UGANDA TECHNOLOGY AND MANAGEMENT UNIVERSITY (UTAMU)

STATUTE ON RISK MANAGEMENT FRAMEWORK

Recommended by the University Council at its 24th Meeting Held on 19th February 2021 and Approved by the Board of Directors on 25th February 2021. Adopted by the Chairperson on behalf of the General Meeting of UTAMU Ltd on 22nd June 2021. Ratified by the Annual General Meeting in Revised form on 14th day of December 2021. Approved in revised by the Board of Directors on 4th November 2022. Adopted by the Annual General Meeting of UTAMU Ltd at its Meeting held on 14th November 2022.

Chairperson, Board of Directors **Secretary, Boar d of Directors**

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KEY RISK DEFINITIONS

The following key risk definitions are taken from the AS/NZ ISO31000:2009 Risk Management Standard:

Definitions	
Risk	Effect of uncertainty on objectives
Risk Management	Coordinated activities to direct and control an organisation with regard to risk
Risk Owner	Person or entity with the accountability and authority to manage a risk
Control	A measure that is modifying risk Note 1: includes any process, device, practice or other actions that modify risk Note 2: May not always exert the intended or assumed modifying effect
Treatment	Process used to modify risk Note 1: can involve avoiding the risk, accepting/retaining the risk, removing the source of risk, changing the likelihood or consequence, sharing risk Note 2: May also ne known as risk mitigation
External context	External environment in which the organisation seeks to achieve its objectives. Note: can include the cultural, social, political, legal, regulatory, financial, technological, economic, natural and competitive environment, whether international, national, regional or local.
Internal context	Internal environment within which the organisation seeks to achieve its objectives. Note: can include governance, organisational structure, roles and accountabilities, policies, objectives and strategies, information systems and decision making processes, culture and capabilities.
Consequence	Outcome of an event affecting objectives Note 1: An event can have a range of consequences Note 2: A consequence can be certain or uncertain and can have positive or negative effects on objectives
Likelihood	Chance of something happening
Risk source	Element which alone or in combination has the intrinsic potential to give rise to risk.
Risk Management Framework (RMF)	A risk management framework (RMF) is a set of components that set out the organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout an organisation.

1. INTRODUCTION

1.1. Background of UTAMU

Uganda Technology And Management University (UTAMU) was first incorporated in the Republic of Uganda under the Companies Act (CAP.110) as a company limited by shares on 30th August 2012. In accordance with Section 96 of the Universities and Other Tertiary Institutions Act 2001 and subsequent amendments and in accordance with the National Council for Higher Education Statutory Instrument Number 80 of 2005, the National Council for Higher Education at its 27th meeting held on 11th March 2013 granted a University Licence, No. UIPL022, to Uganda Technology And Management University to operate as a University in the Republic of Uganda. UTAMU was gazetted in Gazette Vol. CVI No. 14 of 22nd March 2013, Legal Notice No. 4 of 2013.

UTAMU Vision. To be a global educational institution for management, science, technology and innovation.

UTAMU Mission. To provide global quality Education, Research and Innovation critical to economic and human development.

UTAMU Core Functions. The core functions of UTAMU are student centered teaching and learning, development-oriented research, innovations and business incubation, and community engagement.

UTAMU Values. UTAMU is mindful of its strategic future plans and the historic perspective of education in the world that emphasises nurturing scientists, technologists and innovators who can transform and create new knowledge. Therefore, the values of UTAMU are:

(a) Professionalism: making sure that staff and students conduct themselves with the highest ethical standards and taking responsibility of all their actions;
(b) Creativity: committing to stimulating the culture of scientific and technological advancement, innovation and practical enrichment to our stakeholders through a rich and flexible educational experience;
(c) Integrity: adhering to ethical and moral principles in all the educational, research and innovation processes;
(d) Transparency: seeking to provide accountability and value for money to UTAMU's stakeholders;
(e) Empowerment: offering unsurpassed practical opportunities to UTAMU's stakeholders through industry oriented collaborations, research engagements and incubation clusters in order to transform the educational environment; and
(f) Community Engagement: working with the community to solve the real world problems as a focal point towards economic development.

1.2. Background on Risk management

1.2.1. Overview

Risk Management is an enabling function that adds value to the activities of the organisation and increases the probability of success in achieving its strategic objectives. It's about managing uncertainty and creating an environment where surprises are minimised.

