



SYDNEY
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Education for Change

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RISK MANAGEMENT FRAMEWORK (RMF)

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1. INTRODUCTION

This Risk Management Framework (RMF) is developed and implemented within the domain of Risk Management Policy. It consists of the system, structure, and procedures that put that policy blueprint into practice for managing risk effectively. The Risk Management Policy sets the direction, and the RMF provides the structure and processes to achieve that direction.

Sydney Met recognises that risk management is an integral part of good governance and management practice and is committed to its application at all management levels within an institution-wide framework. Sydney Met's RMF provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management. The four key elements of Sydney Met's framework are its a) Risk Management Policy, which establishes a mandate and commitment for managing risk, and b) the Risk Management Plan, which details the procedures and processes by which risk management will be implemented within the organisation, and c) Risk Register which outlines the key risk management activities of risk response and responsibilities and timeline, and d) monitoring, review, improvement and reporting of the RFM.

The Governing Council is the peak body and has the ultimate responsibility for ensuring the effective management of risk. A sound approach to managing risk is essential to the ongoing sustainability and success of Sydney Met. Robust risk management helps to assure stakeholders that Sydney Met governance and management understand the risks of operating a higher education provider in Sydney Met, that adequate steps have been taken to minimise and mitigate risks, and that Sydney Met has in place systems to operate commercially, flexibly and responsibly. The Sydney Met's approach to risk management aligns with the Standard ISO 31000:2018 Risk Management – Guidelines.

The Risk Management Framework (RMF) at Sydney Met is a structured approach organisations use to identify, assess, manage, and monitor risks that could affect their operations. It provides a systematic process to ensure that risks are identified and mitigated to an acceptable level, thus safeguarding the organisation's assets, reputation, and overall vision and mission.

Sydney Met's Risk Management Framework (RMF) presents an institutional Risk Management approach, outlining its importance, key components, and implementation process. The goal is to ensure Sydney Met is prepared to handle potential threats while maximising opportunities using a well-defined and structured approach.

2. PURPOSE AND DEFINITION

This Risk Management Framework aims to support Sydney Met in achieving its strategic objectives as set out in the Strategic Plan and to demonstrate compliance with its obligations effectively, efficiently, and within the parameters established by the Governing Council. The inherent nature of risk management within the education sector is complex due to many regulatory requirements. This framework provides an overarching structure and tools to identify and manage Sydney Met's risk obligations. It sets out Sydney Met's commitment to creating an integrated approach to risk

management that can be applied consistently to all areas of operations.

The Sydney Met Risk Management Framework has been developed to meet three objectives:

- To provide consistency to business risk management practices throughout Sydney Met operations.
- To provide assurance that all key risks within the business are being identified and managed appropriately and to ensure Sydney Met, including the Governing Council, Academic Board and management, are aware of key business risks.
- Sydney Met demonstrates that it has done everything reasonable and practical in addressing WHS risks, including prevention and effective response to sexual misconduct and gender-based violence, and this has been operationally delivered via the Sydney Met Officers.

Sydney Met defines risks as provided by the International Standard on Risk Management AS/NZS ISO 31000:2018 as “the effect of uncertainty on objectives”. This definition highlights risk as an uncertainty of outcome. This uncertainty can relate to either a threat or an opportunity. Risk management can relate to ensuring threats don’t result in negative consequences and ensuring opportunities are realised. ISO 31000 defines risk management as “coordinated activities to direct and control an organisation about risk”. It is the systematic and ongoing risk identification, assessment, treatment and monitoring process. It can be applied at any level of the Sydney met, including strategic, operational, and project levels. It is not solely about limiting risk but rather about fully appreciating and recognising the risks we carry and balancing risk and reward in an informed manner. The overarching objective of risk management is to ensure that risk identification, assessment and management occurs continuously in accordance with changes in the internal and external environment and that Sydney Met has processes in place to enable it to provide assurance to management, the Governing Council and the external community that processes are effective in controlling risk.

3. LEGISLATIVE CONTEXT

Key legislative compliance requirements and annual declarations (including risk attestations and annual reporting around effective management of risks) are:

- The Tertiary Education Quality and Standards Agency Act 2011 (TEQSA Act)
- Higher Education Standards Framework (Threshold Standards) 2021
- Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS)
- Australian Qualifications Framework AQF
- Education Services for Overseas (ESOS) Act, ESOS Regulations 2019, ESOS (Registration Charges) Act 1997 and ESOS (TPS Levies) Act 2012
- National Code of Practice for Providers of Education and Training to Overseas Students 2018 (The National Code)
- Financial Management Compliance attestation
- Responsible bodies declaration
- Conflict of Interest Declaration and so on.

4. ENABLERS FOR RISK MANAGEMENT

The key enablers of the risk management framework as prescribed within ISO

31000:2018 are as follows:

- *Leadership and commitment* – To ensure the ongoing effectiveness of risk management within the company, Sydney Met should integrate risk management into all organisational activities. This commitment should be reinforced by communicating the value of risk management and its impact on the organisation.
- *Integration* – Risk should be managed in every part of the Sydney Met structure. The integration of risk management should be a dynamic and iterative process customised to Sydney Met’s needs and culture and included as part of the purpose, governance, leadership and commitment, strategy, objectives, and operations.
- *Design* – The design of risk management systems and processes should consider understanding the organisation and its context, articulating the risk management commitment, assigning roles, responsibilities and accountabilities, allocating resources and establishing communication and consultation.
- *Implementation* – The Risk Management Framework is applied through a risk management plan at all relevant levels and functions of Sydney Met as part of its practices and processes. Investment in resources and capabilities should enable Sydney Met to effectively and efficiently apply its risk management activities throughout the organisation.
- *Evaluation* – Sydney Met should periodically evaluate the effectiveness of the risk management process against its purpose, implementation plans, indicators, and expected behaviours to ensure it is suitable for supporting the achievement of its objectives.
- *Improvement* – Sydney Met should continuously look to adapt and improve its risk management process. Relevant gaps and improvement opportunities should be identified and implemented to ensure the framework's effectiveness.

