controls. The analysis should consider the range of potential consequences and how likely those consequences are to occur. Consequence and likelihood are combined to produce an estimated level of risk.
- **Evaluate Risks.** This is a comparison of estimated risk levels against pre-established criteria. This enables risks to be ranked and prioritised.
- **Treat Risks.** For higher priority risks, EIT is required to develop and implement specific risk management plans including funding considerations. Lower priority risks may be accepted and monitored.
- **Monitor and Review.** This is the oversight and review of the risk management system and any changes that might affect it. Monitoring and reviewing occurs concurrently throughout the risk management process.
- **Communicate and Consult.** Appropriate communication and consultation with internal and external stakeholders should occur at each stage of the risk management process as well as on the process as a whole.

Schematically, the risk management process is depicted in the following diagram.



4.1 Responsibility for Risk Management

General

Every staff member of EIT is responsible for the effective management of risk including the identification of potential risks. Management (both academic and administration/ operations) is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies.

Dean of Engineering/ CEO

The Dean is accountable for ensuring that a risk management system is established, implemented and maintained in accord with this policy. Assignment of responsibilities in relation to risk management is as defined in this policy. The Dean is also responsible for reporting progress on identification and mitigation of risks via an annual report to the Governance Board or at a greater frequency, if required.

Governance Board

The Governance Board will be accountable for the oversight of the processes for the identification and assessment of the risks and reviewing the outcomes of the risk management processes and actions in the Risk Register.

Collectively it is responsible for:

- The formal identification of strategic risks that impact upon EIT's mission;
- Allocation of priorities;
- The development of strategic risk management plans; and

It will review progress against agreed risk management plans and will communicate this to EIT.

Finance Manager

The Finance Manager (also referred to as the Accountant) will be accountable for EIT's insurance portfolio and will take responsibility for risk management issues relating to it.

Human Resources Manager

The Human Resources manager will be accountable for the occupational health and safety and workers compensation portfolio, procedures and administration.

Generic Sources of Risk and their areas of impact

Identifying sources of risk and areas of impact provides a framework for risk identification and analysis. A generic list of sources and impacts will focus risk identification activities and contribute to more effective risk management.

Generic Sources of Risk

Each generic source has numerous components, any of which can give rise to a risk. Generic sources of risk include:

- Commercial and legal relationships including, but not limited to contractual risk, product liability, professional liability and public liability.
- Economic circumstances. These can include such sources as profitability, bad debts, student loan arrangements, currency fluctuations, interest rate changes, taxation and changes in fiscal policy.
- Human behaviour such as riots, strikes, sabotage.
- Natural events. These can include fire, water damage, earthquakes, vermin, disease and contamination.
- Political circumstances such as legislative changes or changes in government policy that may influence other sources of risk.
- Technology and technical Issues. Examples of this include innovation, obsolescence, equipment failure and reliability.
- Management activity and control such as poor safety management, the absence of control and inadequate security.
- Individual activity including, misappropriation of funds, fraud, vandalism, illegal entry, information misappropriation and human error.

Areas of Impact

A source of risk may impact on one area only or on several areas at EIT. Areas of impact include:

- Asset and resource base including personnel
- Revenue and entitlements
- Costs both direct and indirect
- People
- The community
- Performance
- Timing and schedule of activities
- The environment
- Intangibles such as reputation, goodwill and the quality of life
- Organisational behaviour.

4.2 Qualitative Risk definition, classification, treatment and documentation

Introduction

Where possible, quantitative data and risk expressions should be used to measure the likelihood and impact of any identified risks. In some circumstances this may not be possible nor efficient or effective. Therefore a qualitative approach can be used. An example of a qualitative approach follows and leads onto the quantitative approach detailed later.

Likelihood

Level	Descriptor	Description
A	Almost certain	Is expected to occur in most circumstances
B	Likely	Will probably occur in most circumstances
C	Possible	Might occur at some time
D	Unlikely	Could occur at some time
E	Rare	May occur only in exceptional circumstances

Impact

Level	Descriptor	Example Detail Description
1	Insignificant	Low financial loss, no disruption to capability, no impact on community standing.
2	Minor	Medium financial loss, minor disruption to capability, minor impact on community standing.
3	Moderate	High financial loss, some ongoing disruption to capability, modest impact on community standing.
4	Major	Major financial loss, ongoing disruption to capability, major impact on community standing.
5	Catastrophic	Mission critical financial loss, permanent disruption to capability, and ruinous impact on community standing.