This Statute on Risk Management Framework defines the practices adopted by the University to identify risk, in order to reduce potential negative impacts, and improve the likelihood of beneficial outcomes. The benefits of creating a practical Statute on Risk Management Framework that can be applied across all parts of the University include:

(i) A consistent, structured approach to identifying and managing risk;
(ii) Supports the achievement of the University's strategic and operational goals by managing risks that may otherwise impede success;
(iii) Encourages an open and transparent culture where risk discussion and awareness are supported;
(iv) Better decision making practices that support risk informed choices, prioritize actions and distinguish between alternative courses of action;
(v) Encourages an understanding of the risk environment within which the University operates; and
(vi) Provides assurance to the University Management, University Council and Board of Directors that critical risks are being identified and managed effectively.

The management of risk happens every day across all parts of the University, in many different ways. The following examples demonstrate some of the existing processes in place for how UTAMU mitigates risk:

(i) Health and Safety at Work: To ensure the safety and wellness of workers at UTAMU, there are a number of processes established to minimise workplace harm including but not limited to: hazard identification, induction, health monitoring, training and development, incident reporting and remediation.
(ii) Code of Conduct: The University has both Staff and Student Codes of Conduct which define the required behaviours of staff and students of UTAMU.
(iii) Research: Code of Ethics and Committee to ensure application and compliance to this code, supervision, peer reviews, organisation structures and specialist appointments such as designated lab and facility administrators, physical audits.
(iv) Physical Security: Dedicated security resourcing to ensure the safety of the University community and facilities.
(v) Internal Audit: Provides assessment and review of key internal controls, and the control environment.
(vi) Academic Quality: Quality of the University's academic portfolio is ensured through the National Council for Higher Education (NCHE) accreditation process, UTAMU Senate, UTAMU quality assurance Committee and peer review processes.

(vii) Business Continuity and emergency management: Policy and Framework govern the operational structures, activities and arrangements for emergency management in line with best practice Reduction, Readiness, Response & Recovery processes.

1.2.2. An overview of the university's approach to managing risk

An effective risk management framework generally describes the risk management processes to be used in the university. This may include a common process for the assessment and management of individual risks including:

(a) risk identification - how and when risks are identified
(b) risk assessment - how risks are assessed (likelihood, consequence, vulnerability, speed of onset etc.)
(c) risk treatment - the university's approach for treating risks (mitigate, share, transfer, accept etc.)

1.2.3. How the university will report risks to both internal and external stakeholders

Risk reporting is important to provide information on the monitoring of risk against the objectives of the university. It allows for risks to be escalated if they are realised or can be used to proactively report risks before they are realised in cases when tolerance limits and triggers are breached.

Risk reporting is most effective when it is embedded into decision making and business processes. Information that is reported can include what the risk is, what it means, who needs to know and what actions can be taken.

1.2.4. The attributes of the risk management culture that the university seeks to develop

Risk culture is the set of shared attitudes, values and behaviours that characterise how the university considers risk in its day-to-day activities. The statute on risk management framework has an important role to play in defining the characteristics of a positive risk culture in a university and the practical measures which will be implemented to encourage it.

1.2.5. An overview of the university's approach to embedding risk management into its existing business processes

Risk management is of greatest benefit when aligned and integrated with other business processes. The statute can assist in this regard by describing how the university's risk management program supports the achievement of its objectives and is integrated into the university's business processes.

To support the understanding and embedding of risk management, the framework will be used to define the risk management concepts and categories of risk applicable to the university. Categories will enable risks to be aggregated and reported upon so that material risks can be shared with university management, university council and board of directors to support decision making.

The framework has an important role to play in ensuring risk management within the university is as consistent as possible, particularly where specialist categories of risk (such as business continuity and work health and safety) may have their own requirements and processes.

1.2.6. The approach for measuring risk management performance

Like any business process, risk management is most effective when it is efficient and aligned against the requirements and objectives of the university. To assist with assessing risk management performance, the risk management framework will describe relevant measures of success and how these are to be assessed.

1.2.7. How the risk management framework and university risk profile will be periodically reviewed and improved?

A university's risk appetite and risk exposure changes over time. Accordingly, it is important that a university's risk management framework is reviewed and continuously improved. The University will consider including the following four review activities as part of their risk management framework:

(a) reviewing the university's risk management framework for its fitness for purpose and compliance with external requirement
(b) mechanisms to measure and encourage compliance with the framework
(c) review of the university's risk profile and its overall exposure
(d) review of individual risks being managed and their relevant controls and treatments.