Effective risk management is essential for the sustainability and success of any organisation, yet it comes with various challenges that can complicate the process. Some of the potential challenges in risk management at Sydney Met are presented below for pre-emptive measures:

- *Identifying Emerging Risk:* New and unforeseen risks, such as those from technological advancements, market shifts, or geopolitical changes, can emerge rapidly. These risks may need historical data to guide predictions, making them harder to identify and assess.
- *Managing Uncertainty:* Risk inherently involves uncertainty, and not all potential outcomes or probabilities can be known in advance. Uncertainty makes creating effective mitigation strategies and plans for all possible scenarios difficult.
- *Resource Constraints:* Allocating sufficient resources—time, money, and personnel—to risk management can be challenging, particularly for a smaller institute like Sydney Met. Inadequate resourcing can lead to gaps in risk management, increasing the likelihood of significant issues arising.
- *Ensuring Consistent Implications:* It can be challenging to implement risk management practices consistently over other higher-priority areas such as reregistration, compliance, student recruitment, etc. Inconsistencies can create weak points in the organisation’s risk management framework, increasing exposure to risks in certain areas.
- *Maintaining Stakeholder Engagement:* Sydney Met stakeholders may have different risk perceptions, priorities, and levels of understanding, making it difficult

to gain consensus or ensure compliance. Engaging and communicating effectively with various and diverse stakeholders at Sydney Met—employees, management, owners, and regulators—about risks and risk management efforts may be challenging.

5. PRINCIPLES OF RISK MANAGEMENT

Like many other educational organisations, Sydney Met operates in an environment full of uncertainties that can impact its objectives. The importance of an RMF includes:

- *Proactive Risk Identification:* Allows organisations to identify potential risks before they manifest.
- *Enhanced Decision-Making:* Provides a foundation for making informed decisions by understanding potential risks.
- *Resource Optimisation:* Ensures resources are allocated to areas of highest risk, enhancing efficiency.
- *Regulatory Compliance:* Helps organisations meet legal and regulatory requirements, minimising the risk of penalties.
- *Reputation Protection:* Mitigates risks that could damage an organisation's reputation, thus maintaining stakeholder trust.

Sydney Met's risk framework is based on the following principles:

- Anticipating and addressing uncertainties
- Transparency and inclusiveness
- Accountability
- Creating and protecting value by accepting/ taking calculated risks
- Facilitating continual improvement

6. COMPONENTS OF RISK MANAGEMENT FRAMEWORK

The Risk Management Framework (RMF) at Sydney Met is a structured approach to identifying, assessing, managing, and monitoring risk. **Figure 1** depicts the critical components of the RMF, which provide a high-level view of how to approach a specific domain within Sydney Met's risk management context. Nevertheless, it's a flexible conceptual structure and provides guidelines rather than rigid steps. Sydney Met has the flexibility to take a cognitive approach by following these steps and integrating qualitative and quantitative components, such as risk appetite, mitigations, and risk ratings. The aim is to produce a helpful guide to determine the most significant risks to Sydney Met's development and explain how these risks are being managed and mitigated effectively.

Risk appetite is the level of risk that Sydney Met is prepared to accept in pursuing its goals. Sydney Met will only accept negligible or low risk to ethical behaviour, regulatory compliance, financial sustainability, health, safety and well-being, and quality of learning and teaching. In other areas, Sydney Met weighs the potential benefits and risks of different activities and accepts a medium level of risk that supports its planned strategic growth and development.

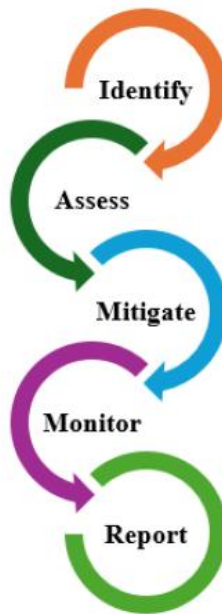


Figure 1: Key Components of the RMF

6.1 Identify

Identifying risk is the most critical step in safeguarding the Sydney Met Risk Management Framework. It involves recognising potential threats and opportunities impacting business operations, allowing for proactive planning and mitigation. All identified risks at Sydney Met are classified into five foundational areas. These are: a) Governance, b) Academic, c) Operational, d) Compliance, and Finance.

Nevertheless, the validity and authenticity of the risk identification process are essential to ensure that the identified risks are accurate, relevant, and reflective of the actual threats and opportunities facing Sydney Met. Validity ensures that the risk identification process accurately captures the actual risks, while authenticity confirms that the process and outcomes are genuine, unbiased, and based on credible sources.

This is achieved through various risk identification tools and techniques at Sydney Met. The viable approaches to identify valid and authentic risks at Sydney Met include, but are not limited to:

6.1.1 *Involvement of Key Stakeholders*

Engage stakeholders from various departments, including senior management, operational staff, and Sydney Met students, in the risk identification process to capture strategic and operational risks. This diversity ensures that different perspectives are considered, leading to a more accurate and comprehensive identification of risks. In addition to RAC, GC, and AB meetings, potential risk items are regularly discussed at the weekly SLT, monthly SLF, Sydney Met Town Hall, and other staff and leadership meetings, which are standard discussion items. In addition to proactive risk identification and response initiatives carried out with the direct involvement of stakeholders, Sydney Met uses an online suggestion box to capture risk items from the

relevant stakeholders. Sydney Met staff are encouraged to complete an online risk identification form to report any perceived risk.

6.1.2 Comprehensive Data Collection

Sydney Met uses a wide range of internal data sources to assess risk, such as historical performance records, incident reports, financial statements, student survey reports, benchmarking reports and employee feedback. This ensures that the risks identified are based on actual business experiences. Sydney Met also incorporates external data from industry reports, market trends, regulatory updates, and competitor analysis to capture and assess risks that may not be immediately apparent from internal sources alone.

6.1.3 Use of Proven Methodologies

Sydney Met systematically explores potential risks using established risk identification methodologies, such as SWOT analysis, PESTLE analysis, and scenario planning. Sydney Met conducts risk workshops and brainstorming sessions that encourage open dialogue and critical thinking among participants, ensuring that the risks identified are theoretical but also practical and relevant.

