

WESTERN SYDNEY
UNIVERSITY



Western Risk Assessment Guide (WRAG)

The Western Risk Assessment Guide

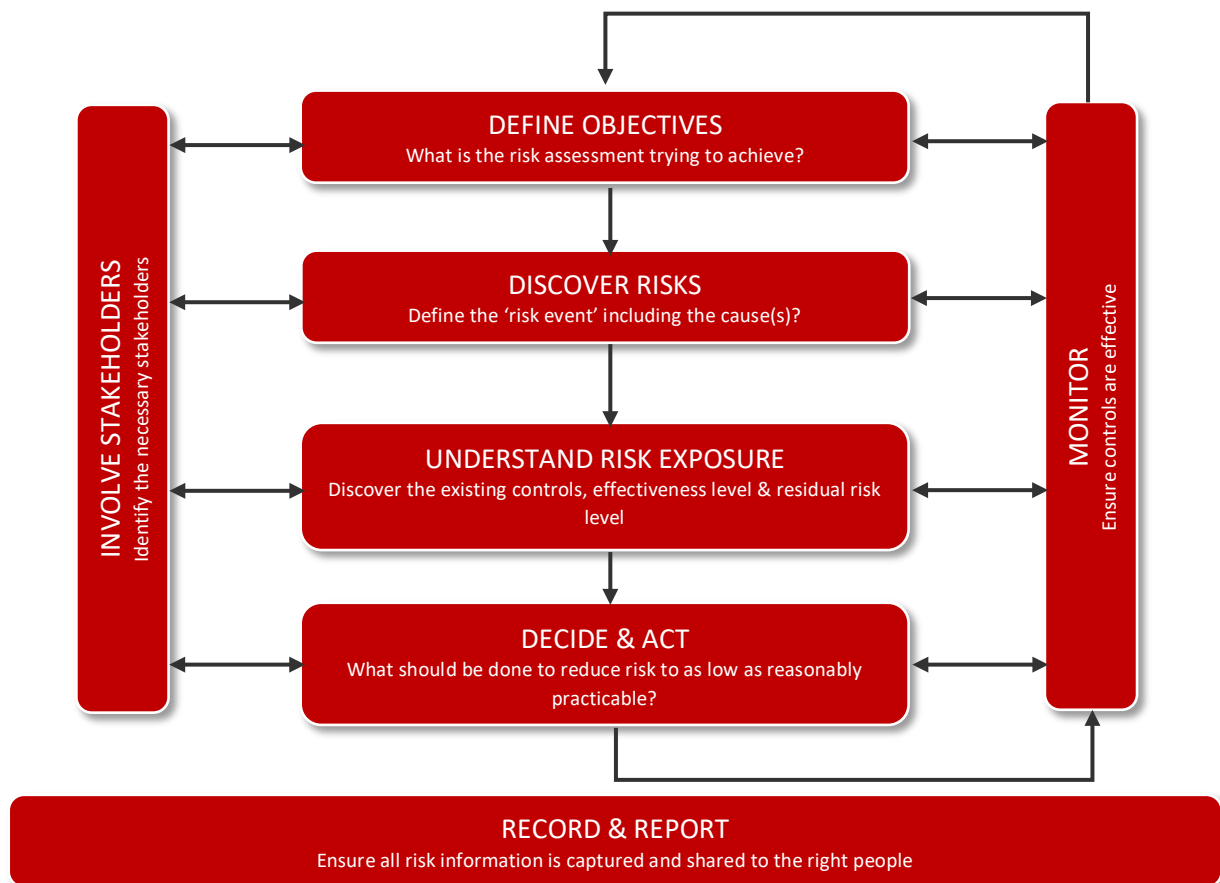
The University takes a proactive approach to the management of risk.

We manage risk when we make decisions and then act to protect the University from loss or seek growth opportunities.

The guide is designed to support the natural capabilities of our people to discover, understand and deal with uncertainty so that the process is reliable, comprehensive, fit for purpose and consistent.

Proactively understanding and responding to risks and opportunities will provide greater certainty for our employees, students and stakeholders.

The WRAG supports the Risk Management Policy and provides a straightforward process for managing risks and opportunities regardless of the application.



INVOLVE STAKEHOLDERS

The management of risk starts by identifying the stakeholders who should be involved.

Understand their objectives, what they know and how to involve and collaborate with them throughout each step to source information and manage any potential for bias.

Develop an approach to continue involving and collaborating with the stakeholders throughout the risk management process.

DEFINE OBJECTIVES

Working with these stakeholders, define the decision the risk assessment supports and what you aim to achieve.

Consult stakeholders and confirm the scope of the risk assessment. The scope will influence your understanding of the likelihood and consequence of each risk event (e.g., if a scope relates to a particular division or business unit, location, project, or research).