2. AN EFFECTIVE ENTERPRISE RISK MANAGEMENT SYSTEM

For risk management to be effective, it is important that University staff and stakeholders have a shared understanding of what an effective system for risk management looks like, and how it will be achieved. The ISO 31000:2009 Standard recommends organisations adopt the following ten (10) guiding principles that are the foundation of Risk Management Framework and are the key drivers to ensuring a consistent, fit-for-purpose approach to managing risk at UTAMU:

(i) Risk management adds value by contributing to achievement of objectives and improving performance, for example via legislative and regulatory compliance, use of reliable and accurate information for decision-making, effective project management, operational efficiency and robust governance.
(ii) Risk Management is an integral part of organisational processes. Risk Management is part of the responsibilities of management and an integral part of University processes, including strategic planning and all project and change management processes and decision making.
(iii) Risk Management is part of decision making. Risk Management helps decision makers make informed choices, prioritize actions and distinguish among alternative courses of action.
(iv) Risk management explicitly addresses uncertainty by identifying and describing the nature and source of that uncertainty.
(v) Risk practices are systematic and structured and timely, ensuring consistent, comparable and reliable results which contribute to efficiency.
(vi) Risk management is based on the best available information including historical data, experience, stakeholder feedback, observation, evidence, forecasts, and expert judgement.
(vii) Risk management is tailored to align with the University's external and internal context and risk profile.
(viii) Risk management practices are transparent and inclusive, ensuring appropriate and timely involvement of stakeholders and decision makers at all levels of the organisation. Involvement also allows stakeholders to be properly represented and to have their views taken into account.
(ix) Risk is dynamic, iterative and responsive to change. Effective risk management should always consider the internal and external operating context. As external and internal events occur, context and knowledge change, monitoring and review of risk take place, new risks emerge, some change and others disappear.
(x) Risk management facilitates continual improvement of the organisation by implementing risk mitigations which improve the University's probability of achieving its goals, and by building capability to recognise and reduce or take managed risk.

3. RISK GOVERNANCE AND MANAGEMENT

3.1. Mandate and Commitment

The mandate for risk management comes from the Board of Directors, University Council and University Management. The continued engagement and support of these organs is critically important – without it, risk management fails. These governance and management organs understand this and are committed to ensuring sustainable and effective risk management within the University. This commitment must also be mirrored at all levels.

The Board of Directors, University Council and University management lead this commitment by:

(i) Implementing the Risk Management Framework;
(ii) Understanding the value added by risk management and communicating this to staff and stakeholders;
(iii) Aligning risk management activities with the achievement of university objectives;
(iv) Ensuring legislative and regulatory compliance;
(v) Assigning accountabilities and responsibilities for risk management at appropriate levels within the University;
(vi) Ensuring independence of the Audit and Risk Unit such that risks can be raised to the highest level without fear of punitive outcome;
(vii) Creating and supporting an organisational culture which encourages transparent identification and open discussion of risks; and
(viii) Monitoring the effectiveness of the risk management system and ensuring actions are taken to continually improve it.

3.2. Roles and Responsibilities

Effective Risk Management requires clear lines of accountability. The University maintains board of directors, university council and committee structures, to co-ordinate some aspects of risk management. These provide instruction and guidance and do not absolve the line managers of the need to discharge their responsibilities in relation to managing risk.

Board of Directors: The Board of Directors oversees the University's operations, establishing both the strategic direction and financial performance targets for management and monitoring the achievement of these objectives. The powers and duties/ functions of the board are set down in the UTAMU Charter.

University Council: The University Council is responsible for policy formulation as well as directing the academic, administrative and financial affairs of the University. The University Senate that is in charge of academic affairs in the University is responsible to the University Council. The University though its Quality Assurance Committee assures quality in the University. The composition, powers and functions of Council are set out in the UTAMU Charter.

Audit and Risk Committee: The Audit and Risk Committee of the University Council assists the University Council in discharging its responsibilities relative to financial reporting, risk management and regulatory conformance. In respect of risk management, the Committee is responsible for reviewing the Risk Management Framework and making recommendations to the University Council, monitoring risk assessments and internal controls instituted. The audit and risk committee has responsibility for overseeing key risk management controls, including but not limited to financial and management accounting, property, insurance purchasing, contractual liabilities, business continuity, people related, and other operational risk controls, and assessment of strategic risk within their areas of responsibility.