6.1.4 Continuous Validation

Sydney Met implements a risk governance process involving the Governing Council (GC), Risk and Audit Committee (RAC), Finance and Resource Committee (FRC), Academic Board (AB), Teaching and Learning Committee (TLC), Strategic Leadership Forum (SLF), and Senior Leadership Team (SLT) to regularly review, discuss, and update identified risks and their responses to ensure they remain valid over time. These governance committees cross-reference identified risks with known industry benchmarks or standards to validate their relevance and accuracy.

6.1.5 Ethical Consideration

The Risk and Audit Committee (RAC), Sydney Met, must ensure that the risk management process adheres to ethical standards, particularly in compliance, legal obligations, and social responsibility. Authentic risk management should consider the broader implications of risks, including potential harm to stakeholders or the environment. Under GC's delegation, the RAC fosters a culture of honesty and integrity within Sydney Met, where employees feel comfortable reporting potential risks without fear of reprisal or censorship.

6.1.6 Documentation and Reporting

RAC documents the risk identification process in the Risk Register, which includes the rationale and source of each risk. The Register is detailed and accessible for real-time review and audit. The Chief Quality Officer (CQO) reports the identified risks to all relevant stakeholders clearly and transparently, ensuring no information is omitted or misrepresented. For example, CQO reports and discusses potential risk items and the risk register at the weekly Senior Leadership Team (SLT) meetings, monthly Strategy Implementation and Monitoring Committee (SIMC) meetings, quarterly Risk and Audit Committee (RAC), Teaching and Learning Committee (TLC), Academic Board (AB),

and Governing Council meetings. Critical risk items are also shared in the Sydney Met Town Hall with the broader academic and professional Sydney Met Staff. **Figure 2** depicts the risk reporting structure at Sydney Met.

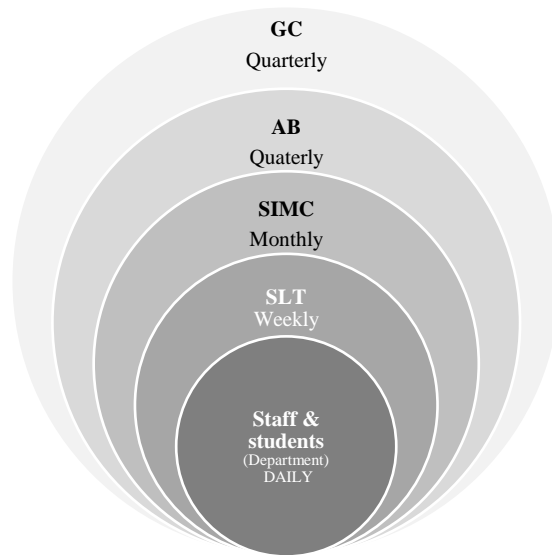


Figure 2: Risk Reporting Structure

6.2 Assess

Risk assessment is a crucial part of the framework, providing a structured approach to managing, monitoring, and reporting risks.

Sydney Met uses a 5-scale Risk Assessment Matrix (RAM) to assess and manage risks. The 5-scale risk assessment matrix, depicted in Figure 3, is a widely used risk assessment tool. It offers a visualised, comprehensive view of an organisation’s risks in an X-Y matrix that measures their likelihood on one axis and their potential business impact on the other. Risks in the matrix's green areas (1 to 6) might not require action, but yellow and orange risks likely do (5 to 16). Risks in the red part (20 to 25) need urgent action. Providing a clear visual representation and risk ratings aids in better decision-making and managing risks.

IMPACT	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
LIKELIHOOD						

Figure 3: Risk Assessment Matrix (RAM)

Sydney Met will consider the raw risk, mitigation strategies, and risks after mitigation. The likelihood and impact take account of the efforts to manage the risk.

6.2.1 Component of RAM

Likelihood (Probability): The X-axis of the matrix represents the probability that a risk event will occur. It is categorised into levels, such as:

- *Rare* (1): The event is improbable to happen, and the probability of occurrence in a year is less than 5%.
- *Unlikely* (2): The event could happen but is unexpected; the probability of occurrence in a year is 5-25%.
- *Possible* (3): The event might happen occasionally, with a probability of occurrence in a year of 25-75%.
- *Likely* (4): The event is often expected to happen, with a probability of occurrence in a year of 75-95%.
- *Almost Certain* (5): The event will likely happen, and the probability of occurrence in a year is greater than 95%.

Guidance for risk likelihood to probability and impacts are outlined below:

Risk likelihood is scored:

- 1 (<5% probability),
- 2 (5-10% probability),
- 3(10-25% probability),
- 4 (25-50% probability),
- 5 (>50% probability).

Risk consequence is scored:

- 1 (insignificant, <\$50K),
- 2 (minor, \$50-250K),
- 3 (moderate, \$250K-3M),
- 4 (major, \$3-10M),
- 5 (severe, >\$10M).

Impact (Severity): The Y-axis represents the potential consequences or severity of the risk if it occurs. The effect is also categorised into levels, such as:

- *Insignificant* (1): The impact is negligible, with no significant disruption, less than \$10K impact.
- *Minor* (2): The impact is minor and can be managed with routine procedures, with an impact of \$10-50K.
- *Moderate* (3): The impact is noticeable and may require additional resources, with an effect of \$50-200K.
- *Major* (4): The impact is severe and will likely require significant management effort, with an impact of \$200K-1M.
- *Catastrophic* (5): The impact is severe, leading to significant disruptions, financial loss, or harm, impact greater than \$1M.

6.2.2 Interpreting the Matrix

- *Low Risk* (Green, 1-4): These risks have a low likelihood of occurrence or impact. They may require minimal monitoring but generally do not need immediate action.
- *Medium Risk* (Yellow, 5-9): These risks are moderate and may require some proactive measures to mitigate their impact or reduce their likelihood.
- *High Risk* (Orange, 10-16): These risks are significant and should be prioritised. They likely require detailed mitigation plans and regular monitoring.
- *Very High Risk* (17-25): These critical risks could severely affect the organisation. Immediate action is required to mitigate these risks, and Sydney Met should closely monitor them.