Identify and list business objectives for each process – the list will provide structure to support the discovery of risks.

DISCOVER RISKS

Continue to work with stakeholders, brainstorm, and document what might happen in the future and what might occur (i.e., the outcome). These are your risk events. The outcome of a risk event may be negative or positive.

Describe each risk event as an event in the future using the recommended format: “(Something occurring) leading to ... (a consequence or outcome)”

Explore what might cause the risk event to happen – what could cause us to lose control of the activity or task?

Structure your approach to avoid missing any events by referring to the business objectives identified in “Define”. That is, for each objective identified now to discover the risk.

UNDERSTAND RISK EXPOSURE

Understand the significance of each risk event to determine and prioritise action. A complete Risk Assessment needs to be performed in two stages as follows:

Risk Assessment Steps	What Is Involved?
1. Inherent Risk Assessment	Assess the risks without any controls in place.
2. Residual Risk Assessment	Assess the risks considering the existing controls in place.

Firstly, assess the level of Inherent Risk. This involves assessing the Likelihood (Refer Figure 5) of the risk event and the Impact/Consequences (Refer Figure 4) of the event, without any controls in place to manage the risk. Determine the level of risk being a combination of the Likelihood and Impact (Refer Figure 6).

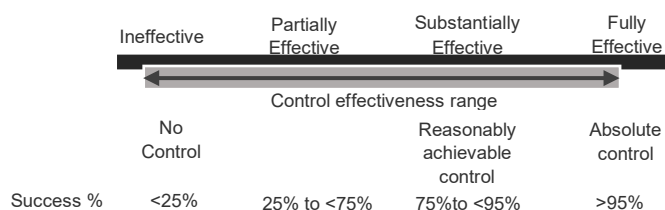
Secondly, assess the level of Residual Risk, after considering the controls in place to manage the risks. The controls in place may reduce the risk event’s Likelihood and/or Impact.

When performing residual risk assessment, consider the effectiveness of the existing controls, whether they are preventative or detective, manual or automated/systems based. Using Figure 1, describe the effectiveness of the current suite of controls. This is the **Control Effectiveness Rating**. Additional guidance on the **Control Effectiveness Rating** is provided in Figure 2.

Figure 1 - Control Effectiveness Rating

INEFFECTIVE	PARTIALLY EFFECTIVE	SUBSTANTIALLY EFFECTIVE	FULLY EFFECTIVE
<ul style="list-style-type: none"> ▪ Significant control gaps. ▪ Either controls are not designed to treat root causes and/ or they do not operate at all effectively. 	<ul style="list-style-type: none"> ▪ Some of the controls are designed correctly to treat root causes. ▪ More work to be done to improve design of controls and/ or operating discipline and reliability of controls. 	<ul style="list-style-type: none"> ▪ Majority of controls are designed correctly to address the root causes. ▪ Some work to be done to improve operating discipline and reliability. 	<ul style="list-style-type: none"> ▪ Controls are designed correctly to address the root causes. Management believes that controls are effective and reliable on almost all occasions. ▪ Management monitoring and review of controls is established

Figure 2 - Control Effectiveness Guidance



The Control Effectiveness Rating is a function of the level of control that is considered *reasonably achievable* for the specific risk event.

As illustrated in Figure 2, a reasonably achievable level of control is not necessarily equal to absolute control as the delivery of absolute control may not be considered reasonably practical or cost effective.

To support the Control Effectiveness Rating, challenge the current controls to test if they meet what is considered reasonably achievable by considering the questions below:

CONTROL DESIGN	<ul style="list-style-type: none"> ❖ Are the controls meeting the applicable laws, regulations, and mandatory standards? ❖ Are the controls comparable with peers or accepted industry practice? ❖ If the environment has changed, are existing controls still fit for purpose? ❖ Are the controls designed to effectively manage/mitigate the risks?
CONTROL OPERATION	<ul style="list-style-type: none"> ❖ Can controls be demonstrated and evidenced through testing or other means? ❖ Are there any outstanding action items from audits, risk reviews, or investigations? ❖ In recent occurrences, did the controls work as intended, including throughout the life of the risk? Refer to recent incidents or issues.

DECIDE & ACT

Decisions to address a risk involve comparing the Residual Risk against the University's Risk Appetite and considering the total 'cost' of the risk against the 'cost' of control. One exception is prescriptive legislation which may override any cost-benefit analysis and compels the business to adopt particular controls.

With the understanding of each risk event, the causes and effects of the existing controls:

- Explore the characteristics of the risk event, including the causes and consequences, and seek options that act against the causes and / or the consequences.
- Explore options to improve the design and operating effectiveness of existing controls or the design of new controls where a control gap has been identified.

