



## RISK MANAGEMENT POLICY

### EXECUTIVE SUMMARY

Risk management is highly needed in any organization in general, and in higher education in particular. Higher education institution is facing many risks that urges the top management to change their strategies and plans.

Caraga State University (CSU) develops risk management policy, strategies and raise quality management system quality. The university ensures that a wide range of potential factors which can impact the management system, in terms of its structure, scope, implementation and operation are considered and determined. As integral part of the strategic plan of the university, the management of the university develops risks management policy that are relevant to its purpose and its strategic direction and that affect its ability to achieve the intended result(s) of its quality management system. This is to ensure that CSU goals are achieved; encourage leadership to be proactive; help schools to comply legal requirements; improve stakeholder trust in the school; improve Occupational Safety & Health compliance; help in decision making, and that the interests of all students, employees, stakeholders and the communities are protected and ensure their safety, security and wellbeing. The top management sees to it that QMS requirements are met and shall promote the use of the process approach and risk-based thinking. It is the sole responsibilities of the top management to ensure that QMS achieves its intended results and promote improvement as it applies to their areas of responsibilities.

### 1. PURPOSE

The purpose of this risk management policy is to adopt good practices in the identification, assessment, mitigation and monitoring of risks. Furthermore, said policy endeavors to communicate the CSU's commitment to managing risks and to establish clear responsibilities among the top management and process owners in order to maximize strategic and operational achievement.

### 2. SCOPE AND CONTEXT

This policy applies to the top management, deans, directors, heads of offices, units and staff of CSU. This policy is designed to provide CSU personnel with a systematic framework in order to minimise threats and maximise opportunities.

CSU is committed to the formal, systematic and structured proactive management of risks across all processes. While many of these risks cannot be eliminated they can, however, be identified, quantified and controlled. Risks that impact on the objectives of CSU can offer both opportunity and threat.

### 3. KEY OBJECTIVES

- This policy confirms that CSU is committed to implementing a strategic, consistent and structured multi-dimensional approach to risk management in order to effectively manage opportunities for gain and minimise the impact of threats causing losses.
- This policy is aligned to reflect the ISO 9001 Risk Management – Principles and Guidelines which provides the framework used to develop the risk management framework of the university.
- Risk will manifest itself in many forms and has the potential to impact the health and safety, environment, community, reputation, regulatory, operational, and financial performance of CSU and, thereby, the achievement of the university's objectives.
- By understanding and managing risk, CSU will provide greater certainty and confidence for our stakeholders, employees, students, participants, and for the communities in which we operate.
- CSU will use our risk management capabilities to maximise the value from our assets, projects, programs and other academic and non-academic opportunities and to assist us in fostering participation and/or performance in our institution.



- f. Risk management will be developed and continuously be embedded into our processes and functions to raise its profile of the university. Risk understanding and our tolerance for risk will be key considerations in our decision making.
- g. Risk issues will be identified, analysed and ranked in a consistent manner. Common systems and methodologies will be used.
- h. Risk controls will be designed and implemented to reasonably assure the achievement of the university's objectives. The effectiveness of these controls will be systematically reviewed and, where necessary, improved.
- i. Risk management performance will be monitored, reviewed and reported. Oversight of the effectiveness of our risk management processes will provide assurance to top management and stakeholders.
- j. The effective management of risk is vital to the continued growth and success of CSU.

#### **4. REVIEW OF POLICY**

This policy is subject to formal review every year which may be carried out either thru management review or year-end assessment.

#### **5. ACCESS TO THE POLICY**

This policy will be available for viewing to any employee of CSU. In addition, this policy may be made available to any third party at the discretion of the top management.

#### **6. RISK MANAGEMENT PROCESS AND PROCEDURES**

The top management of CSU view risk management as integral to its strategic intent of its Vision, Mission and Goals by:

- A. Improving academic performance
- B. Increasing productivity both in research and innovation relevant to the community, employability and knowledge transfer
- C. Improving processes
- D. Adopting continual improvement in the university's overall quality management system
- E. Ensuring compliance to regulatory and statutory requirements
- F. Maintaining a positive school climate

CSU's risk management policy provides a system to manage the risks associated with its core activities of the university.

