

Risk Management Policy

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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

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

	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

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
		Natural calamities	Damage caused	Medium	Ensure all future	Recommendation	

2	Financial	like Gonu/Phet	to the college assets		construction projects consider precautions to reduce the damage by natural calamities	made to the Ministry, so that necessary instructions are passed on to the respective contractors	Dean, ADAF
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