University Management: The University Management is responsible to the University Council for the day to day management of the University and in essence is at the centre of managing risks especially operational risks in the University. The membership and functions of University management are provided in the UTAMU Charter.

3.3. Accountability for Risk Management

The following table provides for accountability for risk management:

	Responsibility	Accountability
Risk Owner	Overall coordination of the management of the risk, including: Ensuring controls are effective, monitoring the completion/implementation of treatments; monitoring the environment; providing updates for University risk reporting.	Effective oversight and management of the risk. Communicating risk status when risk exceeds tolerability and, escalating when necessary.
Risk Lead	Maintain oversight of risks identified within their organisational area, in consultation with the Risk Owner. Providing status updates on risks and controls under the ownership of their Risk Owner.	Provide status updates on risks, treatments and controls within their area of responsibility, on behalf and in consultation with the Risk Owner.
Control/ Treatment Owner	Ensuring the control is effective through: ongoing operation and improvement; maintaining up-to-date assessment of control effectiveness. Implementation/completion of treatment; ensuring appropriate ownership once treatment is complete and in place as a control.	Effective oversight and maintenance of the control. Design and Implementation of the treatment to agreed timeframes and quality.
Head of Audit and Risk in UTAMU	Maintain oversight of University risks, controls and treatments: Reporting of University risks. Facilitate the risk management process. Reporting on any emerging risk issues. Monitoring internal and external environment in conjuncti0n with each portfolio area.	Maintain oversight of University risks. Report risks and risk issues to the University Council and University Management.

4. INTEGRATION INTO ORGANISATIONAL PROCESSES

Risk management should be embedded with University systems and processes to ensure that it is part of everyday decision making. In particular risk management shall be embedded in the following key processes:

(a) Annual planning and budgeting processes: Within each portfolio area, risk identification should occur as part of the annual planning cycle to inform planning and budgeting for the following year. Costs of implementing the annual plans, including consideration of costs associated to controls or treatments required need to be incorporated into the budgeting process.
(b) Project and programme management: As part of good project management practice, risks are actively identified, managed, escalated and reported throughout the lifetime of the project.
(c) Development and review of University policies and procedures: University policies and procedures specify the approach and expected actions required to manage a variety of risks, including those associated with legislative compliance, academic management, quality and equivalence, people management, finance and asset management.
(d) Procurement and asset management: Risk management must be factored into decision making for significant procurement and asset management related processes.

5. ALIGNMENT OF RISK TO STRATEGIC OBJECTIVES

The AS/NZS ISO 31000:2009 Risk Management Standard defines risk as 'the effect of uncertainty on objectives'. The University is exposed to a diverse range of internal and external factors and influences that make it uncertain whether, when and the extent to which its objectives will be achieved. The objectives referred to are expressed in the Standard as 'the overarching outcomes that the university is seeking. These are the highest expression of intent and purpose, and typically reflect its explicit and implicit goals, values and imperatives or relevant enabling legislation.

UTAMU shall articulate its strategic intent and purpose through its Strategic Plan and Investment Plan which in turn shall be informed by the following:

(i) The articles and memorandum of association of UTAMU;
(ii) The National Development Plan;
(iii) The Universities and Other Tertiary Institutions Act 2001 as amended and its statutory instruments; and
(iv) Higher Education policies and Regulations of Uganda.

At a high level the risks that UTAMU is exposed to are categorised as either strategic or operational risks. All risks are managed within the same framework, as inadequately managed operational risks can escalate to become strategic risks.

5.1. Strategic risks

Strategic risks are risks that affect or are created by the University's strategy and strategic objectives.

5.2. Operational risks

Operational risks are events that will affect the University's ability to execute its strategic plan, and may arise from inadequate or failed internal processes (including people processes) and systems, or from external events that impact on the operations of the University. Types of operational risk may be broken down further into areas such as:

(a) Project risk. Project risk may be defined as an uncertain event or condition that, if it occurs, has a positive or negative effect on one or more project objectives such as scope, schedule, cost, or quality.
(b) Compliance risk. Risk resulting from a failure to comply with laws, regulations, statutes, policies, code of conduct, and accepted standards of best/good practice.
(c) Health and Safety risk. Risks to people affected by the conduct of work being undertaken at the University.

