

A'Sharqiyah University Policy
RISK MANAGEMENT POLICY & PROCEDURES

Policy name	Risk Management Policy & Procedures		
Policy number	GV0004		
Contact Person	Risk Compliance Officer- In Charge - In Charge		
Approval Authority	Board of Directors		
Date first approved	April 7th, 2019	Last substantive review	NA
Policy Review Cycle	Three Years	Next review	April, 2022

1. Definitions

Terms / Abbreviations	Definition
Risk	The effect of uncertainty on the achievement of the University's objectives or operational activities.
Risk Identification	The process of finding, recognizing and describing risks. It involves the identification of risk sources, events, their causes and potential consequences.
Risk Assessment	The process of estimating the impact and likelihood of identified risks through a systematic analysis and evaluation.
Risk Appetite	Amount and type of risk that the University is prepared to take in order to pursue its strategic objectives and maximizing value to stakeholders.
Risk Mitigation	Steps and methods to reduce or eliminate risk.
Risk Management	The methods used to identify, evaluate and prioritize the risks and to take actions to control, monitor and minimize their impacts.
Risk Management Framework	Set of components consisting of the risk management policy and procedures that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the University.
Consequences/Impact	Outcome of an event affecting the objectives of the University
Likelihood	Chance of something happening affecting the objectives of the University.
Current Risk	Risk after taking into account the existing controls in place and their effectiveness.

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Residual Risk	Risk remaining after the proposed additional controls & Risk Treatment.
Risk Register	A record of information about identified risks. It contains all risk related information, such as reference ID, risk description, risk category, potential causes, potential consequences, existing control, gross and net Impact & likelihood, overall rating, risk owner, risk mitigation decision, changes in risk status, description of the change.
Risk Owner	An individual or a body that is authorized to deal with a risk and is responsible for doing so.

2. Purpose

The purpose of the Risk Management Policy (the “Policy”) is to express the University’s commitment to the optimal management of all risks that may affect the University’s endeavors in achieving its vision, mission, strategic objectives and operational tasks and to protect its core values

3. Scope

This Policy is applicable to all levels of the University

4. Policy Statement

1. A' Sharqiyah University recognizes that risk is integral part of its activities and is committed to applying appropriate risk management practices in all its activities to minimize the unfavorable effect of risks, and to seize opportunities in achieving the University’s vision, mission, values and strategic objectives.
2. The Risk Management Policy and procedures puts forth a systematic approach to identifying, classifying, assessing, controlling and monitoring risks. Risks will be managed generally in accordance with the risk management procedures described in this Policy. The risk owners for risk management are expected to apply their good judgment in applying the procedures described in this Policy.
3. The University’s Board of Directors (the “Board”) approves the Risk Management Policy. The Board also determines the appropriate level of risk that the University is willing to accept (Risk Appetite) in the fulfilment of its objectives. The University Risk Management Committee (URMC) & Audit & Risk Committee (ARC) are responsible for the oversight of the implementation of the Risk Management Policy on behalf of the Board.
4. URMC shall have the overall responsibility of the risk management and is accountable to the Board for Risk Management. URMC fulfills this responsibility through various risk champions

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- and the Risk Management Officer in charge. The University Risk Management Committee (URMC) is responsible for planning and leading the execution of the risk management activities.
5. It is the responsibility of every member of the ASU community to communicate risks that comes to their knowledge to the appropriate entities to be treated.

5. **Key Stakeholders**

All entities and individuals associated with the strategic and operational aspects of the university are the stakeholders of this policy.

6. **Procedures and Guidance**

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6.1 Risk Identification & Classification

6.1.1 Understanding the internal & external environment

In order to identify and assess relevant risks, it is important to understand and identify the internal and external environment and conditions that might affect the University's activities. These conditions could post risks or present opportunities that could impact the University's strategic objectives, academic programs, and day to day operations.

6.1.2 Risk Appetite

Risk Appetite is a statement describing the amount and type of risk that the University is prepared to take in order to pursue its strategic objectives and maximizing value to stakeholders. The University's Risk Appetite will be developed around University's vision, mission, values, strategic objectives; after taking into account the internal and external environments affecting the University's activities. On an overall scale, the University is averse to accept risks which has a rating of 12 and above in a scale of 1 to 25. Such risks will have to be mandatorily addressed with appropriate risk mitigation.