Develop an understanding of the net business benefit of each option and engage with the Accountable Executive in [Figure 3](#) to decide and act.

Where a decision to act is taken, document the control (its purpose and design intent), those accountable, allocate resources, agree deadlines, and how those responsible will demonstrate that the control is operating as intended when required.

As the action is implemented, continue to monitor, and assess (update) the control effectiveness rating for the risk event.

Figure 3 - Priority and Accountable Executive Guidance

LEVEL OF RISK	VERY LOW	LOW	MODERATE	HIGH	CRITICAL
Actions endorsed by	NA	NA	Business Unit Heads and/or Process Owners	Divisional Heads/Dean, makes recommendations to the Executive Committee	Divisional Heads/Dean, makes recommendations to the Executive Committee
Actions approved by	NA	Risk can be accepted by Business Unit Heads/Dean and/or Process Owners	Divisional Heads/Deans	Vice-Chancellor	Vice-Chancellor
Indicative time to implement risk mitigation actions.	NA	Nine months	Six months	Three months	As soon as practicable

MONITOR

It is important to regularly monitor and review the effectiveness of current controls to ensure they are fit for purpose and continue to mitigate the risks. Consider if current controls still treat root causes of the known risk events and if any new risks that have been introduced are currently not being treated. The risk owner is responsible for ensuring effective monitoring activities are in place.

With limited time and resources available, monitoring activities should be prioritised to focus on the most critical controls (i.e., controls that are most effective in treating causes and reducing the highest risk exposure).

Some examples of monitoring activities include observing personnel or procedures, analytical review, inquiries or interviews with relevant personnel, review of periodic reporting, testing of controls and conducting audits.

Information produced from monitoring activities can help provide learnings and feedback on whether control effectiveness ratings require any adjustment, if there is a need to implement additional controls to reduce the level of risk and opportunities to improve controls to enhance operational discipline and reliability.

RECORD & REPORT

All risk assessments must be recorded and maintained in the approved Risk Management System (WesternERM).

If utilising this system is not practical, risk information is to be captured as specified in the approved management system.

Risks rated High & above that impact University operations and require a coordinated treatment must be communicated to the Office of Audit & Risk Assessment for reporting to the Executive Committee and the Audit & Risk Committee.