4.3 Risk Treatment options

Actions to Reduce or Control Likelihood

These can include but are not limited to:

- Review and compliance programmes;
- Contract conditions;
- Formal reviews of requirements, specifications, design, engineering and operations;
- Inspection and process controls;
- Investment and portfolio management;
- Project management;
- Preventative maintenance;
- Quality assurance, management and standards;
- Research and development; technological development;
- Structured training and other programmes;
- Effective governance processes
- Strategic, operational and tactical planning processes.
- Supervision;
- Testing;
- Organisational arrangements; and
- Technical controls.

Procedures to Reduce or Control Consequences

These can include but are not limited to:

- Contingency planning;
- Contractual arrangements;
- Contract conditions;
- Design Features;
- Business continuity and disaster recovery plans;
- Engineering and structural barriers;
- Fraud control planning;
- Minimising exposure to sources of risk;
- Portfolio planning;
- Pricing policy and controls;
- Separation or relocation of activities and resources;
- Succession planning.
- Insurance;
- Public Relations; and
- Ex Gratia Payments.

Risk Management Documentation

To manage risk properly, appropriate documentation is required. EIT staff members conducting or accountable for the activity shall in the first instance conduct the risk assessment and complete the documentation. The risk assessment and documentation is to be reviewed and accepted by the manager or next in line supervisor of the area conducting or accountable for the activity. Where technical expertise or central authority is required, the risk assessment will also be reviewed and countersigned by that party.

For each risk identified, a risk register records:

- Source
- Nature
- Existing controls
- Consequences and likelihood
- Initial risk rating
- Means of mitigation of risk
- Vulnerability to external or internal factors

A risk treatment and action plan documents the managerial controls to be adopted and contains the following information:

- Who is responsible;
- What resources are to be used
- Budget allocations
- Implementation timetables
- Details of the control mechanism
- Frequency of review of compliance with the treatment plan.

4.4 Application of Risk Management Policy to create a Risk Register for EIT using a quantitative approach

4.4.1 Assignment of Values

The following indicate the assignments of numerical values to likelihood of risk, impact of risk and total risk score.

The following definitions will be used.

Likelihood of risk

- | | |
|---|-----------|
| 1 | Very low |
| 2 | Low |
| 3 | Medium |
| 4 | High |
| 5 | Very high |

Impact of risk

- | | |
|---|---------------|
| 1 | Insignificant |
| 2 | Minor |
| 3 | Moderate |
| 4 | Serious |
| 5 | Very serious |

Total Risk Score (likelihood x impact)

- | | |
|---------|-----------|
| 1 – 6 | Low |
| 8 – 12 | Medium |
| 14-20 | High |
| Over 20 | Very High |

4.4.2 Specific Risk Analysis

The risks for EIT are considered in the following sections.

Risk no. 1 Condition / maintenance of IT infrastructure

Owner: Dean

Description:

The IT infrastructure (incl. communications) is a key operational asset of EIT. The risk is that EIT does not invest sufficiently in the ongoing maintenance and upgrading of EIT infrastructure leading to a decay of a critical business element. Unlike other mainly residential universities and colleges, the IT infrastructure is absolutely critical to EIT for the day-to-day operation and delivery of courses because of the distance learning activities. There is a serious issue today with the possibility of hackers gaining access to the database and phone system.

Numerical Assessment

- Likelihood: High. 4/5
- Impact. Serious. Failure of the IT infrastructure to provide a high level of availability and standard will result in a serious failure of EIT. 4/5
- Raw risk is high: 16/25

Risk Mitigation in place

- Monthly assessment of maintenance logs indicates need for technology infrastructure improvements to firewall, duplication and server system in Perth
- Strategic review to provide alternative support if one ADSL line fails
- More aggressive weekly testing to large groups of operation remote labs to bring the software up to a high level of reliability
- Alternative overseas support of students if the Internet to Perth facilities fail
- Six monthly reviews of security infrastructure by attempting a dummy hacker attack.

Residual Risk

- Likelihood: 3/5
- Impact: 4/5

Residual risk is medium: 12/25

Risk Indicators

- Increase in number of students experiencing problems logging onto the e-learning system.
- Increase in VoIP telephone problems
- Increase in the number of hacker attacks on the overall IT system
- Increase in ADSL line drop outs
- Increase in student complaints about access to Moodle Learning Management System (LMS) and Web conferencing software

Further Action required

- Continuing analysis of strengths and weaknesses of existing and potential competition – academic/financial etc.
- Improvement in delivery mechanisms using newer technologies and assessment of student feedback and reputational impact.
- Continuing assessment and consideration of newer e-learning technology delivery platforms

Risk Tolerance

Low. The IT infrastructure is critical to the operation of the overall delivery of education.

6/25.