6.1.3 Risk Identification and Categorization

Risk owners shall review and update existing risks as well as identify new and emerging risks for each major activity as a continuous exercise by breaking down the activities into processes, historical data analysis, theoretical analysis, informed and expert opinions, interaction with stakeholders, feedback analysis, early warning indicators. The risks will then be converted into simple and understandable risk statements along with their potential causes and impacts and categorize in appropriate risk categories. The broad risk categories are: Strategic, Operational, Academic, Financial and Compliance.

6.2 Risk Assessment

6.2.1 Impact and Likelihood Assessments

In assessing the likelihood and impact of Current Risk, the existing controls in place and the ability of the University to effectively enforce these controls should be taken into consideration. In assessing the likelihood and impact of Residual Risk, the new and additional controls and mitigation measures that are proposed as part of risk management should be taken into consideration. Risk Impact and Likelihood are assessed on a scale of 1-5. The Unit Heads develop their units' risk registers that include the mitigation plans.

All active risks will have to be reassessed periodically or whenever there is a change in any of the factors affecting the risk.

The risk owners make their decision of risk assessment based on their past knowledge through historical and institutional benchmark.

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6.2.2 Risk Impact and Likelihood Criteria & guidelines

The following tables illustrates the impact and likelihood assessment criteria and guidelines for risk assessment:

Table 1 – Description of Risk Likelihood Levels

Risk- Likelihood		
Description	Value	Chance of Occurrence
Very low	1	Very unlikely
Low	2	Not expected to happen, but it is possible
Medium	3	May happen occasionally
High	4	Probably happen, but persistent
Very High	5	Highly likely and possibly frequently

Table 2A – Description of Risk Consequence Levels

Risk- Consequence/Impact		
Severity Level	Description	
Negligible	1	<ul style="list-style-type: none"> • Very low consequences, negligible disruptions • No Fiscal Loss or human injury
Minor	2	<ul style="list-style-type: none"> • Services may be disrupted for 1-2 days • Negligible* financial loss • Activity are slightly affected • Mild human injuries • Internal reputation affected
Moderate	3	<ul style="list-style-type: none"> • Service lost for period up to five days. • Moderate* financial loss • Leads to internal review. Moderate injury for staff that causes staff to be away from work for five days. • External reputation slightly affected
Major	4	<ul style="list-style-type: none"> • Affecting service for a period of one or more. • Major* Fiscal setback • Internal investigation • Key stakeholders suffer severe injuries. • Multiple impact that affect several business operations. • Requires top authority's intervention and external assistance.
Catastrophic	5	<ul style="list-style-type: none"> • Service stopped • High amount resources required to recover from impact. • Legal consequences resulting in prosecution. • Heavy* fiscal setback • Key stakeholders exposed to fatal incidents. • Total university services are critically affected. Prompt attention from the management including BOD required.

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Table 2-B – Financial Impact threshold value

Risk Impact	Monetary Value
Negligible	Up to OMR 100
Moderate	OMR 101 – 5,000
Major	OMR 5001 – 50,000
Heavy	More than OMR 50,000

Table 3. Risk Assessment Matrix (Likelihood X Consequence)

Risk Assessment Matrix						
		Consequence				
		Negligible	Minor	Moderate	Major	Catastrophic
Likelihood	Value	Negligible	Minor	Moderate	Major	Catastrophic
	5	Medium 5	Medium 10	High 15	Very High 20	Very High 25
	4	Medium 4	Medium 8	High 12	High 16	Very High 20
	3	Low 3	Medium 6	Medium 9	High 12	High 15
	2	Low 2	Medium 4	Medium 6	Medium 8	Medium 10
	1	Low 1	Low 2	Low 3	Medium 4	Medium 5
	Value	1	2	3	4	5

6.2.3 Early warning Indicators

Early warning Indicators are mechanism that give information on any of the potential risks or issues which may occur in future. This indicator will assist the management implement measures to eliminate the risk or reduce its impact. These are also called Key Risk Indicators.