#### **7. RISK MANAGEMENT REQUIREMENTS**

- a. Risk management will be incorporated into the strategic and operational planning processes of CSU;
- b. Risk and the management of risk will be identified and monitored according to the risk management policy of CSU;
- c. Risk assessments will be conducted on all new ventures and projects prior to commencement to ensure alignment with the CSU risk management and quality objectives;
- d. Risks will be identified, reviewed and monitored on an ongoing basis as outlined in this policy;
- e. Risks will be assessed and evaluated against the CSU Risk Management Framework;
- f. Relevant risks that are identified will be recorded within the university's risk management register.
- g. All risks will be assigned an owner whose responsibilities are specified in this policy.



## 8. RISK MANAGEMENT PRINCIPLES

CSU has adopted the principles detailed in ISO 9001:2015, to ensure risk management is effective within the organization. Effective Risk management begins with the following principles. Risk management:

- a) is part of all processes and activities
- b) is part of all decision making
- c) always considers uncertainty and how it can be addressed
- d) is systematic and proactive
- e) is based on accurate information and considers limitations of information
- f) is dynamic, iterative and responsive to change
- g) considers human nature and cultural factors
- h) is transparent and involves all stakeholders
- i) changes with the environment
- j) facilitates continual improvement of the university

## 9. RISK MANAGEMENT PROCESS

The CSU risk management process is based upon the ISO 9001:2015 Risk Management Process as shown in Figure 1. Risks identified will be managed according to this process.

As CSU gears itself towards global excellence, risks are inevitable and are therefore essentially reflected in the strategic plan. The university considers risks as part of its growth because goals that have a certain degree of difficulty can only be achieved through multiple processes under various circumstances. There are many risks in these operations that can be classified in different ways, depending on their complexity and the processes that are observed in the current system. Incorporation of risk management ensures that CSU can operate efficiently and effectively towards the attainment of its vision.

The risks of CSU are classified as strategic, operational, and financial. These risks are all interrelated and must all be owned for better management. Key persons take ownership of such risks being wary of its impact and likelihood while maintaining a balanced strategy towards the curtailment of such hazards. The identified strategic risks: competition with other HEIs/SUCs, the RA 9184 and COA rulings, and the ASEAN integration/globalization, are owned by the University President, Vice Presidents, Chancellor, Deans, and Directors. These central university officials keep these strategic risks at bay through continuous improvements of CSU's systems and processes, by motivating all faculty members and staff, and by ensuring efficient and effective use of available resources. These matters must always be put into action whenever these key figures execute their functions and obligations. Meanwhile, the same strategic objectives are to be observed with the same focal university personnel in abating the operational risks (low morale due to erratic NBC 461 implementation, computer hackings, inadequate budget, lack of system internalization among personnel, and weak support system) and financial risks (DBM holding of funds, and absence of asset management system).

All actions set to meet the vision and mission of the university require planning. When planning to address risks and opportunities and for the QMS, it is of great importance that the university through the top management to consider internal and external issues that are relevant to its purpose and its strategic direction and that affect its ability to achieve the intended result of the QMS. Monitoring and reviewing all information about issues, either positive or negative, as well the interested parties and their requirements are part of the consideration.

The university in its effort to improve the management system and achieve the desired objectives, shall ensure that the following three (3) elements are considered: (i) actions to address risks and opportunities, (ii) quality objectives, and (i) planning to achieve them.

When planning for the quality management system (QMS), the university shall consider the issues and the needs and expectations of interested parties, determine the risks and opportunities that need to be



addressed to, enhance desirable effects, prevent, or reduce, undesirable effects, and achieve improvement. It is an integral part of the strategic direction that the university shall plan actions to address these risks and opportunities, plan how to integrate and implement the actions into QMS processes, and evaluate the effectiveness of these actions. Moreover, the quality objectives must: be consistent with the quality policy; be measurable; consider applicable requirements; be relevant to conformity of products and services; be relevant to enhancement of customer satisfaction; be monitored; be communicated; be updated as appropriate, and maintain documented information on the quality objectives. When planning how to achieve the quality objectives, it is important that the university shall determine what will be done; what resources will be required; who will be responsible; when it will be completed; how the results will be evaluated.