Difference between residual risk and risk tolerance scores

6/25.

Assessment for July 2012

This will be undertaken to assess whether there is a change in the risk and whether the risk indicators have changed.

Assessment on 14th October 2013

Likelihood and Impact metrics are assessed as still valid.

A hacker attack occurred on the telecommunications system in May 2013 and ongoing attacks have occurred since then. An improved firewall has been installed and a new telecommunications provider used (to replace Telstra) which will cap daily call costs as a second line of defence.

Risk no. 2 Financial Health

Owner: Dean

Description: To achieve sustainable operation and the ability to make continued investment in the fulfilment of its mission EIT should seek to achieve an annual operating surplus (net profit) of 20%, but should not fall below 10% of revenue. Fraud and mismanagement also needs careful attention. The financial health of the institution is at risk if this target is not met.

Numerical Assessment

- Likelihood: Medium

Primarily due to this being a new venture but ameliorated by being associated with an operational college with eighteen years of service in provision of vocational education and professional courses. However, there is the possibility of complacency in operation resulting in increased possibility of fraud and mismanagement. 3/5

- Impact: Very Serious

Lack of resources / deficit position will prevent investment in EIT's future and lead to inevitable decline. 5/5

Raw Risk is high: 15/25

Risk Mitigation in Place

- A very tight strategy has been put in place as far as minimising expenses and presuming a low number of initial students will commence the first higher education course.
- Strong ongoing marketing campaign with a year ramp-up period initiated as soon as approval is granted to provide higher education degrees.
- Marketing program will be launched a year in advance and should have a number of students to feed into the proposed Master degree.
- Regular six-monthly internal audits of overall financial accounts and management by an external chartered accountant (outside the office) and monitoring of cash position on a weekly basis with a focus on detecting fraud and mismanagement.

Residual Risk

- Impact: 2
- Likelihood: 5

Residual risk is high: 10/25.

Risk Indicators

- Minimal high quality enquiries for the Master degree program
- Minimal bookings for initial Master degree program courses
- Decline in number of advanced diploma students
- Cash position declines significantly (30%) from long term average

Risk Tolerance

Low. EIT requires a balanced budget and a small surplus to provide an ongoing business proposition.

6/25

Difference between Residual and Risk Tolerance scores

4/25.

Assessment on 14th October 2013

No change to impact and likelihood considered.

No marketing has been commenced so it is difficult to assess the risk indicators at this stage. Cash position in the overall business is within acceptable levels according to latest external accounting review on 10th October 2013.

Risk no. 3 Governance

Owner: Chair of governance board

Description:

The governance board has commenced work in early 2010 and is leading a new start up college with a relatively uncommon method of provision of education through distance learning using new e-learning technologies. In addition, students are sourced from throughout the world and this will thus provide additional risks. EIT is a small educational entity and there is a potential loss of founders and directors due to illness or misadventure.

Governance challenges include:

- Complexity in decision making
- Members are only commencing in their roles; so have much to learn about processes
- Complexity of different committee structures leads to misconceptions as to the role and authority of individual bodies
- Small educational entity with potential loss of founders and Governance Board
- Minimal committee meetings only four (4) times per annum
- Inability of governance board structure to quickly react to opportunities and threats in the external environment such as from competitors
- Ongoing debate in Australian higher education and media about the quality of Australian education and overseas students

Numerical Assessment

- Likelihood: 4/5
- Impact. Serious. 4/5
 - Reputational harm and adverse publicity due to governance problems, real and perceived, and change proposals.
 - Lack of trust between staff and central bodies leads to loss of common purpose.
 - Failure to maintain governance board.
 - Failure to sustain academic performance in the long term.
 - Criticism by Department of Educational Services (DES) or TEQSA

Raw risk is high: 16/25

Risk Mitigation in place

- Continuing discussions and communication to all committees and EIT staff and students about the real role and responsibilities of the governance board.
- Recruit more independent Governance Board Members once EIT is launched and increase Executive Management team of EIT
- Improved education of board members on their responsibilities and duties.
- Improved induction processes for future governance board members
- Increase (at least double) the number of governance board meetings for the initial two years
- Increase level of communication to the governance board members in terms of emails/phone calls on EIT's activities

Residual Risk

- Likelihood reduced but long term risk difficult to assess. 2/5
- Impact. 4/5

Residual risk is medium: 8/25

Risk Indicators

- Negative external or internal publicity on poor governance
- Number of conflict/disagreements between senior management and governance and academic boards over structure and governance
- Negative commentary from external agencies (e.g. Department of Education Services)

Further Action required

- Investigate retaining the services of an educational consultant to review our governance processes and indicated methods to improve on this.