6.2 Mitigate

Risk mitigation is a crucial aspect of risk management that involves reducing the likelihood and impact of potential risks that exceed the risk appetite. At Sydney Met, risk mitigation aims to minimise the adverse effects of risks on the Institute, its operations, and its objectives. By proactively addressing risks, Sydney Met safeguards its assets, ensures business continuity, and maintains stakeholder confidence. The critical aspects of risk mitigation include, but are not limited to:

6.3.1 Risk Governance

Risk governance is a risk mitigation due diligence by which Sydney Met's leadership oversees and directs risk management to align with its strategic objectives. Under the delegation of the GC, Sydney Met's Risk and Audit Committee (RAC) is responsible for undertaking the task. It involves establishing clear policies, risk registers, roles, and responsibilities for risk management, ensuring that risks are identified, assessed, and managed consistently across Sydney Met. Effective risk governance integrates risk mitigation into decision-making processes at all levels, fostering a culture of accountability and transparency.

6.3.2 Balancing Risk Mitigation and Risk Appetite

Risk appetite at Sydney Met is the amount and type of risk the Institute is willing to accept to pursue its objectives. It represents the Sydney Met's tolerance to different kinds of risk, balancing the potential benefits of risk-taking against the possible negative consequences. The RAC periodically monitors and reviews the risk ratings of the identified risks available at the risk register. The RAC recommendations on balancing mitigation and appetite of the risk items are discussed in SLT and SLF for review and recommendation and presented to the GC for review and approval.

Nevertheless, balancing risk mitigation and risk appetite is critical to effective risk management. It involves aligning Sydney Met's efforts to reduce or control risks with its overall tolerance for risk, ensuring that the strategies for mitigating risks are consistent with Sydney Met's Strategic Plan, Business Plan and Teaching and Learning Plan.

Sydney Met's Risk and Audit Committee (RAC) analyses the delicate balance between risk appetite and mitigation and recommends specific strategies (see section below) to the Governing Council for review and approval. The following steps are followed to

recommend a mitigation strategy for a particular item of risk during the RAC or delegated working party meetings:

Assess current risk

- Conduct risk assessment to identify threats and opportunities
- Evaluate historical risk responses and outcomes
- Categorise risk items by likelihood and impact

Set risk appetite parameters

- Collaborate to estimate quantitative and qualitative opportunity costs
- Ensure parameters are specific, measurable, and aligned with Sydney Met's strategic objectives.
- Document parameters (e.g., meeting minutes, risk register)

Recommend mitigation strategies to GC

- Identify risk control measures (e.g., policies, training, systems)
- Prioritise mitigation strategies based on risk assessments
- Implement safeguards (plan B) such as insurance and contingency plans.
- Record mitigation strategy in the Risk Register.

Adapt and Improve – Continuously refine strategies based on lessons learned.

6.3.3 Risk Mitigation Strategies

Balancing risk mitigation with risk appetite is about finding optimal Risk Mitigation Strategies that protect Sydney Met from unacceptable risks while allowing it to pursue opportunities within its defined risk tolerance. Sydney Met adopts risk mitigation strategies presented below:

- *Avoidance:* Altering plans, processes, or activities to eliminate the risk. This is often the preferred approach when the potential impact of a risk is too high to manage effectively.
- *Reduction:* Implementing actions that decrease the likelihood of a risk occurring or minimise its impact if it does happen. This is the most common form of risk mitigation.
- *Transfer:* Shifting the risk to a third party, such as through insurance, outsourcing, or contractual agreements. This strategy is often used when the risk is unavoidable but can be managed by another entity.
- *Sharing:* Distribute the risk among multiple parties to minimise the impact on any entity.
- *Control:* Implement measures that actively monitor and manage risks as they evolve.
- *Communicate:* Ensure stakeholders are informed about risks and the measures to mitigate them.
- *Acceptance:* Acknowledging and accepting the risk without taking specific actions to mitigate it. This is typically done when the cost of mitigation exceeds the potential impact.
- *Contingency Planning:* Developing plans to respond to risks if they materialise, ensuring that the organisation can quickly and effectively manage the consequences.

6.3 Monitoring

Risk monitoring and reporting are critical to Sydney Met’s risk management framework. Risk monitoring involves continuous tracking, data collection, risk assessment updates, review, evaluation, and adjustment of the current risk items and identification of potential risk items. This is achieved by organising regular discussions at the SLT, SLF, TLC, AB, RAC, and GC meetings and continuously updating the risk register. It ensures that risks are kept within acceptable levels and that any changes in risk exposure are promptly addressed. The risk register at Sydney Met is accessible online to all relevant stakeholders and senior leaders. It’s a live document and provides a dashboard view of the risk items and their status. The risk register consists of the following information for each risk item: a) Title, b) Identification date, c) Identified by, d) Context/validity, e) Domain, f) Possible impact, g) Initial likelihood, impact, and rating, h) mitigation strategy, i) Risk owner, j) action taken to mitigate, k) Current likelihood, impact, and rating, and l) RAC recommendations.

6.4 Reporting

Risk reporting involves communicating the status of risks, mitigation efforts, and any emerging issues to stakeholders. This is achieved by providing regular updates on risk management activities, including updating and sharing the risk registers with relevant governance committees and Sydney Met Staff (see figure 3.2). As a standard practice, RAC meeting minutes, the risk register, and all pertinent risk matters are presented and discussed at the GC meeting. This transparency supports informed decision-making, enables timely adjustments to risk strategies, and ensures organisational resilience.

7. RISK MANAGEMENT PLAN

An important component of the RMF is the Risk Management Plan. This Plan specifies the approach, management components, and resources to be applied to risk management. It details the procedures, practices, assignment of responsibilities and sequence and timing of activities to help all people within the organisation manage risk. This Plan is supported by other guidelines and procedures, offering more detailed information on managing specific types of risk, managing risk within particular areas, and using risk management tools.

Table 1 presents the Sydney Met Risk Management Plan. It outlines specific steps, actions, and responsibilities for managing risks, ensuring that potential threats are effectively mitigated or controlled. By detailing the steps required to manage risks, the Risk Management Plan enables informed decision-making, enhances organisational resilience, and supports achieving strategic goals.

