

Risk Management Policy

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| Policy No. | 03 | Version Number | 2.0 |
| Date Effective | | Unit of Origin | ACT, MoM QD |
| Next Review date | | Policy Owner | MoM |
| Approval Authorities | H.E. The Undersecretary's Office | Policy Author(s) | MoM QD, CoTs |
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Version Control Table

| Version | Author | Date (dd/mm/yyyy) | Summary of Changes |
|----------------|---------------|------------------------------|--|
| 1.0 | MoM QD | May 2011 | First version |
| 2.0 | MoM QD | November, 2016 | <ul style="list-style-type: none"> - Incorporated relevant feedback received from CoTs (HCT,ACT, SCT) - Included a Policy statement - Amended the roles and Responsibilities - Inserted details on the supporting procedures - Amended the Risk Rating scale - Amended the Risk Register - Added table for Risk Treatment Plan - Reformatted as per the Document policy approved by the Ministry |
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Approval Authorities Signature/Date:

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1. Purpose

Risk management policy of the Colleges of Technology (CoTs) is designed to understand, prioritize and develop action plans for managing potential risks and their consequences that may affect the efficiency of running the college operations.

2. Scope

This policy outlines the risk management processes that should be carried out by Colleges of Technology to ensure a sustainable environment for teaching and learning in the CoTs. This policy applies to all domains of the CoTs operation that directly or indirectly impacts the teaching and learning environment.

3. Definitions and Abbreviations

- 3.1. Risk - the threat or possibility that an action or event will adversely or beneficially affect an organization's ability to achieve its objectives’.
- 3.2. RMO – Risk Management Officer.
- 3.3. RMC – Risk Management Committee.
- 3.4. Risk Register – Record of information about identified risks
- 3.5. Existing Control - Any existing practice in place that may reduce the risk.
- 3.6. Risk Score – The product of the risk severity and occurrence levels identified.
- 3.7. Risk Classification - The categorization of the risk based on the risk score.
- 3.8. Risk Management - the systematic application of management policies, practices and procedures to the task of identifying, analyzing, evaluating, treating, monitoring and reporting on risks

4. Policy Statement

This policy intends to ensure that all potential risks in the CoTs are systematically identified, assessed and treated, so as to provide an environment with minimal disruption and losses to all stakeholders.

5. Supporting Procedures

Risk management is a systematic approach to maximize the prospects of ongoing success by identifying, analyzing, evaluating and treating threats (ISO/IEC Guide 73 (2002)). Staff in the college has a role to play in the identification and analysis of risk through the risk management processes which are incorporated within the operational and activity plans of centers and departments.

The following are the steps involved in the Risk Management Process:

5.1. Risk Identification

This involves identifying and defining the different risks that may occur, how they could happen, and which stakeholders (students, staff, and community) will be affected. The table below defines the categories of risks with examples.

Table 1. Category of Risks

| Risk Category | Definition | Examples |
|---------------|--|--|
| Strategic | An unexpected event which may affect the effectiveness of the management process towards meeting the college objectives. | <ul style="list-style-type: none"> • Planning and implementation of college strategic and operational plan • Major decisions taken by management |
| Operational | Risk resulting from inadequate or failed internal systems and processes, resources, or from external events. | <ul style="list-style-type: none"> • Recruitment problem • Failure in accounting controls • Failure in IT systems, e.g. registration • Breakdown of equipment • Inadequate document retention or record keeping • Poor management • Lack of supervision, accountability and control |
| Financial | The risk of having inadequate budget | <ul style="list-style-type: none"> • Budget allocation |

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| | to meet financial obligations. | <ul style="list-style-type: none"> • Links between planning and resource allocation |
| Compliance | Risk arising from centers and departments not following policies and procedures. | <ul style="list-style-type: none"> • Non-adherence to new policies such as health and safety policy , parking policy and maintenance policy |
| Reputation | Risk arising from negative opinion of others which affects the institution's image and its ability to continue or establish new relationships or services. | <ul style="list-style-type: none"> • Leakage of information |

Adapted from: <http://www.businesslink.gov.uk/bdotg/action/detail?itemId=1074405311&type=RESOURCES>
retrieved on 18 November 2010.

5.2. Risk Analysis

This step involves analyzing the likelihood of the risk happening and the consequences or impact of that event occurring. Dependence on data, audit reports, survey results, observation feedback will also facilitate in analyzing the risk objectively. Risk Analysis should involve all staff concerned. The table below describes the severity of consequence and likelihood of risks occurring.

Table 2. Consequence

| Level | Descriptor | Description |
|-------|------------|--|
| 5 | Very High | Loss would lead to questioning the viability of the college and system. |
| 4 | High | Loss will disrupt the functioning of the college. |
| 3 | Average | Loss would disrupt operations or threaten the viability of an operational process. |
| 2 | Low | Minor loss. |
| 1 | Very Low | Loss is within acceptable or reasonable range associated with day-to-day activities. |

Table 3. Likelihood

| Level | Descriptor | Description |
|-------|------------|--|
| 5 | Very High | Loss is likely to occur on a day-to-day basis. |
| 4 | High | Loss is likely to occur every semester |
| 3 | Average | Loss is likely to occur within the upcoming year. |
| 2 | Low | Occurrence of loss in the strategic plan period |
| 1 | Very Low | Occurrence of loss in the strategic plan period is possible, but unlikely. |

Adopted from Road to implementation, Enterprise Risk Management for colleges and universities, Arthur Gallagher Higher Education practice, 2009 retrieved on 12 October 2010 from http://www.ajgrms.com/portal/server.pt/gateway/PTARGS_0_28406_570311_0_0_18/ERM%20TT%20Report%20Final%209-23-09.pdf

5.3. Risk Evaluation

This step seeks to describe and quantify the likelihood and consequences that a particular risk may cause. A Risk score which is the product of consequence and likelihood is computed for each risk. Based on the Risk score the risk are classified and prioritized to help in deciding the extent and nature of treatment required. The figure below illustrates the Risk classification based on the Risk score.