Risk Tolerance

Low. EIT needs robust governance to be able to respond to opportunities and threats, and provide transparency and accountability in its decision making. The governance board is central to the direction of EIT and it is critical that it operates to the highest possible standards. However control should not be so rigid as to impinge on academic freedom and the independent pursuit of strategies that are most appropriate for the fulfilment of EIT's mission.

4/25.

Difference between residual risk and risk tolerance scores

6/25.

Assessment on 14th October 2013

The likelihood and impact indicators are assessed to be unchanged.

However, there has been some concern expressed by some Governance Board and Academic Board members about the disconnect in only having four meetings per annum. Hence a discussion board has been initiated (through LinkedIn) to enable members and EIT staff to connect more frequently.

Risk No. 4 Staffing

Owner: Dean

Description:

There is difficulty in attracting the best staff especially at a professorial level. Despite reasonably good salaries offered, salaries do remain weak in comparison with other business and professional sectors in the competing Asia Pacific sectors especially. Many of the courses offered by EIT draw on a highly specialized expertise which is in extremely short supply.

At present, there has been a limited offering of engineering postgraduate courses through distance learning but it is anticipated that this will start to increase once universities identify this as a profitable market.

The impact of a shortage of high quality staff is ameliorated to some extent in that EIT can employ the majority of its lecturers in a part time role (and working for another university or institution of higher learning) and they can be geographically located anywhere (as long as there is a broadband internet connection). The global recession (2008 to 2010) has also made the academic sector somewhat more appealing and this has made the talents of engineering staff more accessible.

Numerical Assessment

1. Likelihood: Relatively low salaries combined with moderately increasing real costs of accommodation and living. 3/5
2. Impact. Serious. Quality of staff is a key factor in EIT's future performance and reputation (esp. in the postgraduate education context). 4/5

Raw risk is medium: 12/25

Risk Mitigation in place

- Recruitment incentive packages
- Improved promotion schemes for academic staff
- Extensive staff development programs
- Promote advantages of a world class engineering distance learning institution with high level reputation
- In recruitment emphasise flexibility of part time lecturing from geographically convenient locations for staff (improved "quality of lifestyle")

Residual Risk

- Likelihood reduced but long term risk difficult to assess. 2/5
- Impact. 4/5

Residual risk is medium: 8/25

Risk Indicators

- Staff turnover rates increasing
- Low number of high quality suitable applicants for positions
- Remuneration packages monitored against industry rates
- Notable increase in grievance and appeal procedures from staff
- Increase in student complaints on quality of teaching

Further Action required

- Continuing analysis of strengths and weaknesses of existing and potential competition – academic/financial etc and salary packages.
- Improvement in salary packages where possible.
- Identify use of “home grown” outstanding students who want to continue to lecture part time and who are highly qualified and who have outstanding teaching abilities.

Risk Tolerance

Low. EIT needs high quality staff but is constrained by the level of funding. 4/25.

Difference between residual risk and risk tolerance scores

4/25

Assessment on 14th October 2013

Likelihood and impact indicators are assessed to be acceptable.

Additional staff members have been hired (both support and lecturing) with an easier access market in the Asia Pacific region because of the downturn in the resources sector in Australia.

Risk no. 5 Student Access / Admissions Policy

Owner: Dean

Description:

There is a risk that EIT has an unstable admissions policy in terms of the level of candidate accepted for study for a number of reasons. The first reason is that EIT has an existing history and large cadre of vocational (VET) students and the level may be perceived to be low for Master degree students.

There is thus a considerable risk to reputation and thus a long term financial impact by not addressing this risk.

Numerical Assessment

- Likelihood: VET students and financial pressures will make this high. 4/5
- Impact: Serious. Failure to keep standards consistent will damage the academic integrity of the institution. 4/5

Raw risk is high: 16/25

Risk Mitigation in place

- Apply existing code of practice for admission of students.
- Communicate code of practice for student entry to all staff, governance and academic boards
- Provide further support to staff assessing student admissions
- Document all discussions about individual student admissions
- Document and communicate any ambiguous or difficult issues for student admission to all staff

- Ensure the differences in student admission policy between vocational and Master degree students are clearly documented and practised.
- Audit the admissions policy at least every six months.
- Improve communication of the subject on EIT web sites and promotional documentation.

Residual Risk

- Likelihood: 2/5
- Impact: 4/5

Residual risk is medium: 8/25

Risk Indicators

- Increase in adverse publicity and complaints from potential students.
- Decrease in application rates from certain sectors of student population.
- Significant changes in student enrolments levels (either strongly up or down)

Further Action required

- Closer monitoring of applications and admissions, widening communication on the issues of student admissions policies and greater analysis of applications and admission information.