Action	How	Who
Identify	Involvement of Key Stakeholders Comprehensive Data Collection Use of Proven Methodologies Continuous Validation Ethical Consideration Documentation and Reporting	RAC Executive Management Sydney Met Staff External Stakeholders Governance Committees Internal and External Data

		Online Suggestion Box
Assess	Assess likelihood & impact by using a 5-scale Risk Assessment Matrix Prioritise risk items based on severity (Risk Rating)	RAC GC
Mitigate	Risk Governance Compare Risk Mitigation with Risk Appetite Risk Mitigation Strategies Training & Awareness	RAC Executive Management Sydney Met Staff GC
Monitor	Continuous monitoring and improvement Review and Update Learning from incidents Feedback loop	GC, AB, RAC, TLC, SLT, SLF
Report	Internal & External Communication Regular reporting	RAC

Table 1: Risk Management Plan

The Governing Council is ultimately responsible for approving and committing to the risk management policy and setting and articulating the Sydney Met’s appetite for risk.

Table 2 summarises the key actions, reviews, and reports required by Sydney Met’s Risk Management Plan. It details who is responsible for each activity and the necessary timing.

Action	Description	Responsibility	Timing
Review RM Framework	Review the currency and effectiveness of the Risk Management Framework	Governing Council to approve on the advice of SLT and Risk and Audit Committee (review to be coordinated by CQO)	Every four years
Review RM Plan	Review the currency and effectiveness of Sydney Met’s Risk Management Plan	Risk and Audit Committee to approve on the advice of SLT (coordinated by CQO)	Every two years
Sydney Met Risk Register	Review risks and controls contained in the Sydney Met risk register and identify new or emerging risks	SLT to initiate, Risk and Audit Committee to review (coordinated by CQO)	Every three months
Division Risk Register	Review risks and controls contained in each Register and identify new or emerging risks	All Division Heads	Every month in the SIMC
Project Risk Register	Conduct risk assessments for all new projects and initiatives	Risk Owners	Before deciding to proceed with a new project/ initiative

Activity Risk Registers	Conduct risk assessments for key activities and processes	Risk Owners	As per the annual Plan to be developed within each Division where required
Risk Management Plan Progress Report	Review the current status of key risks, Risk Treatment Plans, incidents and other relevant issues	SLT and Risk and Audit Committee (coordinated by CQO)	SLT and Risk and Audit Committee
Training	Ensure risk owners and other staff know the risk management process and their obligations.	CQO	Refresher for all Managers and key staff as required. Introduction for all new staff at online induction, with a more detailed session for risk owners within three months of commencing.

Table 2: Actions, reviews, and reports required by the Risk Management Plan

Inherent in any decision-making process is consideration of the various risks facing Sydney Met and coordinated response(s) to these risks. A rigorous and systematic approach to identifying and adequately managing risks and integrating this process into significant activities and functions is essential.

8. RISK MANAGEMENT PROCESS

The Risk Management Plan is implemented through a coherent and structure risk management process. A rigorous and systematic approach to identifying and adequately managing risks and integrating this process into significant activities and functions is essential. Risk management is the responsibility of the executive management. All staff must be conversant with risk management concepts and practices and be able to utilise and apply risk management principles within their areas of control. Staff familiar with the work undertaken in specific areas are well-placed to identify risks in their areas and recommend suitable strategies for controlling the impact of those risks. Integrating risk management into an organisation is a dynamic and iterative process that must be customised to the organisation's needs and culture. Risk management should be a part of, and not separate from, the organisational purpose, governance, leadership and commitment, strategy, objectives and operations.

The Sydney Met's risk management process complies with AS/NZS ISO 31000:2018. Under this approach, there are six key stages to the risk management process as illustrated in Figure 4 (see below).

- i. Communicate and consult with internal and external stakeholders
- ii. Establish context by setting the scope, boundaries and criteria
- iii. Risk Assessment involves the identification, analysis and evaluation of risks
- iv. Treat Risks by implementing and assessing controls to address risk
- v. Monitoring and review of the risk reviews and audit
- vi. Recording and Reporting for effective governance

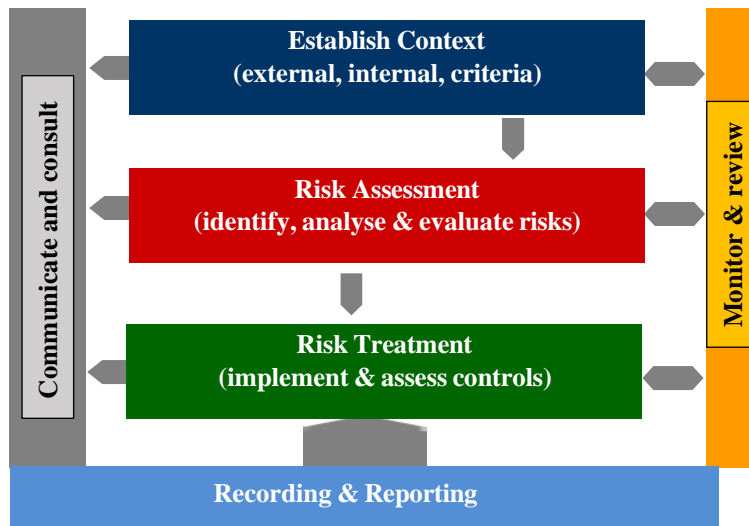


Figure 4: Risk Management Process at Sydney Met

Effective communication and consultation are achieved through means such as training, continuous professional development activities, standard agenda items for team meetings, dissemination of policies and procedures, and inviting feedback on key documents.

Context is established by the CQO, in consultation with the SLT and involves setting boundaries around the depth and breadth of risk management efforts to relevant matters required to achieve the strategic intent of Sydney Met and should reflect the specific environment of the activity to which the risk management process is to be applied. Important considerations when determining context include: Sydney Met’s external environment; Sydney Met’s stakeholders, including students, customers, regulators, employers, politicians, media, insurers, service providers and suppliers, staff and volunteers; and internal environment – goals, objectives, culture, risk appetite, organisational structures, systems, processes, resources, and KPIs.