6. RISK ASSESSMENT CRITERIA

The following risk assessment criteria shall be used for risk analysis at UTAMU. Risk analysis involves consideration of the sources of risk, the controls in place (and their actual effect), the consequences and the likelihood of those consequences being realised.

6.1. Likelihood assessment

Rating	Likelihood criteria (12-36 months or within project lifetime)
Almost Certain	Is expected to occur Definite probability Without additional controls the event is expected to occur in most circumstances
Likely	Will probably occur in most circumstances With existing controls operating this event will probably still occur with some certainty
Possible	Could occur at sometime The event has occurred in other universities with similar levels of controls and assurance in place
Unlikely	Not expected to occur The event hasn't occurred, but it could occur in some circumstances
Rare	Exceptional circumstances only Improbable A small chance of event occurring that would be caused by conditions and/or events not previously seen.

6.2. Assessment of effectiveness of controls

The following control assessment criteria shall be used to assess the overall effectiveness of the controls in place that are mitigating the risk. Note that the controls identified may not always exert the intended or assumed modifying effect, or are not yet at a point where they are fully operational or effective.

Rating	Level of protection/mitigation
Excellent	Controls practices are fully embedded in business processes. Continuous improvement programmes are operating to improve efficiency and effectiveness of controls.
Good	Optimal levels of Controls are in operation at all times. Control practices are embedded in business processes.
Sufficient	Sufficient Controls are in place for day-to-day operations but control practices are not fully embedded in business as usual processes yet.
Insufficient	Insufficient Controls are in operation (i.e. yet to be implemented, not implemented effectively and/or additional Controls are needed). Control breaches are common.
Non-existent	No identified or planned Controls.

6.3. Consequence Assessment

When determining consequence level, to safeguard from the unnecessary application of treatments and costs, the consequence rating applied shall be the most plausible, not the most extreme worst-case scenario.

The following two tables detail the consequence assessment criteria for organisational and project specific risks.

University Consequence Assessment Matrix

	Minor	Moderate	Significant	Major	Severe
Health and Safety	Would cause minor illness and injuries that are able to be treated at the site with no long-term effects or days lost.	Would cause minor illness and injury that require medical attention off-site with no long-term effects and some days lost.	Would cause possible hospitalization (s) and numerous days lost with no long-term effects.	Single death &/or long-term illness or multiple serious injuries.	Would cause fatality (ies) or permanent disability or ill-health.
Compliance and Legal	Contract: Minor contractual breach, sanction from other party with potential small compensation. Regulatory: Minor non- compliance able to be remedied without penalty or notification.	Contract: Potential for dispute, mediation likely and/or with potential small compensation Regulatory: Mandatory reporting of non-compliance.	Contract: Material breach of contractual obligation, potential litigation or large settlement Regulatory: Investigation by regulator	Contract: Single Litigation. Regulatory: Sanction or prosecution by regulator	Contract: Multiple Litigations. Regulatory : Major compliance breach, or multiple breaches that result in prosecution or maximum penalty or sanction by regulator
Reputation	External Reputation not affected. No effort or expense required to recover.	Media attention no more than 1 day. Negative association with UTAMU brand (stakeholder).	Regional media attention 1-3 days, little effort or expense required to recover. Marginal drop in international ranking. Potential medium term impacts to being seen as provider or partner of choice.	Nationwide media attention, greater than 2 days. National headlines, variety of media. Requires effort or expense to recover and mitigate. Significant drop in international ranking. Significant impacts to attractiveness as provider or partner of choice	Sustained media attention, including international exposure. Significant damage to UTAMU brand, requiring urgent effort or expense to recover. Involves unplanned Board of Directors/University Council/ Management time to address. Serious and sustained impacts to attractiveness as provider or partner of choice.
Financial	Financial impact $0- 20,000 Operational Expenditure (OPEX), within 12month period.	Financial impact $21,000- $40,000 OPEX, within 12-month period. Budget impacts to individual unit, short term impact to operations.	Financial impact $41,000-$80,000 OPEX, within 12-month period. Budget impacts across multiple portfolios, affects operations and performance.	Financial impact $81,000- $100,000 OPEX, within 12 month period. Budget issues affect 1-3yr capital plans. Cost management measures required across all portfolios.	Financial impact >$101,000 OPEX within 12 month period. Budgetary impacts across UTAMU, affecting long term capital plan. Budget surplus at risk, extraordinary measures required.
Performance and Capability	No impact on quality of services delivered. Negligible performance impact.	Minor impact on the delivery or quality of services. Substandard quality of delivery or operation of core service or activity.	Some impact on the delivery or quality of services. Workarounds required to maintain operation of core service or activity.	Considerable impact on the delivery or quality of services. Core service is partially functional. Impedes or significantly delays achievement of key strategic objective, significant workarounds and impact to Business as Usual (BAU).	Major impact on the delivery or quality of service or operation. Sustained Inability to deliver core service (e.g. enrolments). Prevents achievement of key strategic objective Major impact to UTAMU or viability of multiple programmes.