Actions taken to address risks and opportunities shall be proportionate to the potential impact on the conformity of products and services. Where appropriate, it should follow according to the established risks management process.

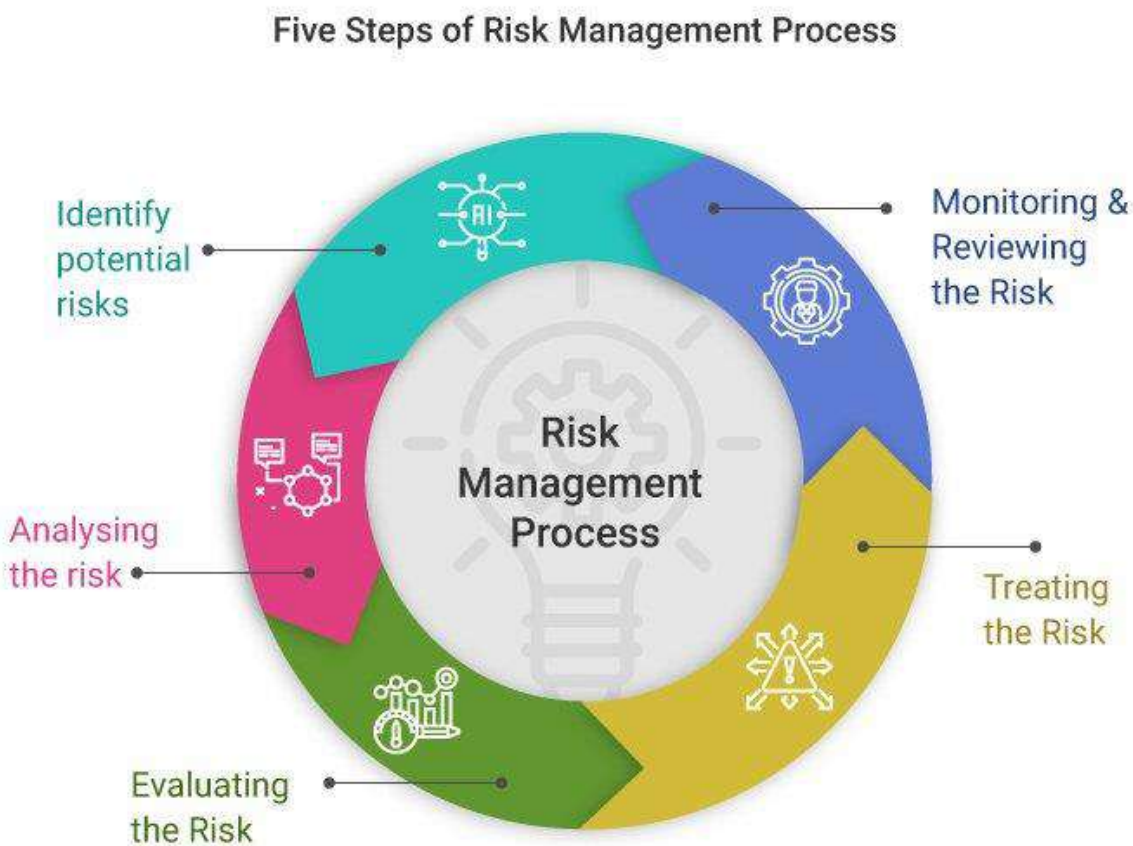


Figure 1. Risks Management Process

#### 10. RISK MANAGEMENT COMPLIANCE AND CONTROL

In developing a culture of risk management, CSU top management is responsible for appropriate responses to manage risk, aided by the risk action plans and the creation of a risk and opportunities register.

To enable this, CSU:

- a) has implemented a systematic process to assist in the identification, assessment, treatment and monitoring of risks;



- b) provides the necessary tools and resources to top management and employees to support the effective management of risks; and
- c) reviews and communicates risk management best practice on a regular basis.