Risk identification is the process of identifying risks facing Sydney Met. This involves thinking through the sources of risks, the potential hazards, the possible causes and the potential exposure. The aim of this step is to generate a comprehensive list of risks based on those events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives. It is essential to identify the risks associated with not pursuing an opportunity. Risk identification occurs within the following categories of risk that are aligned with Sydney Met's risk appetite: Governance risks, Academic risks, Operations risks, Compliance risks and Financial risks.

Once risks have been identified, they are then analysed, involving consideration of risk sources, consequences, likelihood, events, controls and their effectiveness. Risk analysis will consider factors such as the likelihood of events and outcomes, the nature and magnitude of consequences, the effectiveness of existing controls, and sensitivity and confidence levels. Then, risk evaluation will be done by comparing the level of risk found during the analysis process with the established risk appetite to determine where additional action is required. This can lead to a decision to: a) do nothing (accept the risk); b) consider risk treatment options (mitigate the risk); c) undertake further analysis to understand the risk better and whether the risk can be transferred to another party or

insurance (transfer the risk), and d) reconsider objectives or not proceed with the activity (avoid the risk).

Risk treatment involves selecting options for avoiding, transfer or mitigate risks, removing the source, changing likelihood or consequence and implementing those options. It consists in identifying and evaluating existing controls and management systems to determine if further action (risk treatment) is required. Existing controls are identified and then assessed to determine their level of effectiveness. Risk treatment options should be selected according to Sydney Met's objectives, risk criteria or appetite, and available resources.

Risks will be continuously monitored and reviewed, and the effectiveness of the controls in place and the risk treatment plans will be assessed to ensure changing circumstances do not alter risk priorities. Feedback on the implementation and effectiveness of the Risk Management Policy and Plan will be obtained from the risk reporting process, internal audits, and reviews.

Important risk management processes and activities throughout Sydney Met will be recorded in the Risk Register, Risk Management Framework and Plan, and Risk Management Policy. Risk documentation, including risk profiles, risk registers, written/formal risk assessments, risk/control audits, and self-assessments, will be maintained in Sydney Met's official record-keeping system. These records may be called upon in the management of ongoing treatments, as evidence in incident investigations, in dealing with insurance matters during other inquiries, and for audit purposes.

A simple illustration of Sydney Met management staff tends to manage risks is provided in Appendix 1. The flowchart is a very simplified illustration of the risk management processes. The risk management process within operations is NOT linear but iterative, complex and communicative. The purpose of the flowchart is only to demonstrate that Sydney Met has a robust system of risk management processes in action, and its executive management Units work closely and effectively with governance bodies to ensure effective risk management.

9. RISK REGISTER

One key principle underpinning effective risk management is that it should be integrated into normal organisational processes, especially those that set the organisation's objectives and strategies. As Sydney Met has an established business planning process, it is critical that risk management is integrated into the normal business planning cycle.

The risk management process described above will be applied at four levels within Sydney Met: Institutional, Division, Project, and Activity.

Institutional Level: As part of the Institute's annual business planning cycle, the SLT will conduct an organisational level risk assessment to identify, review and/or update key strategic risks facing the organisation that may impact Sydney Met's ability to achieve its strategic intent. The outcomes of this assessment will be recorded in the Sydney Met's enterprise risk register and reported to the Risk and Audit Committee and

the Governing Council. Progress in implementing risk treatment plans emanating from the Institute Level Risk Assessment will be monitored regularly by the SLT.

- *Division Level:* Each Division must identify and analyse key risks that may impact achieving objectives specific to that Division. The outcome of this assessment will be recorded in a Divisional risk register.
- *Project Level:* All submissions regarding new projects or initiatives must be accompanied by a full risk assessment commensurate with the scale of the project or initiative. The risk assessment must be completed by the relevant Division using the process detailed above and recorded in an enterprise project risk register, which the CQO will oversee.
- *Activity Level:* All Managers within Sydney Met are responsible for ensuring that risks arising from the activities under their control have been appropriately assessed and are being adequately treated. To this end, the Risk and Audit Committee members, in conjunction with relevant Managers and the Sydney Met Risk and Audit Officer, shall develop an annual program of activity-based risk assessments appropriate to the department's size, scale and risk profile. The outcome of these risk assessments will be recorded in an activity-level risk register, which will be kept under ongoing review by the relevant Manager or Risk Owner.

Risk Register is a tool for recording and communicating how risks are identified and managed in practice. Risk is managed in five broad themes, reflecting the nature of Sydney Met activities and in consideration of the TEQSA's Risk Management Framework (RMF) as below:

Theme 1: Academic risks

The Governing Council has approved a set of principles and policies to manage academic risks. These include key indicators such as student load, attrition rate, progression rate, completions, graduate satisfaction, graduate destinations, the presence of senior academic leaders, student-to-staff ratio, and the proportion of academic staff on casual contracts. Exposures to foreign currencies, commodity prices, financing, and interest rates are also considered. The assessment of these academic risks is aligned with TEQSA's *Risk Assessment Framework 2019*.

Theme 2: Financial risks

The Governing Council has approved principles and policies to manage financial risks, including financial liability and financial sustainability indicators of Sydney Met. These indicators and the method of assessment are aligned with the TEQSA's Risk Assessment Framework 2019 and are designed to provide a framework within which the exposures must be managed. The Governing Council maintains the integrity of accounting and financial reporting by monitoring financial policies, procedures and controls to ensure the integrity of Sydney Met's financial reporting to stakeholders.

Theme 3: Operational risks

Sydney Met's policy is to establish a framework across the company to identify, quantify, manage, and monitor operation risks. Sydney Met is committed to reinforcing effective business operation risk management as a key element in its strategic planning, decision-making, and strategy execution.

Theme 4: Compliance risks

The Governing Council maintains comprehensive policies and procedures to ensure full compliance with all legal and regulatory requirements in conducting Sydney Met's governance activities. This includes adherence to relevant legislation, regulatory frameworks, reporting obligations, and internal standards.

Theme 5: Governance risks

The Council is committed to upholding good governance, transparency, and accountability principles. Regular reviews and audits are conducted to monitor compliance, identify emerging risks, and ensure that governance practices remain effective and aligned with sector best practices and regulatory expectations.

