

ENTEPRISE RISK MANAGEMENT POLICY

SCOPE

This policy applies to all staff at all Monash University locations, including its controlled entities.

POLICY STATEMENT

Monash University (the University) characterises risk as the effect of uncertainty on the University's objectives. Effective risk management supports the University to achieve its goals and protect its reputation. This policy outlines the University's approach to manage risk effectively and foster a culture where risk is an enabler of informed decision making.

The Risk and Compliance Unit (RCU) may provide risk management services to associated entities or strategic partnerships, under the direction of the Vice-Chancellor's Group (VCG), the [Major Initiatives Implementation Oversight](#) (MIIO) committee or on request by the management of these entities and/or partnerships.

1. General Principles

- 1.1 Risk is inherent in all academic, administrative and operational activities at the University.
- 1.2 Risk management is essential to good governance.
- 1.3 Risk management seeks to minimise threats and maximise opportunities through considered decision making. Such decision-making is guided by the University's [Risk Appetite Statement](#).
- 1.4 The risk management process includes risk identification, assessment, evaluation, treatment and review. Further details on each of these activities can be found in the University's [Risk Management Manual](#) and instructions for assessing and treating risks can be found in the [Risk Assessment Guidance and Definitions](#).
- 1.5 All staff share responsibility for the management of risk across the University's operations. The degree and nature of this responsibility is guided by the staff member's role, as set out in the [Enterprise Risk Management Procedure](#). Staff should familiarise themselves with risks associated with their roles and responsibilities.
- 1.6 Risk management applies to all University activities and can be integrated into existing processes such as planning, project management, decision making and reporting; this ensures accountability for risk management across the University.
- 1.7 Risk management is proactive and helps reduce uncertainty in obtaining the University's objectives.

2. Managing Risk at Monash University

- 2.1 The Enterprise Risk Management (ERM) framework is categorised into four [risk pillars](#).
 - **Key Risk:** risks to strategic objectives. These risks can relate to any aspect of University business and are guided by sources such as the Operational Risks, [University plans](#), major projects and other specialist advice within the University.
 - **Operational Risk:** risks associated with transactional activities undertaken as part of day-to-day operations, such as the payment of invoices, enrolling students and scheduling of classes.
 - **Regulatory Risk:** risks associated with regulatory compliance. These risks are driven by the University's regulatory obligations arising from legislation (e.g. Foreign Influence Transparency Scheme, Autonomous Sacntions, Defence Trade Control) and mandated codes such as the [Australian Code for the Responsible Conduct of Research](#).
 - **Project Risk:** risks associated with individual projects. All projects carry a certain degree of risk, which must be considered according to each project's unique circumstances and project management arrangements.
- 2.2 Risks relating to health and safety are covered in the [Occupational Health and Safety Policy](#).

Risk Appetite Statement

- 2.3 The University's [Risk Appetite Statement](#) (RAS) sets out the degree of risk the University is prepared to accept in its activities. It is reviewed annually by VCG and Audit and Risk Committee and approved by Council.
- 2.4 The RAS needs to be considered as part of University planning and in making decisions to ensure risk-taking activity is acceptable.
- 2.5 Local areas may develop their own risk appetite statements. These statements must be subordinate to the University's RAS.

Assessing Risk

- 2.6 Risk assessments are used to generate a risk rating. This risk rating forms the basis for prioritising and consistently managing the risk in accordance with the University's RAS. Risk assessments are part of each staff member's risk management responsibilities.
- 2.7 Circumstances that require that staff undertake risk assessments include, but are not limited to:
- identification of an emerging key or operational risk with significant impact to the University;
 - a request from an internal stakeholder (such as senior management, Office of General Counsel, Insurance Services, or Monash Innovation);
 - a requirement of a Monash Policy and/or Procedure;
 - a major initiative; or
 - commencement of a new project (see [Project Management Central](#)).
- 2.8 All risk assessments and the treatment of risks must adhere to the [Risk Assessment Guidance and Definitions](#) Exceptions to this must be approved by the RCU.

Three Lines of Defence

- 2.9 The University adopts a 'three lines of defence' model to support accountability in risk management through a layered defence approach. These lines of defence are:
- 1st - risk owners;
 - 2nd - standard setters; and,
 - 3rd - independent assurance providers.
- 2.10 Further information can be found in the [Risk Management Manual](#).

Authority for Risk Management

- 2.11 Monash University Council has responsibility for overseeing and monitoring the management of risk across the University's operations, including its commercial activities.
- 2.12 The Audit and Risk Committee of Council is responsible for advising the University in meeting these obligations.
- 2.13 The RCU is the operational unit that assists in the management of strategic, operational, regulatory and project risks under the [Risk and Compliance Charter](#) approved by the Audit and Risk Committee. The RCU reports to the Vice-President (Strategy and Governance) and works closely with staff to embed risk ownership at all levels of the University.

DEFINITIONS

Risk	The effect of uncertainty on objectives.
Risk appetite	The type and level of risk that an organisation is prepared to pursue, retain or take.
Risk assessment	The overall process of risk identification, risk analysis and risk evaluation.
Risk management	Coordinated activities to direct and control an organisation with regard to risk.
Risk management framework	The set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management processes throughout the organisation.
Risk owner	University staff with the accountability and authority to manage a risk
Risk treatment	Process to modify risk, may include deciding to accept, reduce, share or avoid the risk.
Standard setters	University staff/functions responsible for providing specialist advice to risk owners and setting the

	approach, processes and frameworks for risk management. (e.g. RCU and Office of General Council)
Independent assurance providers	University functions responsible for providing independent assurance and oversight on how effectively the University manages risk (e.g. Internal Audit).
Supervisor	Someone who supervises your work (e.g. Head of Department, Dean, Director or Project Director).

GOVERNANCE

Supporting procedures	Enterprise Risk Management Procedure
Supporting schedules	N/A
Associated policies	<ul style="list-style-type: none"> • Occupational Health and Safety Policy • Electronic Information Security Policy • Industry-Based Experiences for Students Policy
Policy owner	Director, Risk and Compliance
Legislation mandating compliance	<ul style="list-style-type: none"> • Monash University Act 2009 (Vic) • Tertiary Education Quality and Standards Agency (TEQSA) Act 2011 (Vic) • Higher Education Standards Framework (Threshold Standards) 2015 (Vic)
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