Project Consequence Assessment Matrix

	Minor	Moderate	Significant	Major	Severe
Time	Insignificant delays, minimal impact on project timeline.	Non-critical tasks are not completed on time.	Critical tasks not completed on time. Likely downstream impacts to project timelines and delivery dates. Timeline is behind schedule.	Key milestones are missed and significant delay to the project delivery date. Timeline is behind schedule with a key date or critical missed.	Severe impact to schedule, and/or missed critical fixed delivery dates. Significantly behind schedule with multiple key dates/milestones have been missed.
Cost	Financial loss or budget overrun the lesser of 10% of phase/project.	Financial loss or budget overrun the lesser of 10-15% of phase/project.	Financial loss or budget overrun the lesser of 15-20% of phase/project. The value or cumulative value of change requests and/or variations exceeds 10% of budgeted project contingency.	Financial loss or budget overrun the lesser of 25% of phase/project. The value or cumulative value, of change requests and/or variations exceeds 25% of the budgeted project contingency	Financial loss or budget overrun above 33% of phase/project. The value/ cumulative value, of change requests and/or variations exceeds 50% of the budgeted project contingency.
Quality	Insignificant impact on overall quality of product or service. No action required to achieve planned business outcomes.	Minor impact to the quality of the output, remedied without additional cost. Limited/few hazards identified or created	Moderate impact on the quality of output. Additional activities or cost required to remedy quality issues Failure to meet legal or regulatory requirements, and/or potential litigation or penalty. Notifiable incident.	Considerable impact on quality of output. Requires significant additional effort either during or post project to achieve acceptable levels of performance. Serious harm injury. Non-compliance with legal/regulatory requirements - potential litigation or penalty.	Severe impacts on the quality of the product or service delivered. Without remediation the product is considered to be unstable and not fit for production use. Death of an individual.
Scope Activities Output	No impact on project deliverables. All intended outcomes are achievable.	Minor impact on deliverables, and 'nice to have' functionality No impact to intended outcomes and some workarounds in place.	Moderate impact to deliverables - 'could have' functionality not delivered. Reputation damage or moderate cultural impact Loss of business efficiency	Major impact to deliverables with 1 or 2 'must have' features not delivered. Requires significant workarounds or inability to meet needs. Significant loss of business efficiency. Numerous and/or major hazards are identified.	Severe impact to project deliverables with more than 2 'must have' features not being delivered. Product or service does not deliver the key intended outcomes for the business. Sustained and significant loss of business efficiency.

		Some adverse public reaction or cultural impact.			
Resources	Insignificant impact to resourcing, manageable within the overall baseline for project delivery.	Minor impact to approved project resourcing requiring additional resource and increase in overall effort.	Moderate impact to approved project resourcing requiring additional short-term resource and increase in overall effort. Insufficient adequately skilled dedicated project resources	Major impact to approved project resourcing requiring multiple additional resources with an overall increase of effort. Insufficient adequately skilled dedicated project resources	Severe impact to approved project resources requiring significantly more resources for an extended period of time to achieve the agreed project outcomes.
Benefits and Outcomes	No impact in overall ability to realise planned benefits. Additional effort or workarounds required to achieve the intended benefits.	Minor impact in ability to realise planned benefits. Some of the less fundamental benefits may not be fully realised.	Moderate impact on ability to realise benefits. Additional effort and manual tasks required to achieve benefits. Minor impact to intended outcomes. Reduced likelihood of attaining primary objectives.	Major impact on ability to realise benefits. Significant additional work required to achieve benefits. Noticeable impact to intended outcomes. Incident/events/variations greatly reduce attainment of primary objectives.	Critical benefits will not be realised by the project. Significantly reduced probability of attaining primary objectives. Variation and scope changes significantly erode expected benefits.