Risk Score = Consequence * Likelihood

Figure 1: Risk Score

| | | | | | |
|---|----------------------------|----|----|----|----|
| C o n s e q u e n c e | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| | L i k e l i h o o d | | | | |

Figure 2 : Risk Classification (Color coded)

| | |
|---------------|--|
| HIGH | Requires immediate attention and response. To be discussed in college councils and treatment planned |
| MEDIUM | To be given appropriate attention. Treatment options can be planned and implemented by the RMC. Escalated to the college council, if necessary |
| LOW | Can be monitored and managed by the units in the college |

5.4. Risk Treatment

After a thorough evaluation of the Risks identified, the risk can be documented and recorded in a Risk Register. The Risk register will follow the pattern shown in table 4 below. A sample Risk Register is appended to the policy.

Table 4. Risk Register

| S. No | Risk Category | Risk Type | Description & Consequence | Existing Controls if any | Risk Rating | | |
|-------|---------------|-----------|---------------------------|--------------------------|-------------|------------|---------------------|
| | | | | | Consequence | Likelihood | Risk classification |
| | | | | | | | |
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Based on the classification of risks appropriate treatment options like the following will be considered.

- Accept the Risk
- Reduce the Risk
- Share the Risk
- Avoid the Risk

Detailed treatment plans will be made and implemented to address the risk as per their classification. A consolidated treatment plan as shown in the table 5 below will be maintained and implemented.

Table 5. Treatment Plan

| S. No | Risk Category | Risk Type | Description & Consequence | Risk Classification | Recommended Solution | Monitoring Provision | Responsibility |
|-------|---------------|-----------|---------------------------|---------------------|----------------------|----------------------|----------------|
| | | | | | | | |
| | | | | | | | |

5.5. Risk Monitoring

Monitor the activities and processes to determine the accuracy of assumptions and the effectiveness of the measures taken to treat the risk (see Table 5, column 7 above).

6. Responsibilities and Stakeholders

6.1 Risk Management Committee

This is a college level committee that will be responsible for the overall risk management activities in the college. The membership will be as follows:

A. Membership

Chairman : Dean or Assistant Dean for Admin & Finance

Members : Representatives from all the academic and administrative units of the college

Coordinator : The College Risk Management Officer (RMO) will be appointed by the Dean

B. Roles and Responsibilities

- Oversee the risk management activities of the centers and departments.
- Promote risk awareness among staff through discussions and training.
- Ensure that procedures are followed in identifying, assessing, and managing risks according to policy.
- Review the risk register submitted by centers and departments.
- Evaluate and prioritize treatment of risks.
- Compile a college wide risk register and treatment plan.
- Ensure proper implementation of the risk management system in the college.
- Consult and report to the college council for all approvals and submission of periodic reports.

7. Related Policies and References

7.1. The University of Adelaide, *Risk Management Handbook*, Available from: <
http://www.adelaide.edu.au/legalandrisk/docs/resources/Risk_Management_Handbook.pdf > [10th October 2015]

7.2. Bylaws of Colleges of Technology

7.3. Quality Assurance Manual (QAM)

7.4. Health & Safety Policy

8. Annexure

8.1 Sample Risk Register

Table 1 : Sample Risk Register

| S. No | Risk Category | Risk Type | Description & Consequence | Existing Controls if any | Risk Rating | | |
|-------|---------------|-----------------------------------|---|---|-------------|------------|----------------|
| | | | | | Consequence | Likelihood | classification |
| 1 | Strategic | Unpopular Academic Programs | Academic Programs not aligned with the labor market needs, thus low acceptance of graduates | Industry feedback on academic program | 5 | 3 | Medium |
| 2 | Financial | Natural calamities like Gonu/Phet | Damage caused to the college assets | Adhering to the precautions and warning issued by the concerned authorities | 5 | 2 | Medium |

8.2 Sample Risk Treatment Plan

Table 2 : Sample Risk Treatment Plan

| S. No | Risk Category | Risk Type | Description & Consequence | Risk Classification | Recommended Solution | Monitoring Provision | Responsibility |
|-------|---------------|-----------------------------------|---|---------------------|--|---|--------------------------------|
| 1 | Strategic | Unpopular Academic Programs | Academic Programs not aligned with the labor market needs, thus low acceptance of graduates | Medium | Ensure Industry contribution to the planning and review of academic programs | Comprehensive mechanism to involve industry in the review and update of academic programs | ADAA, HoD Academic Departments |
| 2 | Financial | Natural calamities like Gonu/Phet | Damage caused to the college assets | Medium | Ensure all future construction projects | Recommendation made to the | Dean, ADAF |

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| | | | | | consider precautions to reduce the damage by natural calamities | Ministry, so that necessary instructions are passed on to the respective contractors . | |
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