## 11. ASSESSMENT OF EFFECTIVENESS

CSU assesses the effectiveness of its risk management plan through structured continuous improvement processes to ensure risks and controls are continually monitored and reviewed. This includes ongoing feedback loop via regular management meetings and appraisal of risk owners' actions taken to manage risks via employee performance management.

## 12. REPORTING REQUIREMENTS

Key officials of the university ensure that the University President is adequately informed of significant risk management issues and the actions undertaken to manage risks on a regular basis. The following reporting process is in place:

- a. Key officials of the university will regularly review the risk register with their teams and update the mitigation strategies and perceived level of risk as appropriate.
- b. New risks will be added to the register through a formal notification process from staff, management, deans, directors, Vice Presidents to the University President.
- c. List of major risks may be updated and discussed during the management meetings, together with any new or emerging risks.

## 13. RISK MANAGEMENT RESPONSIBILITIES

### a. Risk Management Committee (RMC)

The RMC is comprised of the Chairman and process owners which include all Vice Presidents, Chancellor, Deans, Directors and Unit Heads of the university both in the Main Campus and Cabadbaran City Campus.

RMC is responsible for:

1. Reviewing annually the Risk Management Policy and associated frameworks, practices of the university;
2. Ensuring that the university is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new activities;
3. Evaluating significant risk exposures of the university and assess management's actions to mitigate the exposures in a timely manner;
4. Coordinating its activities with the internal audit office in instances where there is any overlap with audit activities;
5. Forming and delegating authority to subcommittees when appropriate;
6. Making regular reports to the top management;
7. Reviewing and reassessing the adequacy of the university's processes and objectives annually and recommend any proposed changes to the top management/University President for approval;
8. Accessing any internal information necessary to fulfill its oversight role, and,
9. Exercising authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

**b. Vice Presidents and Chancellor**

Vice Presidents and Chancellor will be responsible for:

- a) championing the roll out of the university’s Risk Management Framework into operations;
- b) ensuring staff understand their responsibilities with respect to operational risk management;
- c) developing a risk aware culture within their area of responsibility, and
- d) Maintenance of risk registers within their areas.

**c. Process Owners**

Process owners are responsible for:

- a) Identifying existing controls to help manage the risk;
- b) Developing treatment plans to reduce the likelihood and/or impact of the risk;
- c) Monitoring the implementation of the treatment plans and reporting on their effectiveness and outcomes, and
- d) Monitoring and alerting their direct superiors of significant changes in risk status.

**14. RISK FRAMEWORK**

**a. Risk Matrix**

The University President has approved the following risk matrix

| Risk Matrix |            | IMPACT     |             |              |             |           |           |
|-------------|------------|------------|-------------|--------------|-------------|-----------|-----------|
|             |            | Negligible |             | Minor        |             | Serious   |           |
|             |            | Critical   |             | Catastrophic |             |           |           |
|             |            | 1          |             | 2            |             | 3         |           |
| PROBABILITY | Impossible | 1          | Very slight | Very slight  | Very slight | Medium    | Medium    |
|             | Unlikely   | 2          | Very slight | Very slight  | Medium      | Strong    | Strong    |
|             | Occasional | 3          | Very slight | Medium       | Strong      | Strong    | Very High |
|             | Likely     | 4          | Very slight | Medium       | Strong      | Very High | Very High |
|             | Certain    | 5          | Medium      | Strong       | Strong      | Very High | Very High |

**b. Risk Grading Criteria, Likelihood Ratings, Tolerance Levels**

The University President has resolved that risk be assessed over the following categories in relation to impact :

- a) *Financial* – impact on CSU’s finances
- b) *Operational* – impact on provision of CSU’s products, projects and services
- c) *Physical/Safety* – impact on the safety and well-being of people
- d) *Regulatory/Statutory*– impact on CSU’s regulatory and/or statutory exposure
- e) *Stakeholders* – impact on corporate knowledge / continuity

The University President has resolved that the following probability thresholds and ratings in relation to assessing risks be used.