Risk Tolerance

Low. EIT requires an outstanding reputation in terms of admissions to attract the best possible students.

Low: 4/25.

Difference between residual risk and risk tolerance scores

4/25

Assessment on 14th October 2013

No change required in impact and likelihood indicators.

As students haven't been accepted there is no way of assessing these indicators using current data.

Risk no. 6 Health and Safety

Owner: Human Resources Manager (supported by Laboratory Manager)

Description: Ongoing risk (short / medium / long term) requiring constant monitoring. If this risk were to crystallise to any great degree, the medium to long term consequences could create serious financial and reputational damage.

Areas of concern include:

- No-compliance with Health and Safety law by EIT leading to loss of degree granting status, fines, penalties, enormous reputational harm and loss of student income.
- Accidents, injury or death to visitor, students or staff;
- Inability to keep abreast of changes in Health and Safety law across EIT as a result of lack of Health and Safety resources.

Numerical Assessment

- Likelihood 4/5
- Impact

Consequential damage as a result of this risk crystallising would cause EIT some difficulties and could affect its reputation. 5/5

Raw Risk is high 20/25.

Risk Mitigation in place

- Regular audit of all departments for Health and Safety issues.
- Regular six monthly training using face to face presentations/web site / emailed out notes on health and Safety issues.
- Fire Evacuation policies
- Six monthly checks of fire protection equipment and First Aid kit
- Annual report on health and safety issues from all offices throughout the world.
- Particular care and training for all work relating to setting up labs
- Careful consideration when setting up local labs for safety issues.

Residual Risk

- Likelihood: Reduced by these measures but only partially due to culture of freedom inherent in staff: 2/5
- Impact:4/5

Residual risk is medium: 8/25.

Risk Indicators

- Increase in numbers of incidents of non-compliance, breach of regulations or complaints above normal expected levels in a 6 monthly period.
- Increase in the rate of non-attendance of staff at training sessions on health and safety.
- Audits reveal safety and fire system failures.

Additional Action

- Investigate innovative ways of training staff using biweekly “Engineering safety toolbox sessions” as is done in industry.
- Investigate appointing a staff member on a monthly basis to be the safety officer for the month.

Risk Tolerance

Low. EIT requires good health and safety arrangements for safety of staff, visitors and students and for the protection of EIT's reputation. At the same time, arrangements need to be appropriate so as not to impede teaching and research. 4/25

Difference between Risk Tolerance and Residual Score

4/25

Assessment on 14th October 2013

No change considered necessary for impact and likelihood indicators.

Considerable training has been provided to staff in 2013 in fire engineering and First Aid and this needs to be continued.

Risk no.7 Perceptions of Australian Qualifications on a global basis

Risk: Perceptions of Australian qualifications on a global basis

Owner: Dean

Description:

The Master degree qualifications provided by EIT are Western Australian based. However EIT operates on worldwide basis in providing engineering advanced diplomas and degrees to many different countries with over 60% located outside Australia. In the past year, there has been a strong backlash against Australian universities and qualifications especially in countries such as India and China. This has the potential to damage EIT's reputation and ability to attract students from outside Australia. At this stage, very few students are sourced from China and India but the potential for sourcing students in these countries is huge. If and when this is the case, the impact could be extremely damaging in terms of enrolments from these countries.

Numerical Assessment

- Likelihood: Medium 3/5
- Impact. Moderate 4/5

Raw risk is high: 12/25

Risk Mitigation in place

- Ensure that there is a wide distribution of students from all countries.
- Market the international basis of EIT with instructors and offices situated worldwide.
- Actively look to achieving US accreditation from the DETC for qualifications.
- Manage financial part of the business so a collapse in one or more countries can be handled.

Residual Risk

- Likelihood reduced but long term risk difficult to assess. 2/5
- Impact. 4/5

Residual risk is medium: 8/25

Risk Indicators

- Decline in number of students applying from a specific country or group of countries.
- Decline in quality of number of students applications from a country.
- Increase in media reports on poor Australian universities qualifications or student treatment in Australia.
- Inability to recruit high quality staff from specific countries.

Further Action required

- Continuing analysis of strengths and weaknesses of existing and potential competition – academic/financial etc.
- Improvement in delivery mechanisms using newer technologies and assessment of student feedback and reputational impact.

Risk Tolerance

Low. 4/25.

Difference between residual risk and risk tolerance scores

4/25

Assessment on 14th October 2013

No change considered necessary to impact and likelihood indicators.

