Policies and Procedures

Enterprise Risk Management Policy

Policy Number: **1.6.1.13**
Responsible Officer: **Director Assurance & Compliance**
Policy Editor/Contact: **Director Assurance & Compliance**
Approving Authority: **Executive Committee**
Date Approved: **29 September 2022**
Review date: **September 2025**

This policy has the following appendix:
Appendix A: Risk Accountabilities and Responsibilities

1   Purpose

This policy confirms the University's commitment to good corporate governance through risk management and sets out the expectations and approach to risk management at the University of theSouth Pacific (the University). It creates an environment that enables the University to achieve its strategic and operational objectives.

2   Objective

The objectives of this Policy are to:

- develop, embed and mature a USP risk culture that ensures stakeholders at all levels, across all operational areas, take active responsibility for risk management while maintaining innovation and agility to identify and realise opportunities;
- enhance the University's strategic planning through the identification of threats to the University'smission and addressing uncertainty associated with its operations;
- establish a consistent, systematic and demonstrable approach to risk management at the University;
- encourage a pro-active approach to risk issues likely to impact on the strategic and operational objectives of the University;
- assist in safeguarding the University's assets – people, finance, property and reputation; and
- improve the quality of decision making throughout the University by providing structured methodsand approaches for the exploration of threats, opportunities and resource allocations.

3   Scope

This policy applies to all enterprise levels of the University responsible for forming and pursuing objectives, University staff, students, adjunct staff, visitors, contractors and any person authorized toundertake University business. It also applies to all current and future activities of the University suchas projects and events. When determining the scope of risk management, the external and internal context in which the University seeks to define and achieve its objectives must be considered.

4   Authority

This policy is made under section 21 of the Statutes of the University of the South Pacific and underthe University's partnership agreements with The Commonwealth of Australia represented by the Department of Foreign Affairs and Trade (DFAT) and the New Zealand Ministry of Foreign Affairsand Trade (MFAT).

5 Definitions

TERM	DEFINITION
Business Unit Risk Register	A register of locally identified risks is established and maintained by a school, institute or business unit for their operations including projects, commercial activity, new opportunities and variation/changes to an existing product or process.
Enterprise Levels	Whole of organization (entity level), portfolio, business unit (schools, divisions, centre, office) and unit (office, unit, institute or centre)
Risk	The effect of uncertainty on the University's objectives which can include both threats and opportunities.
Risk Appetite Statement	Statement to be considered in decision-making and provides a lens on what the University will or will not do when pursuing its objectives. It conveys the degree of risk the University is prepared to accept in pursuit of business objectives and strategic plan.
Risk Assessment	Process used to determine risk management priorities by evaluating and comparing the level of risk associated with an activity against predetermined tolerances or generally acceptable levels of risk (formulated in consultation with key stakeholders).
Risk Management	The set of coordinated activities to direct and control an organization with regard to risks associated with opportunities and adverse events in the University.
Risk Management Framework	The totality of systems, structures, policies, processes and people that identify, measure, monitor and mitigate risks associated with opportunities and adverse events within the University environment.
Risk Management Process	The systematic application of risk management policies, procedures and practices to the activities of identifying, analysing, assessing, evaluating, treating, monitoring and communicating risk.
Risk Profile	A representation of a set of risks according to their likelihood and consequence. Profiles are used to promote discussion and prioritize actions or responses to risk.

6 Policy Provisions

6.1. The University adopts risk management principles and processes in accordance with the International Standard of Risk Management: *ISO 31000:2018, Risk Management – Guidelines*.

6.2. The University is committed to making risk management an integral part of all the University processes and embedding risk management into the key decisions and approval processes of all major business processes and functions of the University.

6.3. The University must embrace well-managed risk-taking in pursuit of its vision and strategic objectives, while protecting and minimizing exposure to:
- any potential damage to the culture of excellence in research and education;
- long-term brand and reputation damage; and
- health & safety, compliance and financial sustainability related risks.

6.4. Risk is managed in accordance with the University's Risk Management Policy and Procedure developed by Assurance & Compliance, reviewed by the Audit and Risk Committee (ARC) and approved by Council.

6.5. The University will maintain and annually review its Risk Appetite Statements (RAS). The RAS will be approved by Council and defines the amount of risk the University is willing to take in pursuit of its strategic objectives. These statements will also provide guidance on the management of risk within acceptable levels of tolerance.

6.6. The University must provide a structure for:

   a) communicating, mitigating and escalating major risk issues; and
   b) incorporating risk management principles and objectives into strategic, operational, project management and commercial activities.

6.7. The University must:
   a) establish strategic & operational risk registers and risk registers for projects and commercial activities;
   b) evaluate its existing risk management processes and practices, evaluate any gaps and address those gaps in its revision of the Risk Management Policy and Procedure;
   c) have an ongoing program of risk assessment across the University including risk assessment associated with new opportunities;
   d) have a continuous monitoring and review process over the implementation of the Risk Management Policy and Procedure;
   e) establish risk appetite, tolerance and reporting thresholds for monitoring purposes; and
   f) assess maturity of the Risk Management practices across the University.

