

Risk Management Framework

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¹Implementers and users of this policy/document are kindly requested to send comments and suggested revisions to the assigned contact person as part of the policy review process.

²This framework will be reviewed once in three (3) years or if needed by the Risk Management Committee for updates and revisions.

Version Control Table

A. Document development details and summary of revisions

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1.0	RMC	2019		RMC members


B. Plagiarism verification

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Introduction

A **risk** is an effect of uncertainty on outcomes. An **effect** is a deviation from the expected – positive and/ or negative³. The Risk Management Plan details how the risk management processes (Risk Identification, Analysis, Response Planning, Monitoring and Controlling) will be implemented. This plan ensures that appropriate amount of resources and time are dedicated to managing risks based on risk levels, importance and types. It also serves as an accepted baseline for risk evaluation.

The Risk Management Process

The Risk Management Plan was developed based on a collection of coordinated activities that direct and control the College actions with regard to risks. Figure 1 depicts a chart that shows the process and its activities.

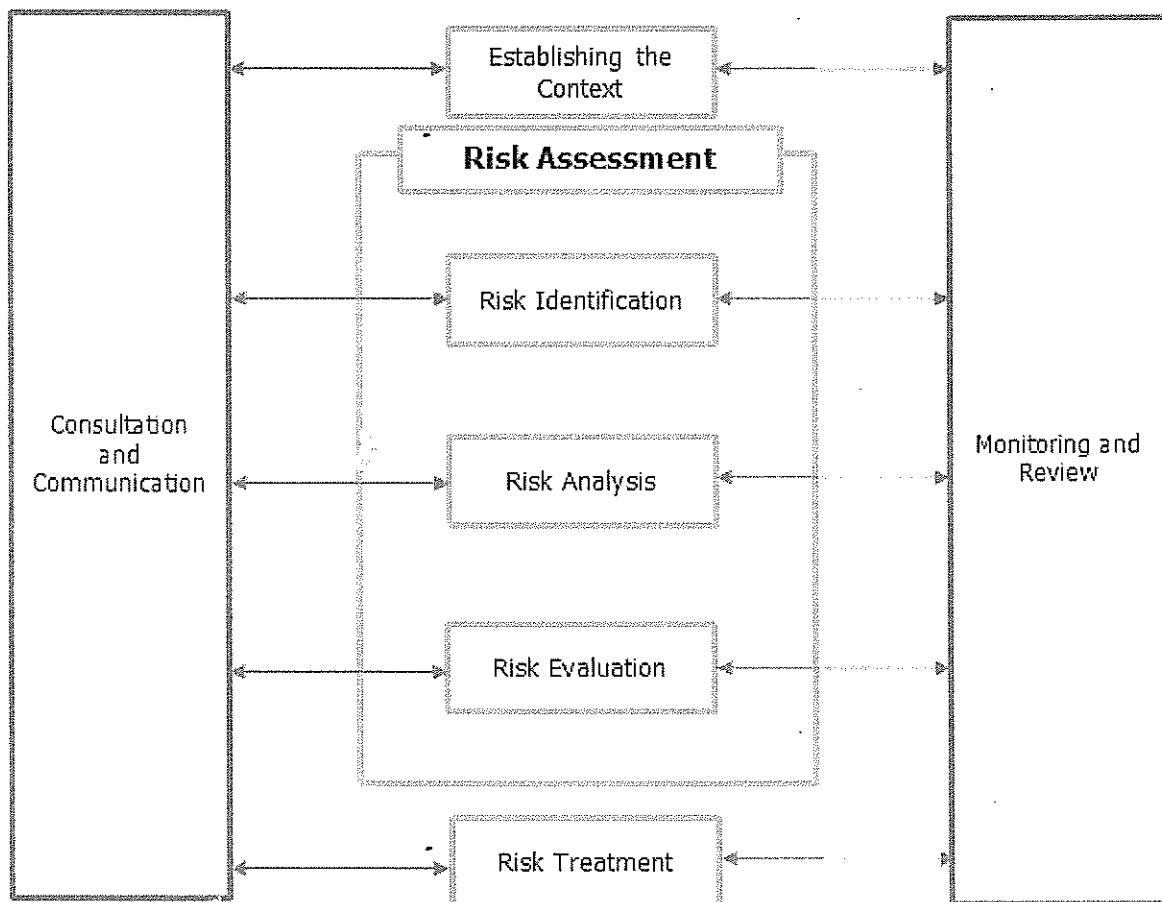


Figure 1 – Risk Management Process

³ AS/NZS ISO 31000:2009 Risk management – Principles and guidelines

1. Establishing the Context

In this activity, the College determines the strategic direction, baselines and inputs that would justify and guide the risk management process. The following documents were taken into consideration to establish the context for risk management:

- College Mission and Vision
- Bylaws Colleges of Technology
- College Strategic Plan
- College Operational plan
- Quality Assurance Manual

2. Consultation and Communication

In this activity, various College units, key personnel and stakeholders were consulted and valuable information were solicited that would be used for the entire risk management process.

3. Risk Assessment

Central to this process, which will prepare the Risk Management Plan, is the Risk Assessment activity which consists of the following sub-activities:

a) Risk Identification

This activity is undertaken to identify possible risks that exists and might occur in the College day to day operations. The following tools and techniques can be used for risk identification:

- Documentation reviews
- Information-gathering techniques
- Checklist analysis
- Assumptions analysis
- Diagramming techniques
- SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats)
- Expert judgment

b) Risk Analysis

This activity involves evaluating risks and assigning probability and impact values to the risks. A probability and impact matrix uses the probability multiplied by the impact value to determine the risk score. The threshold of risk based on high, medium, and low

tolerances is determined by comparing the risk score based on the probability level to the probability and impact matrix. The analysis can be:

- **Qualitative Risk Analysis** - determines the impact, the identified risks will have on the College and the probability they will occur, and it puts the risks in priority order according to their effects on the objectives. The following tools can be used for this analysis:
 - Risk probability and impact assessment
 - Probability and impact matrix
 - Risk data quality assessment
 - Risk categorization
 - Risk urgency assessment
 - Expert judgment

- **Quantitative Risk Analysis** - evaluates the impacts of risk prioritized during the Performed Qualitative Risk Analysis process and quantifies risk exposure by assigning numeric probabilities to each risk and their impacts on College objectives.

The output of this activity is a document called **Risk Register**.

c) **Risk Evaluation**

This activity compares the risk analysis with the risk criteria to determine whether the risk is acceptable or tolerable. This provides a control means for risks whether they are acceptable, identify priority order to treat risks or if a risk needs further treatment.

4. **Risk Treatment**

This activity will provide a means to perform actions or responses that would be appropriate for the identified risks. The treatments/responses are classified into the following actions:

- **Avoid** - To avoid a risk means you'll evade it altogether, eliminate the cause of the risk event, or change the plan to protect the objectives from the risk event.
- **Transfer** - The idea behind a risk transfer is to transfer the risk and the consequences of that risk to a third party. For example, elevate the decision making to the College Council (CC).

- **Mitigate** - When you mitigate a risk, you attempt to reduce the probability of a risk event and its impacts to an acceptable level.
- **Accept** - The acceptance strategy is used when all threats were not eliminated. Acceptance of a risk event is a strategy that can be used for **risks that pose either threats or opportunities** to the College plans or objectives. Acceptance can be classified as:
 - **Passive acceptance** is a strategy that means no plans will be made to try to avoid or mitigate the risk or the willingness to accept the consequences of the risk should it occur.
 - **Active acceptance** might include developing contingency reserves to deal with risks should they occur.

5. Monitoring and Review

This activity would ensure that the Risk Management Plan will be continuously evaluated and updated to make sure that the identified treatments/responses are effective and efficient in dealing with current and new College risks, threats and opportunities.

REFERENCES

AS/NZS ISO 31000:2009 Risk management – Principles and guidelines

APPENDICES

Appendix A: Administrative Decision on Formation of College Level Risk Management Committee and ToR

Appendix B: Risk Management Policy

Appendix C: Risk Analysis Tables

C.1 Risk Likelihood Table

C.2 Risk Rating/ Level of the Risk

C.3 Risk Matrix

C.4 Risk Matrix Interpretation (Determine the Risk Level)

Appendix D: Risk Management Workflow

Appendix E: Risk Management RACI Chart