However in 2012/13, there has been a 20% downturn in the overall international Australian education market and a lower take up by international students, not only because of lower requirements for Australian qualifications but also because of strengthened visa requirements. Hence this needs to be carefully monitored.

Risk no. 8 Competition (linked to staffing, financial health and student numbers)

Owner: Dean

Description:

EIT is at, and wishes to remain at the forefront of distance learning based engineering education in Australia. In the medium term, universities and colleges in Asia (esp. China) will emerge as competition.

Current and aspiring competition will seek to attract outstanding staff, the highest quality students, and the attention and support of benefactors, businesses and governments.

There is a risk that competition will move ahead in reputation, quality of academic output in education, financial capacity and physical resources. There is room for only a limited number of truly world-class distance learning institutions. There has been growth in so-called MOOCs (Massive Open Online Courses) which may possibly impact in the area of online education.

Numerical Assessment

- Likelihood: Competitive pressures from existing and aspiring universities and colleges will increase. 4/5
- Impact: Serious. Failure to keep up with the competition and ahead of aspiring institutions results in failure to achieve our aims. 4/5

Raw risk is high: 16/25

Risk Mitigation in place

- Focus on staffing with highly experienced engineers
- Technology with web, video conferencing and remote labs kept leading edge
- Marketing and promotional activity kept high.
- Continual high level of investment in outstanding course resources
- Continual high level of research in new courses relevant to modern engineering professional

Residual Risk

- Likelihood reduced but long term risk difficult to assess. 2/5
- Impact. 4/5

Residual risk is medium: 8/25

Risk Indicators

- Decline in number of students graduating
- Decline in quality of number of students applications
- Inability to recruit high quality staff

Further Action required

- Continuing analysis of strengths and weaknesses of existing and potential competition – academic/financial etc.
- Improvement in delivery mechanisms using newer technologies and assessment of student feedback and reputational impact.

Risk Tolerance

Low. Recovery from a slipped position would be difficult and lengthy.

4/25.

Difference between residual risk and risk tolerance scores

4/25.

Assessment on 14th October 2013

No change at this stage required to the impact and likelihood indicators.

However, there has been mixed growth in MOOCs especially in both the USA and Europe; but no certain way of providing accredited qualifications. This is likely to change and thus must be carefully monitored in 2014.

Risk no. 9 Student Experience

Risk: Student Experience

Owner: Manager of Delivery of courses

Description:

- The quality of provision of postgraduate (and undergraduate) courses falls below expectation.
- Quality of pastoral care becomes inadequate.
- Student expectation is increased as the cost of education rises
- Unsatisfactory student experience may lead to loss of reputation in relation to national and international competitors. Risk may be particularly high in the case of overseas students from disadvantaged backgrounds taking one year courses.
- Lack of career opportunities as a result of completing EIT courses.

Numerical Assessment

Likelihood: 3/5

Impact. Serious. 4/5

Raw risk is medium: 12/25

Risk Mitigation in place

- Course quality is monitored by Academic Board. Evaluation element included in quality statements.
- Progress of individual students monitored with questionnaires.
- Lecturers regularly interviewed for feedback indicators.
- Value for money to be included in learning and teaching reviews.

Residual Risk

Likelihood reduced. 2/5

Impact. 3/5

Residual risk is medium: 6/25

Risk Indicators

- Rise in volume of exam appeals
- Rise in volume of complaints against EIT
- Downward shift in examination performance
- Rise in number of students seeking counselling
- Volume of reports of student dissatisfaction
- Reduction in number of student applications

Further Action required

- Learning and teaching reviews of existing courses.
- Monitoring of students as to the quality of courses

Risk Tolerance

Low. 4/25.

Difference between residual risk and risk tolerance scores

2/25.

Assessment on 14th October 2013

No change required to impact and likelihood indicators.

The courses have not been launched yet; so no data is available.

Risk no. 10 Strategy

Risk: Strategy

Owner: Dean

Description:

There is a potential widespread misunderstanding within EIT of the vision and purpose of the organisation as it has not commenced operations for higher education yet. Traditionally, EIT has been a “bottom up” organisation whose success in teaching has been achieved through the initiatives of individual academics and staff members in the mainly VET areas. There is now a definite need for a more strategic planning framework and various strategies are being developed. The risks here are that an integrated strategy may not be developed quickly enough and that the traditional bottom-up VET-based culture will lead to a divergence between strategic plans actual behaviour.

Numerical Assessment

- Likelihood: High. 4/5
- Impact. Serious.