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Some examples of early warning indicators are below:

Risk	Indicators
Academic Performance of students	Class test results, number of student under probation, attendance
Quality of teaching	Students surveys, quality of teaching materials including handouts, quality of exams etc.
Staff and Students Academic Integrity	number of reported plagiarism cases and penalties applied
Staff attrition	Staff satisfaction survey reports, staff resignation rate.

6.3 Risk Mitigation

Risk Treatment can include one or a combination of the following responses for each risk:

Risk Response	Risk Response Definitions
Terminate	Do Not Proceed. Find another way to achieve the required objective. <i>While this may sometimes be the best solution, do not overuse this option. Prudent, bold thinking is important. Risks cannot always be avoided or eliminated completely. For example, we drive or travel in vehicles despite knowing that serious accidents can occur.</i>
Tolerate	Accept the Risk, If no further mitigation plans can be implemented, monitor the risk on a periodic basis.
Transfer	Transfer Responsibility for the risk to a third party, usually by purchasing insurance or signing a contract. <i>Risk transfer provides a level of third party assumption of management and/or financial protection but protection always requires the insured or contracting party to take certain ongoing management actions and retain some of the financial consequence.</i>
Treat	Treat the Risk or identify specific mitigation actions that should be taken to reduce the likelihood and/or impact of the risk. Mitigation actions should include a timeline for monitoring and confirming implementation of mitigation actions

Once a response for managing each risk has been determined, specific risk mitigation actions and owners for each risk identified are assigned by the following steps:

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Propose Mitigation	<p>Evaluate further controls and mitigations to reduce the Current Risk to the targeted Residual Risk and propose appropriate future controls and mitigations. If the Residual Risk score is within the Risk Appetite, no further mitigation may be required.</p>
Assign risk management responsibility	<p>Assign risk management responsibility for each risk. Identify the accountability by position. This is the person(s) responsible for implementing the risk mitigation actions and monitoring the risk on an ongoing basis.</p>

6.4 Monitoring, Reporting & Communication

6.4.1 Risk Monitoring

Risks need to be monitored on a continuous basis and periodically reported. The intensity of monitoring and the frequency and details of reporting depends upon the severity of the risk profile. All existing risks in the risk registers have to be evaluated afresh at least once in a year and at shorter intervals depending on the changes to the business environment. New risks as and when is known should be updated in the risk register.

Similarly, for risk mitigation actions and controls effectiveness. While controls may have been designed appropriately but may not have been implemented effectively or controls may have stopped functioning as processes may have changed, it is recommended that the mitigation factors are reviewed periodically (at least annually).

6.4.2 Risk Reporting

The University's top risks are reported to the Audit & Risk Committee and the Academic Committee on a periodical basis and at least once in a year and to the Board when required. This will help to direct time and resources in a way that is most effective in managing risks for the University.

6.4.3 Risk Communication

Four types of risk communications are used to communicate the risks across the university. They are:

- (1) Education and information:
- (2) Behavioral change and protecting action
- (3) Emergency information a dsaster warning systems
- (4) Conflict resolution and joint problem solving

Risk Communication can be carried out formally or informally, orally or visually depending on the context of communication. Channels of communication can be email, fax, telephone, WhatsApp or

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other appropriate means of communication depending on the situation of communication. Recipients of communication will be different according to the type of communication.