7   Accountabilities and Responsibilities for Risk Management

Risk Management is the responsibility of everyone at the University. Accountability is the ultimate responsibility for actions, decisions, and management of nominated activity.

While the function accountable may not deliver the action, it must seek assurance from where it has delegated its risk management activities to, that the activity is and continues to be relevant and progressing as scheduled. The University's risk accountabilities and responsibilities are based on the Three Lines model (Risk Management Policy Appendix 1).

8   Related Documents
   a) Statutes of the University of the South Pacific
   b) USP Enterprise Risk Management Procedure
   c) USP Operational Risk Event Management Procedure
   d) Terms of Reference – Audit & Risk Committee (ARC)
   e) Terms of Reference USP OREC and RMC

9   References
This policy has borrowed information from the ISO 31000:2018, Risk Management – Guidelines and from the following Universities which are acknowledged:

   a) University of New South Wales (UNSW)
      https://www.gs.unsw.edu.au/policy/documents/riskmanagementpolicy.pdf
   b) Western Sydney University https://policies.westernsydney.edu.au/view.current.php?id=00172
   c) University of Sunshine Coast https://www.usc.edu.au/about/policies-and-procedures/enterprise-risk-management-governing-policy
   d) University of Southern Queensland https://policy.usq.edu.au/documents/13435PL
   e) Deakin University https://policy.deakin.edu.au/view.current.php?id=00094
   f) James Cook University (JCU) https://www.jcu.edu.au/policy/corporate-governance/risk-management-policy
   g) Monash University https://www.monash.edu/__data/assets/pdf_file/0008/783800/Risk-Management-Policy.pdf
   h) Charles Sturt University https://policy.csu.edu.au/view.current.php?id=00175
   i) Federation University
      https://policy.federation.edu.au/corporate_governance/risk_health_and_safety/risk/ch1.pd

RISK MANAGEMENT POLICY - APPENDIX 1

RISK ACCOUNTABILITIES AND RESPONSIBILITIES

UNIVERSITY'S THREE LINE ROLES
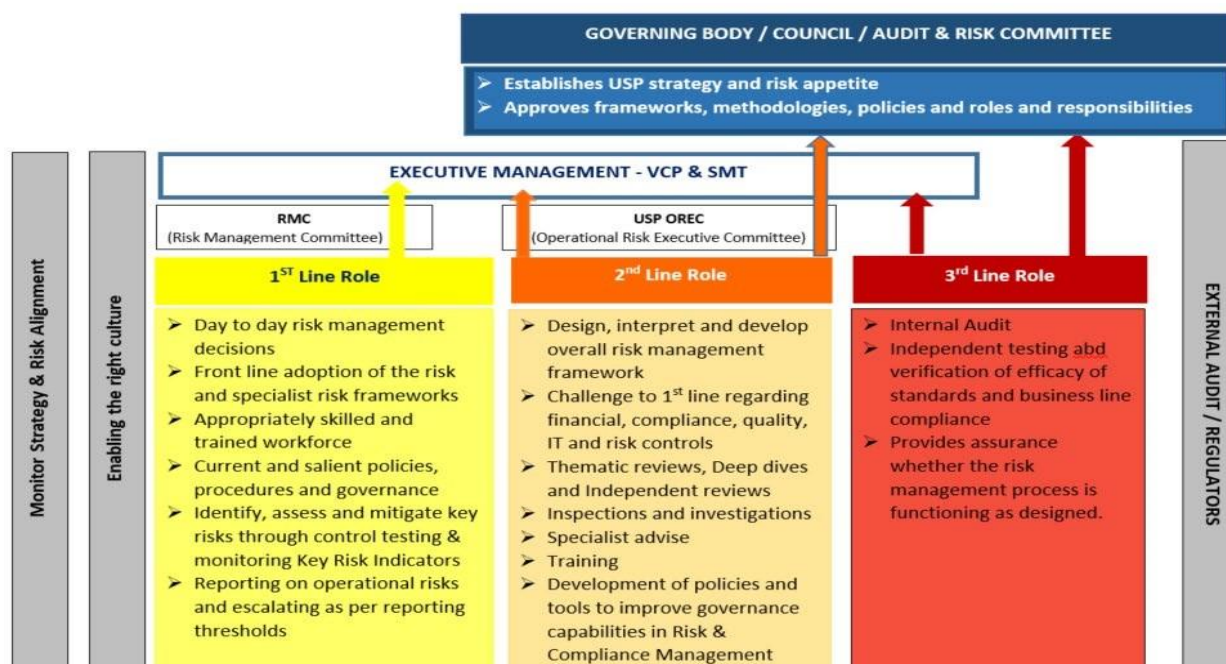
The functions and accountabilities that support USP's Governance structure for management of risks are listed in the Table below:

ACCOUNTABILITY FOR RISK MANAGEMENT

Function	Accountability
USP Council	• To ensure that the University has in place appropriate risk management strategies and mechanisms for their implementation and reporting. • Review and approve as appropriate the University's Risk Appetite based on the recommendation of the University's Audit & Risk Committee • Approve the risk management framework, policy and procedures • Review the enterprise risk profile and adequacy of controls • Ensure there is appropriate and adequate resources for risk management efforts in the University • Maintain oversight and obtain assurance of the effectiveness of risk management across the University
Audit & Risk Committee (ARC)	Review and advise USP Council on risk matters relating to: • the University's culture of risk management compliance and ethical issues associated with the University's business activities • reports on fraud and corruption control to ensure that an appropriate framework is maintained by the University • USP's Risk Appetite Statements • the adequacy of the processes for the design, operation and development of any aspect of the University's risk management approach and strategy;

RISK MANAGEMENT POLICY - APPENDIX 1

Function	Accountability
	• the University's arrangements for value of money (economical, efficiency and effectiveness); • reports from the Director, Assurance & Compliance on the University's Risk Profile and escalation of high and extreme key risk or changes from high and extreme risks to a lower risk for Council to review and endorse.
USP Operational Risk Executive Committee (OREC)	• Oversight USP's Institutional Risk Register and the implementation of the University's operational risk management plan • Addresses the mitigation of major risk issues communicated or escalated through the University's reporting mechanisms.
Risk Management Committee	Oversight the section Risk Register (School/ Regional Campus/ Division/ Enablement Function), monitor and address mitigation of major risk issues communicated through the reporting requirements of this policy and its related procedures.
Senior Management Team (SMT)	In addition to the accountabilities of Senior Executives, SMT will ensure that: • Risk management activities are appropriately resourced in the first line; • The voices of risk champions are heard; • It takes the lead role in participating and sponsoring the embedding of risk management into business processes, major projects, new initiatives and products; and • Risk remediation, escalation and reporting are done in a timely and transparent manner.
Assurance & Compliance Section	• Lead the University's risk management efforts as a strategic partner to the Executive • Integrate innovative and leading risk practices into the University's Risk Management Strategy, framework and related policies, procedures, standards, templates, tools and activities • Build the University's risk management culture and capability • Facilitate complex risk workshops as appropriate • Provide risk-related advice and review and challenge risk information / decisions • Provide appropriate oversight of risk management activities • Generate and submit the University Enterprise Risk Reports for discussion and review at the USP OREC and at the Audit and Risk Committees • Support the University Senior Management Team, Council and its Sub-Committees in risk based decision-making
Internal Audit	• Provide independent review and assurance of the effectiveness of the risk management framework • Draw on the Enterprise and Local Risk Profiles as an input into the Audit Plan • Liaise with the Assurance & Compliance Section on Audit findings and implementation of recommendations.
All University Staff	• Implement the University's Risk Management Framework and associated tools, in alignment with the requirements of their role • Seek information, training and/or support to enable them to identify and manage risks in their area • Engage in constructive risk discussions

RISK MANAGEMENT POLICY - APPENDIX 1

Function	Accountability
	• Coordinate with those with overlapping responsibilities to ensure that the University's risks are appropriately identified and managed
Staff in Leadership Roles	In addition to the accountabilities for all University staff, staff in leadership roles must: • Keep abreast of material risks and obtain assurance on controls in the areas of their responsibility and influence • Engage with the University's Risk Management Team to ensure the development, implementation and monitoring of risk management plans for their areas are appropriately done • Promote positive risk practices across their area to drive a risk-aware culture • Ensure team capacity and capability to execute risk mitigation initiatives • Maintain current Risk Profiles and discuss these with the Risk Management Team • Ensure risk is integrated into decision-making • Oversee the effectiveness of risk management performance in their area
Risk Owners	• Identify the risk controls and ratings as part of the risk assessment process • Determine, obtain agreement, record and monitor implementation of related actions to manage risks and or controls assigned to them, in alignment with the requirements of the policy and related procedures • Communicate and escalate risks to relevant stakeholders as required • Hand-over risks to appropriate individuals in the event of a change in Risk Ownership
Subject Matter Experts	• Work with the Risk Management Team to ensure the University's risk management approach reflects current 'good practice' related to their area of expertise or knowledge and the approach is appropriately tailored to the University's activities • Support the building of capability across the University to identify, assess and manage their area of risk expertise • Actively participate in the conduct of risk assessments and the monitoring of risks and actions as related to their area of expertise
Risk Champions	• Support the adoption of risk management activities within each Division, School, Business Unit or Enablement function • Promote risk activities in their area (e.g. seek opportunities for risk management effort, prompt actions and connect to the risk team) • Translate risk tools to align to the nature of activities in a given area, and integrate into business processes and forums • Identify opportunities for improvement in risk management in their areas and support initiatives to address this.