Wasted resources lead to financial losses. Conflicting plans or plans lacking widespread support lead to conflict within EIT and loss of confidence among staff and students as to the real mission and purpose of EIT. 4/5

Raw risk is high: 16/25

Risk Mitigation in place

- The governance board devotes one “away day” per year to strategic discussions.
- Ensure annual submission of each school strategic plan to give a stronger sense of institutional purpose and strategy
- Dean hosts regular meetings every four months with all staff and lecturers to discuss strategic plans and forthcoming issues.
- Monthly meetings with Dean and staff to ensure Strategic plan is being achieved and divergences from the plan are identified.

Residual Risk

- Likelihood reduced substantially but still some uncertainty whether measures are completely understood. 2/5
- Impact. 4/5

Residual risk is medium: 8/25

Risk Indicators

- Unresolved disagreement between governance board, staff and Dean as to future teaching, administrative and marketing plans
- Regular disagreements in governance and academic board as to directions
- Criticism from external agencies (such as the Department of Education Services)

Further Action required

- Residual risk is at tolerance level.

Risk Tolerance

Medium. The current balance of strategic planning in specific areas whilst continuing to support bottom-up activity is judged to be an appropriate balance for EIT.8/25.

Difference between residual risk and risk tolerance scores

0/25.

Assessment on 14th October 2013

No change required to impact and likelihood.

The courses have not been marketed yet; so it is difficult to assess without current data.

Risk no. 11 Research funding

Risk: Research funding

Owner: Dean

Description:

At the current initial state of development, EIT, is not required to demonstrate research but only a teaching component. However, with EIT focus on engineering and the sciences at a Master degree level, it is imperative that applied research is built up to a significant level (with at least three full time researchers) within two years of commencement of operation. The current research activity with four staff members working part time is focussed on remote engineering laboratories.

A few other issues to consider:

- Government funding is not favourable to privately operated educational institutions
- Economic downturn reduces industry and governmental funding
- No demonstrated track record in engineering and technology research
- Research critical to increasing the use of new distance learning technologies (such as remote labs and web and video conferencing)

Numerical Assessment

- Likelihood: Although there are concerns in relation to government policy and the financial position of the funding agencies, there is no great urgency to achieve research funding immediately. Greater emphasis should be placed on attracting research funding from industry, particularly if the government is unlikely to consider EIT favourably in this regard. 4/5

- Impact. Minor. Research income will have minimal impact on the activities of EIT in the first year of operation. However, hereafter it is critical that funding is secured for at least two full time staff members otherwise this will seriously impact on the long term strategic plan and future of EIT as a serious provider of engineering education at the postgraduate level. 2/5

Raw risk is high: 8/25

Risk Mitigation in place

- Provide funding for help in submissions of research grant applications and marketing of research capability to private industry.
- Communicate to governance and academic boards, EIT staff and students on the need to secure research funding.
- Continue with existing remote labs research, publish research papers and publicise work in this area.
- Continue to present at conferences on research work.

Residual Risk

- Likelihood reduced to 3.5/5.
- Impact. 2/5

Residual risk is medium: 7/25

Risk Indicators

- Analysis and monitoring of reasons for success/failure in bids for research funding and monitoring of Government policy on research funding (e.g. Aus industry activities)
- Application rates decline
- Annual grant awards by value
- Annual grant success rate

Further Action required

Risk Tolerance

Low. No immediate requirement for research funding but failure to achieve any results within 12 months of being awarded non-self accrediting degree granting status would have a serious long term impact.

7/25.

Difference between residual risk and risk tolerance scores

0/25.

Assessment on 14th October 2013

There is no requirement to change impact and likelihood indicators.

The courses are not operational yet so no way of assessing without current data.

Risk no. 12 Administrative Systems

Risk: Administrative Systems

Owner: Dean

Description:

Insufficient or inadequate administrative systems such as financial, student records, course delivery, payroll, library systems leading to:

- Poor delivery of services in support of the business (operational risk)
- Adverse image of EIT and its administration impacting existing and potential staff and students and external stakeholders
- Inadequate information in decision support causing poor decisions or no corrective action (operational, financial risk)
- Increased ease of fraud and mismanagement.

Numerical Assessment

- Likelihood: Medium 3/5
- Impact. High 4/5

Raw risk is medium: 12/25

Risk Mitigation in place

- Rigorous project methodology for implementation and development projects
- Adequate strategic planning for capital investment in systems
- Back-up, disaster recovery and business continuity plans and procedures
- Regular reviews of efficacy of administrative systems
- At least six monthly audits/reviews of financial systems and accounts.
- Weekly monitoring of cash position.
- Focus on staffing with highly experienced engineers
- Restriction on initial number of postgraduate students to ensure no significant stress on administrative systems until they have been proven with the first cohort.