5.5 Risk Management Committee and Reporting

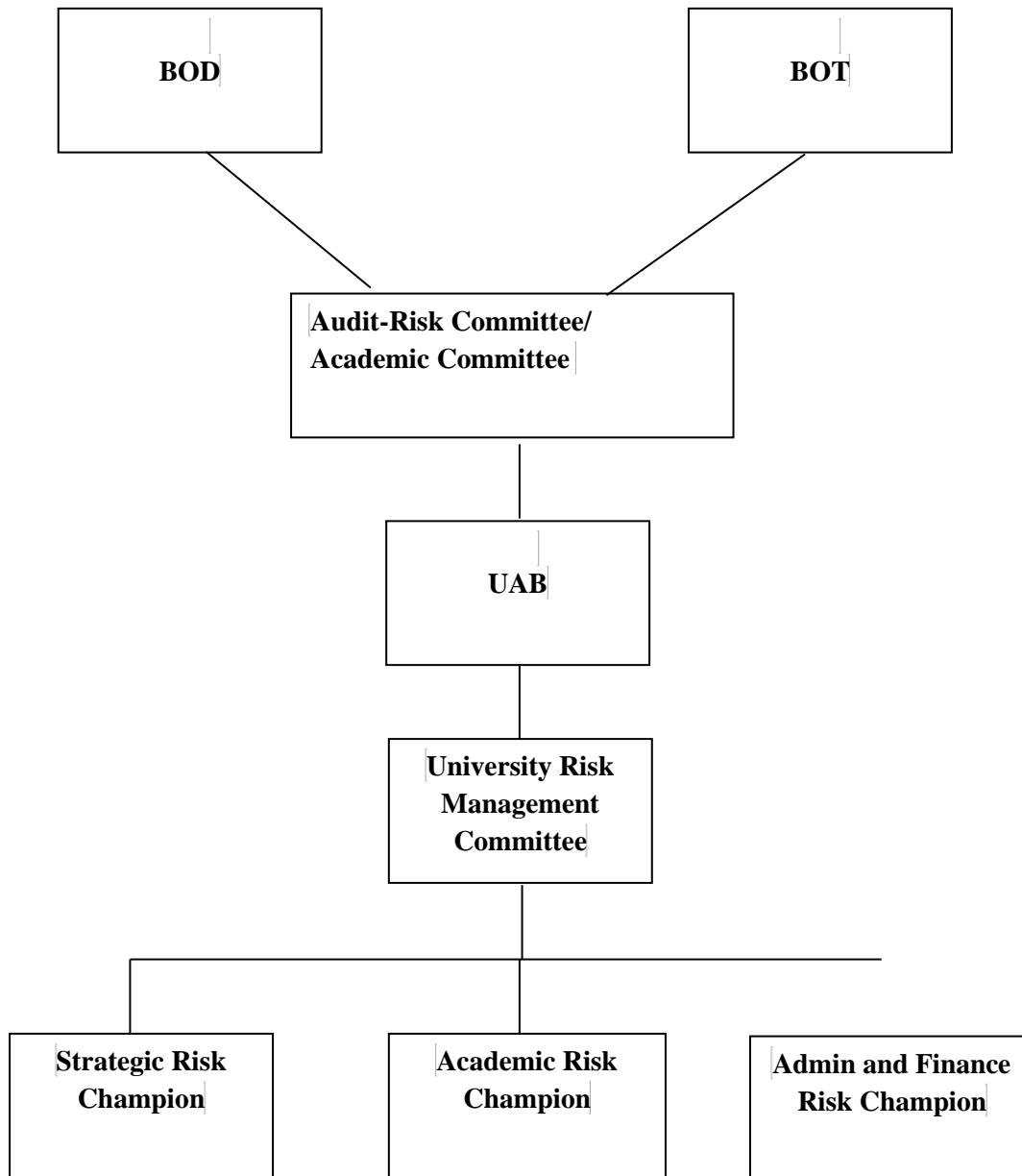
To manage the University's risk effectively, the University Risk Management Committee is formed with the below ToRs and it has three Risk Champions:

1. Strategic Risk Champion.
2. Academic Risk Champion.
3. Admin and Finance Risk Champion.

ARC and the Academic Committee meet twice a year and Academic Committee will share the Academic Risk with ARC. Ultimate responsibility of presenting risk to BoD is with ARC.

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Appendix (1)



7. References

Marsden, E. (2017, July 31). The ISO 31000 standard Risk management: Principles and guidelines. Retrieved June 08, 2020, from <https://risk-engineering.org/ISO-31000-risk-management/>

8. Revision History

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Version	Author/ Reviewer	Revision(s) made and justification	Date
1	Risk officer	Annual review -No change.	8 June 2020
2	University Risk Management Committee	As part of the University Risk Management Committee's ToR is to evaluate and report the mitigation actions' effectiveness quarterly and report to UAB, ARC and eventually to BoD. In the attachment, the assessment of the mitigation actions and the change in the University Top 10 Risks is reported.	3 March 2021