Figure 4 - Impact / Consequence Rating

Impact Score	Generic Impact Description	Impact – Description of Consequence						
		Education & Research	Health and Safety	Operations / Service Delivery	Brand & Reputation	Financial	Legal	Compliance
(5) Catastrophic	Event or circumstance with potentially disastrous impact on business or significant material adverse impact on a key area.	<p>Unsustainable reduction in student enrolment/retention.</p> <p>Critical impact on meeting teaching/research goals over a long period.</p> <p>Loss of critical partnerships / collaborations.</p>	<p>Death or permanent disability.</p> <p>Widespread/sustained industrial action, sustained student protest/violence.</p>	<p>Cessation of critical business operations, systems or Education/Research programs for a long period and at a crucial time in the University calendar.</p> <p>Nearly all service delivery targets are not met.</p>	<p>Irreparable damage to or loss of brand / image / reputation.</p> <p>Serious / long-term damage to University status / international rankings.</p> <p>Widespread / persistent / sustained negative media attention.</p>	<p>Financial loss greater than \$25m.</p> <p>Significant budget impact (revenue shortfall or expense over-run) with no capacity to adjust within the existing budget resources.</p>	<p>Serious breach of contract / duty of care that results in significant prosecution, potential litigation and significant damages and / or costs awarded.</p> <p>Criminal or civil proceedings initiated or Board liability.</p>	<p>Serious non-compliances of statutory obligations, that results in significant prosecution, fines, loss of future funding / registrations / licenses.</p> <p>Criminal or civil proceedings initiated or Board liability.</p> <p>Regulator publishing failure to comply with notices / Regulator sanctions / Immediate corrective action required.</p>
(4) Major	Critical event or circumstance that can be endured with proper management.	<p>Major reduction in student enrolment/retention.</p> <p>Major impact on meeting teaching/research goals over a long period.</p> <p>Long-term impact to partnerships / collaborations.</p>	<p>Serious injury/harm, including sexual assault/rape.</p> <p>Dangerous near miss, student protests, or threats of industrial action.</p>	<p>Major impact on critical business systems or Education / Research programs for an unacceptable period or at a critical time in the University calendar.</p> <p>Major service delivery targets cannot be met.</p>	<p>Major damage to brand / image / reputation nationally / internationally.</p> <p>Long term national or local negative media coverage.</p>	<p>Financial loss greater than \$10m.</p> <p>Requires significant adjustment or cancellation to approved/funded projects/programs.</p>	<p>Major breach of contract / duty of care that results in investigations, major fines, senior executive liability, potential for high value litigation.</p>	<p>Major non-compliances of statutory obligations, that attract regulatory action, infringement notices, reporting, regulatory audits and investigations.</p> <p>Allegations of criminal / unlawful conduct.</p> <p>Senior Executive liability.</p> <p>Potential for litigation, major fines or loss of future funding / registrations / licenses.</p>
(3) Moderate	Significant event or circumstance that can be managed under normal circumstances.	<p>Moderate reduction in student enrolment/retention.</p> <p>Moderate impact on meeting teaching/research goals over a short period.</p> <p>Short-term impact to partnerships / collaborations.</p>	<p>Moderate impact on person's health/wellbeing.</p> <p>Loss time or penalty notice due to unsafe act/plant/equipment.</p> <p>Severe staff morale / increase in workforce absentee rate / student dissatisfaction.</p>	<p>Loss / interruption / compromise of some business systems or Education / Research programs for a short period.</p> <p>Few service delivery targets cannot be met.</p>	<p>Moderate or short-term damage to brand / image / reputation.</p> <p>Moderate issues or concerns relating to student / stakeholder or community.</p> <p>Prominent local negative media coverage.</p>	<p>Financial loss greater than \$5m.</p> <p>The impact may be reduced by reallocating resources.</p>	<p>Breach of contract or duty of care that leads to allegations of criminal / unlawful conduct, individual liability, legal proceedings of relatively high value.</p>	<p>Non-compliances of statutory obligations that result in regulatory attention, potential allegations of criminal/unlawful conduct, individual liability.</p> <p>Moderate level fines.</p>
(2) Minor	Event with consequences that can be readily absorbed but requires management effort to minimise the impact.	<p>Short-term reduction in student enrolment/retention.</p> <p>Minor impact on meeting teaching/research goals.</p> <p>Limited impact to partnerships / collaborations.</p>	<p>Minor impact on person's health/wellbeing.</p> <p>Inappropriate behaviour, workplace safety compromised, dialogue required with industrial groups or student body.</p>	<p>Loss / interruption / compromise of critical business systems or Education / Research program for a tolerable period but at an inconvenient time.</p> <p>Minor impact on</p>	<p>Low negative media coverage.</p> <p>Minor issues or concern raised by students / stakeholders.</p>	<p>Financial loss greater than \$2m.</p> <p>Requires monitoring & possible corrective action within existing resources.</p>	<p>Minor breach of contract / duty of care that doesn't result in litigation or adverse legal actions against the University.</p>	<p>Minor non-compliances of statutory obligations that result in minor regulatory scrutiny via improvement letters.</p> <p>Minor fines.</p>

Impact Score	Generic Impact Description	Impact – Description of Consequence						
		Education & Research	Health and Safety	Operations / Service Delivery	Brand & Reputation	Financial	Legal	Compliance
				operations / service delivery.				
(1) Insignificant	Some loss but not material; existing controls and procedures should cope with the event or circumstance.	Minor downturn in student enrolment / retention. Negligible impact on meeting teaching/research goals. Negligible impact to partnerships / collaborations.	Minimal or no adverse impact on person's health/wellbeing.	Negligible impact on the business operations, systems and/or delivery of service.	Minor / localised damage to brand / image / reputation.	Financial loss less than \$2m. Unlikely to impact on budget or funded activities. Daily business running costs can absorb impact.	Immaterial breach of terms and conditions of contract / duty of care that doesn't result in litigation or adverse legal actions against the University.	Isolated non-compliances of statutory obligations that do not result in adverse regulatory response or action. Immaterial level of fines.

Figure 5 - Likelihood Rating

Likelihood Score	Definition of Likelihood
(5) Almost Certain	Highly likely to happen, possibly frequently or already happened
(4) Likely	Will probably happen, but not a persistent issue
(3) Possible	May happen occasionally
(2) Unlikely	Not expected to happen, but it is a possibility
(1) Rare	Very unlikely this will ever happen

Figure 6 - Level of Residual Risk / Overall Risk Level (Impact x Likelihood)

Impact	Likelihood				
	Rare (1) (remote)	Unlikely (2) (uncommon)	Possible (3) (occasional)	Likely (4) (probable)	Almost Certain (5) (frequent)
Catastrophic (5)	Moderate	Moderate	High	Critical	Critical
Major (4)	Low	Moderate	High	High	Critical
Moderate (3)	Low	Low	Moderate	Moderate	High
Minor (2)	Very Low	Low	Moderate	Moderate	Moderate
Insignificant (1)	Very Low	Very Low	Low	Low	Low