7. RISK TOLERANCE AND ACCEPTABILITY

This matrix is used to determine risk rating by combining the consequence and likelihood levels. The assessment is used to determine the severity of the risk and identify those which are unacceptable to UTAMU and require management attention and further treatment. It also forms the basis of ongoing monitoring.

Likelihood	Consequence				
	Minor	Moderate	Significant	Major	Severe
Almost certain	Low	Medium	High	Very High	Very High
Likely	Low	Medium	High	Very High	Very High
Possible	Low	Medium	Medium	High	Very High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

The following table shall be used as a guide to determine whether a risk requires additional treatment. If the assessed risk rating is above the tolerable level for that impact area, then treatment is required that will either reduce the likelihood of the event occurring, or the impact should it be realised. If the risk rating is at or below the target level as indicated, then the risk may be accepted. (Please note that project risk tolerance and acceptability should be specified as part of a risk and issues management plan for the project.)

	What level of risk are we willing to accept in the pursuit of our objectives?			
Impact	**Low**	**Medium**	**High**	**Very High**
Health and Safety		♦		
Compliance/ Legal		♦		
Performance and Capability		♦		
Financial		♦		
Reputation		♦		

If there is no further treatment that can be applied to mitigate the risk (and reduce either the likelihood or the consequence), or the cost of applying the required treatment outweighs the impact or the benefit, then formal acceptance of the risk may be provided by the following:

	Authority for acceptance/retention of risk outside risk tolerance level			
Impact	**Low**	**Medium**	**High**	**Very High**
Health and Safety	X	X	University Management	University Council/ Board of Directors
Compliance/ Legal	X	X	University Management/ University Council/ Board of Directors	University Council/ Board of Directors
Performance and Capability	X	X	University Management/ University Council/ Board of Directors	University Council/ Board of Directors
Financial	X	X	University Management/University Council/ Board of Directors	University Council/ Board of Directors
Reputation	X	X	University Management/ University Council/ Board of Directors	University Council/ Board of Directors

8. TREATING AND ACCEPTING RISKS

Risk treatment options shall be based on cost benefit analysis of outcomes, i.e. does the cost of applying the required treatment or control outweigh the impact or the benefit? Treatments are essentially based on one (or a mixture) of the following options:

I. Avoid: Treating the risk by avoiding the event that would lead to the risk occurring. For example: not entering a new market, not pursuing an opportunity.
II. Mitigate: Develop a plan to reduce the likelihood and/or consequence. This involves taking pre-emptive action along the lines of:
    a. Identify the range of treatment options
    b. Assess the options (timely, cost effective, what resources are required, is it feasible)
    c. Select the most effective options(s), assign each a treatment owner
    d. Develop the plan, incorporate into existing plans (annual plan, project plan)
    e. Develop contingency responses (BCP-Business Continuity Planning, DRP-Distribution Requirements Planning) if necessary
III. Retain: Accept the likelihood and consequence of the risk occurring. Transfer the risk in part or in full (i.e. insurance, contractual agreements)
IV. Accept the risk (i.e. if the benefit outweighs the cost)

Where the assessed risk rating is above the tolerable level for that impact area, then the implementation of the treatment or mitigation should be monitored to ensure it has the intended effect of reducing the risk down to a tolerable level.

9. RISK MONITORING AND REPORTING

9.1. Portfolio

Assigned risk owners will review their risk registers at least 6 monthly and consider any changes in their respective areas, including: maturity and effectiveness of controls or treatments being applied to mitigate existing risks, and; identifying any new risks which are emerging as a result from changes in the internal or external environments.

Identifying and managing risk is a key part of annual planning. These processes define plans and allocate resources to achieve certain objectives. An integral part of planning is to identify anything that might threaten the achievement of those objectives.

The Audit and Risk Unit at UTAMU will support risk owners in this process, and undertake an annual review of identified risks and controls, encompassing strategic, environmental, and annual planning changes.

9.2. Quarterly Risk Reporting

Risk reports are prepared quarterly for the Board of Directors through the University Council detailing:

(a) Those risks which are outside the acceptable tolerance levels
(b) Details of any escalating risks, and emerging risk issues considered during the reporting period
(c) Significant project risks.

Signed this 14th day of November 2022 by:

Chairperson, Board of Directors **Secretary, Board of Directors**