10. RESPONSIBILITY

Governing Council: The Governing Council is ultimately responsible for approving and committing to the risk management policy and setting and articulating Sydney Met's appetite for risk. The Governing Council is responsible for ensuring that academic, financial, governance, compliance, operations, business continuity, or commercial nature risks are considered in preparing the Sydney Met's strategic Plan and relevant policies. The Governing Council constitutes a Risk and Audit Committee (RAC) to oversee the risk management responsibilities and offer regular advice.

Risk and Audit Committee (RAC): The RAC is responsible for reviewing Sydney Met's Risk Management Framework, Risk Register and Plan in accordance with the RAC Charter. The RAC is also responsible for reviewing and making recommendations to the Council regarding Risk Management Policy and academic risks, financial reporting, internal control structure, risk management systems, and internal and external audit functions. The Risk and Audit Committee will review this policy periodically to ensure its effectiveness, continued application and relevance.

Academic Board (AB) and other committees of the GC: The AB and various committees of the GC are responsible for monitoring the management of risk relating to their areas of responsibility (e.g., AB for academic risks, Finance and Resource Committee for financial risks).

Chief Executive Officer (CEO): The CEO is responsible for leading the development of enterprise risk management across Sydney Met through implementing, promoting and supporting the Risk Management Policy, Risk Management Framework and Risk Management Plan. CEO is responsible for creating and enhancing a risk management culture where staff and managers of all levels are encouraged and supported to raise, discuss and mitigate risks and manage opportunities to achieve a beneficial outcome for Sydney Met.

Senior Leadership Team (SLT): Members of the SLT are responsible for ensuring that appropriate resources, systems and processes are in place to implement the Risk Management Framework across Sydney Met and that key institutional-level risks have been identified and are being managed appropriately.

Chief Quality Officer (CQO): With delegation from the CEO, the CQO is responsible for ensuring that the Risk Management Framework and Policy are being effectively

implemented across the organisation in accordance with Sydney Met's risk appetite. The CQO is also responsible for providing audit and compliance reports, maintaining the Risk Register, and providing assurance that the Sydney Met's quality, financial and operational controls are designed and operating effectively. The Chief Quality Officer ensures that the Risk Management Framework and Policy are effectively implemented. Specific responsibilities include:

- Ensuring that the Risk Management Framework is reviewed in accordance with the policy review cycle and/or any change to the AS/NZS ISO 31000:2018 standard;
- Ensuring that the Risk Management Framework within Sydney Met is assessed/audited by an independent third party every four years;
- Contributing to the risk management process and monitoring the management of the risk treatments for corporate risks;
- Submission of reports to the Senior Leadership Team and Risk and Audit Committee on the effectiveness of risk management activities;
- Provision of risk management advice to the Governing Council and Academic Board and, where necessary, management and staff at all levels;
- Assisting with the facilitation of risk identification workshops when requested;
- Coordinating and facilitating enterprise risk management training across Sydney Met where appropriate;
- Assessing whether the processes for the identification and analysis of risks are being followed by Divisions
- Compiling risk management reports and information for Sydney Met Executive and Risk and Audit Committee; and
- Monitoring the quality of the risk information.
- Maintaining and Managing Risk Register

The Chief Quality Officer develops and implements Sydney Met's Internal Audit Strategy and risk-based Internal Audit Annual Plan under the oversight of the Risk and Audit Committee of the Governing Council and in consultation with Senior Management by assessing key business risks, identifying assurance gaps and emerging needs, and providing advice on how these might be addressed within the overall Sydney Met's quality assurance framework.

The Chief Quality Officer is to coordinate the preparation of quarterly reports to SLT and the Risk and Audit Committee regarding progress in implementing the Risk Management Plan. These reports will at least contain details of:

- any risk management initiatives undertaken during the previous quarter
- any significant incidents that have occurred in the last quarter
- heat maps showing the distribution of risks across the risk evaluation matrix
- the high residual risks facing the organisation and the controls in place to manage those risks (as per the table below)
- progress in implementing key risk treatment plans
- any other matters that may be of relevance to the Committee.

Risk and Compliance Officer: The Risk and Compliance Officer supports the CQO in promoting and developing systems, maintaining the Risk Register, conducting quality audits and reviews, and building staff capability in risk assessment and management. The officer also assists staff with risk responsibilities within the Divisions and Departments.

All managers and staff: Managers and staff at all levels may be risk owners and are responsible for understanding and becoming competent in implementing risk management principles and practices in their work areas. Every staff member of Sydney Met is responsible for effective risk management, including the identification of potential Risks. All staff should actively participate in identifying potential Risks in their area of responsibility and operations and contribute to the implementation of appropriate treatment actions.

Table 3 identifies the communication, recording and control requirements for each risk rating.

Risk Rating	Authority to Accept Risk	Notification/ communication Requirements	Formal recording/repor ting	Inherent risk review and control requirements
High	SLT	Council through Risk and Audit Committee	Mandatory to Risk Register	Reviewed quarterly – controls implemented to reduce risk to medium or below within 12 months with defined treatment
Medium	Dean/ Directors/ Head of Academic Group or Manager	Divisional Staff	Mandatory to Risk Register	Reviewed six monthly – include consideration of this risk in strategic and operational planning; controls to be identified and actions to reduce risk actively pursued
Low	Staff member one level removed from risk assessment	Nil	Included in Risk Register	Nil

Table 3: Risk Notification and Control Table

Risk owners and key staff may require periodic training in implementing the risk management process and their responsibilities and obligations under Sydney Met’s Risk Management Plan. General risk management training should be provided to all risk owners and relevant staff every four years. In addition, all new staff should be advised of Sydney Met’s commitment to risk management and their responsibilities and obligations when they commence working for Sydney Met.

11. MONITORING, REVIEW, IMPROVEMENT AND REPORTING OF THE RMF

A robust Risk Management Framework must be an adaptive and iterative process to navigate uncertainties and safeguard its operations. By systematically identifying, assessing, and managing risks, Sydney Met can protect its assets, comply with regulations, and maintain its reputation. Despite the challenges, the benefits of implementing an RMF far outweigh the potential costs, making it a critical component of Sydney Met’s governance. Documentation will be subject to periodic review, including policies, procedures, risk registers and systems relating to the risk management framework. The results of any review of the Risk Management Policy or Framework and Plan are to be reported to the Sydney Met SLT, the Risk and Audit Committee and ultimately, the Governing Council.