Residual Risk

- Likelihood reduced 1.5/5
- Impact. 4/5

Residual risk is medium: 6/25

Risk Indicators

- Missed project plan milestones
- Project cost overruns
- Service delivery failures (e.g. payroll payment dates missed, student records inadequate)
- Reduced budget for renewal / replacement of administrative systems
- System technical failure (systems availability statistics)
- Deterioration in cash position (30% decline from long term average)
- Increased number of creditors seeking payment.

- System functional failure (helpdesk statistics, comments from e-learning coordinators)

Further Action required

- Revisiting of current backup, disaster recovery plans and business continuity plans.
- Project management training is made available to all staff and has been taken up by them.
- Emphasis in undertaking new systems and projects is underpinned by quality goals and realistic milestone deadlines

Risk Tolerance

Low. 6/25.

Difference between residual risk and risk tolerance scores

0/25.

Assessment on 14th October 2013

No change to the impact and likelihood indicators.

Improvements have been identified with the accounting systems as a result of the December 2012 KPMG audit and this has resulted in improved EIT systems. An additional professional accountant now reviews EIT systems on a weekly basis.

4.5 Risk Register for EIT

Risk Rank No.	Risk	Residual Risk Score	Raw Risk Score	Risk Tolerance	Effect of Internal Controls	Difference between Residual Risk and Risk Tolerance
1	Condition /maintenance IT infrastructure	12/25	16/25	6/25	4/25	6/25
2	Financial Health	10/25	15/25	6/25	5/25	4/25
3	Governance	8/25	16/25	4/25	8/25	4/25
4	Staffing	8/25	12/25	4/25	4/25	4/25
5	Student access	8/25	16/25	4/25	8/25	4/25
6	Health and Safety	8/25	20/25	4/25	12/25	4/25
7	Perceptions of Australian Qualifications	8/25	12/25	4/25	4/25	4/25
8	Competition	8/25	16/25	4/25	8/25	4/25
9	Student Experience	6/25	12/25	4/25	6/25	2/25
10	Strategy	8/25	16/25	8/25	8/25	0/25
11	Research funding	7/25	8/25	7/25	1/25	0/25
12	Administrative systems	6/25	12/25	6/25	6/25	0/25

5.0 Social Networking Threats

A recent challenge noted is the use of social networking (e.g. Facebook or LinkedIn) in delivering opinions (both good and bad) about organisations and government bodies.

The obvious approach of deleting or taking down negative postings of a site is not viable as they are likely to be simply reposted.

The best strategy is to immediately investigate the issue and provide a solution to the problem or complaint being aired on the site and then to immediately post a proposed solution. Time is of the essence in situations such as this.

This issue will be handled by EIT marketing staff led by the Marketing Manager who are very active with web and direct mail marketing and would notice something like this immediately.

The Governance Board reviews the risk management policy on an annual basis and any occurrences are reported to the Board by the E-Learning Manager throughout the year.

6.0 Definitions

Internal Controls – the processes, policies and procedures used to govern EIT's work or any additional controls or mitigating actions taken to deal with a particular situation.

Quantitative risk definitions:

- **Raw Risk** – the level of risk faced by an organisation before any internal controls are applied.
- **Residual Risk** – the level of risk faced by an organisation after internal controls have been applied.

Risk - the probability of something happening that will have an impact on the achievement of EIT's objectives. Risk is measured by multiplying consequences and likelihood.

Risk Assessment - the overall process of risk analysis and evaluation.

Risk Indicators – provide the risk owner with early warning that action may be required to mitigate the risk through stronger internal control or, if it is outside EIT's control to be aware of it and closely monitor. These indicators should be measurable and underpinned with data.

Risk Management - the culture, processes and structures that are directed towards the effective management of current and potential opportunities and adverse effects within EIT.

Risk Management Process - the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

Risk Owner – an individual staff member, who is closely involved with the risk, is able to monitor the risk, initiate action if the risk becomes more serious.

Risk Tolerance – the amount of risk an organisation is prepared to tolerate before action is required.



7.0 Related policies and procedures

The following policies and procedures are related to this policy:

- EIT/IDC Contingency Plan

Essential Supporting Documents:

- AS/NZS 4360:2004 - Risk Management

- AS/NZS ISO 31000:2009, Risk management - Principles and guidelines.

The University of Cambridge's approach to risk management has been adopted in this document. Naturally the specific risks and descriptions are different; but the general thrust and principles are applicable to EIT.

8.0 Accountabilities

The Governance Board is responsible for review and approval of this policy.

The policy is to be implemented via induction and training of staff and distribution to EIT's community.