| PROBABILITY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | IMPACT           | RISK RATING                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 - Certain - Very high possibility of occurrence due to absence of control                                                                                                                                                                                                                                                                                                                                                                                                                                             | 5 - Catastrophic | 15-25 - It needs high priority and process or activity not to proceed without taking the remedial measures or approval of the top management whichever is applicable |
| 4 - Likely - Strong possibility of occurrence due to practice of certain type of control                                                                                                                                                                                                                                                                                                                                                                                                                                | 4 - Critical     |                                                                                                                                                                      |
| 3 - Occasional – Medium possibility of occurrence due to inconsistent implementation of control                                                                                                                                                                                                                                                                                                                                                                                                                         | 3 - Serious      |                                                                                                                                                                      |
| 2 - Unlikely - Very slight possibility of occurrence due to having certain degree of control in place                                                                                                                                                                                                                                                                                                                                                                                                                   | 2 - Minor        | 9-12 - Process or activity will be subject to the extra control measures                                                                                             |
| 1 - Impossible - No possibility of occurrence because control is adequately sufficient                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1 - Negligible   | 1- 8 - Process can be proceeded with the routine control measures                                                                                                    |
| <div><div>1. Title - refers to specific processes/sub-processes as specified in the Procedure Manual</div><div>2. Needs of Interested Parties – these are needs or expectations of a person or group affected by the actions of the office/ institution/quality management system.</div><div>3. Risk Rating is obtained by multiplying the Probability and Impact.</div><div>4. Risks Treatment - these are strategies adopted/developed by the unit/office/college in minimizing or eliminating the risks.</div></div> |                  |                                                                                                                                                                      |

Policy Approved Date:

Appendix

Risks and Opportunities Register Form

RISKS AND OPPORTUNITIES REGISTER



|                |                              |                                |                                     |
|----------------|------------------------------|--------------------------------|-------------------------------------|
| Unit/College : | Prepared by:                 | Reviewed by:                   | Approved by:                        |
| Process/es :   | <div>Process OwnerDate</div> | <div>Director, QuAMSDate</div> | <div>University PresidentDate</div> |

| TITLE | OBJECTIVES | NEEDS OF INTERESTED PARTIES | RISKS IDENTIFICATION AND ASSESSMENT |                  |            |                   | RISKS RESPONSE  | OPPORTUNITIES IDENTIFICATION AND RESPONSE/MANAGEMENT |                                        |
|-------|------------|-----------------------------|-------------------------------------|------------------|------------|-------------------|-----------------|------------------------------------------------------|----------------------------------------|
|       |            |                             | DESCRIPTION OF RISK                 | PROBABILIT Y (P) | IMPACT (I) | RISK RATING (PxI) | RISKS TREATMENT | OPPORTUNITIE S                                       | STRATEGIES IN OPTIMIZING OPPORTUNITIES |
|       |            |                             |                                     |                  |            |                   |                 |                                                      |                                        |
|       |            |                             |                                     |                  |            |                   |                 |                                                      |                                        |
|       |            |                             |                                     |                  |            |                   |                 |                                                      |                                        |
|       |            |                             |                                     |                  |            |                   |                 |                                                      |                                        |

| PROBABILITY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | IMPACT           | RISK RATING                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 - Certain - Very high possibility of occurrence due to absence of control                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5 - Catastrophic | 15-25 - It needs high priority and process or activity not to proceed without taking the remedial measures or approval of the top management whichever is applicable |
| 4 - Likely - Strong possibility of occurrence due to practice of certain type of control                                                                                                                                                                                                                                                                                                                                                                                                                               | 4 - Critical     |                                                                                                                                                                      |
| 3 - Occasional – Medium possibility of occurrence due to inconsistent implementation of control                                                                                                                                                                                                                                                                                                                                                                                                                        | 3 - Serious      |                                                                                                                                                                      |
| 2 - Unlikely - Very slight possibility of occurrence due to having certain degree of control in place                                                                                                                                                                                                                                                                                                                                                                                                                  | 2 - Minor        | 9-12 - Process or activity will be subject to the extra control measures                                                                                             |
| 1 - Impossible - No possibility of occurrence because control is adequately sufficient                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1 - Negligible   | 1- 8 - Process can be proceeded with the routine control measures                                                                                                    |
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