The CQO, in consultation with the SLT, undertakes an annual internal review and update of the framework to identify and address any required operational changes, regulatory changes, risk management standards amendments, and other improvements.

The CQO must annually assess the framework against its objectives and ensure the framework facilitates Sydney Met in achieving its goals. The annual assessment will rotate over a 3-year cycle between a self-assessment, a peer assessment or benchmark with other Institutions, and an independent assessment from an external risk management specialist. The results of the performance assessments must be reported to the RAC.

Continuous monitoring and review of Sydney Met's risk and opportunity management processes are undertaken to ensure controls are effective and efficient in both design and operation, analyse and learn lessons from events, changes, trends, successes and failures, identify opportunities for control or process improvements, identify emerging risks, and evaluate the accuracy of opportunity assessments and embed feedback into future opportunity assessments. The RAC is informed of any updates or changes to the framework in accordance with the charter of the RAC.

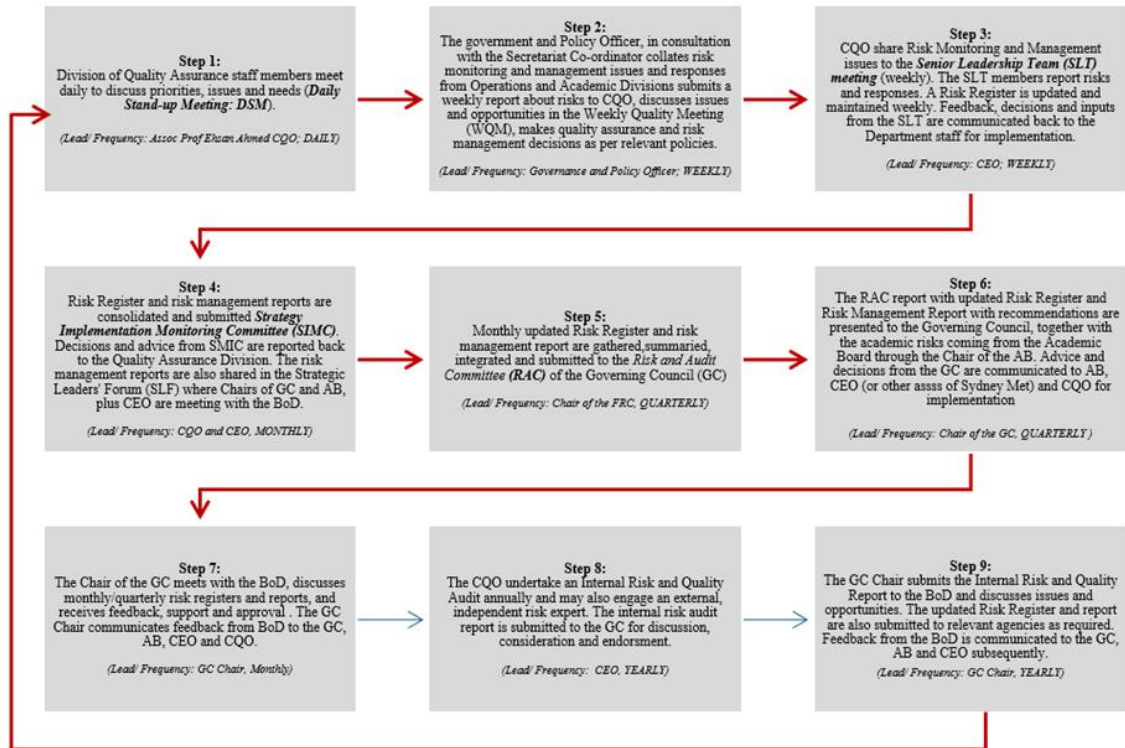
Staff must address, manage and report risks in accordance with this policy, the framework and the procedure. The CQO must report to the RAC in accordance with the RAC Charter.

Breaches of this policy (and the framework) are considered failures to comply with the Code of Conduct and will be managed in accordance with the code.

VERSION CONTROL HISTORY	
Document ID	602.15
Version	7.0
Responsible Officer	Chief Quality Officer (CQO)
Approved By	Governing Council (GC)
Approved Date	v.01; 30 December 2017
	v.02; 20 April 2019
	v.03; 20 June 2021
	v.04; 17 September 2023
	v.05; 1 September 2024 The Risk Management Framework was written based on reviewing TEQSA guidance notes, the most recent critical focus on institutional risk management, Sydney Met’s current risk management policy and procedures, as well as the risk management framework at the time of COVID-19 were integrated. GC, AB, RAC, TLC, SLT and SLF. Sydney Met’s governance documents reviewed to prepare the RMF are: <ul style="list-style-type: none"> • Risk Management Plan • Risk Monitoring, Recording, Risk Register and procedure • Risk register • Governance charter • Delegation Schedule
	v.06; 2 December 2024 In consideration of the discussions at SLT and SLF meetings, the risk domains, structure, and diagram were updated, along with the contents of the risk register.
	v.07; 10 March 20255 <ul style="list-style-type: none"> • Section 7 (the Risk Management Plan is added for clarity and delegation. A delegation table and relevant process diagram are included. • Section 8 (Risk Register) was extended for clarity. • Section 9 (Responsibility) was extended to clarify the roles and responsibilities of relevant stakeholders, governance bodies, and executive management to manage risks at Sydney Met. • A process flow chart on the risk governance system and current practices of risk management at Sydney Met is included in the appendix of the document. • <u>As advised by the external governance reviewer, preventing and responding to sexual misconduct and gender-based violence is included in the RMF.</u>
Next Review	December 2026, or when authorised by the GC

Appendix 1

Risk Management Process Flowchart in Practice within Executive Management*



***Note:** The flowchart above is a very simplified illustration of the risk management processes at Sydney Met. The Risk management process within operations is NOT linear but iterative, complex and communicative. The purpose of the flowchart is only to demonstrate that Sydney Met has a robust system of risk management processes in action, and its executive management Units work closely and effectively with governance bodies to ensure effective risk management.