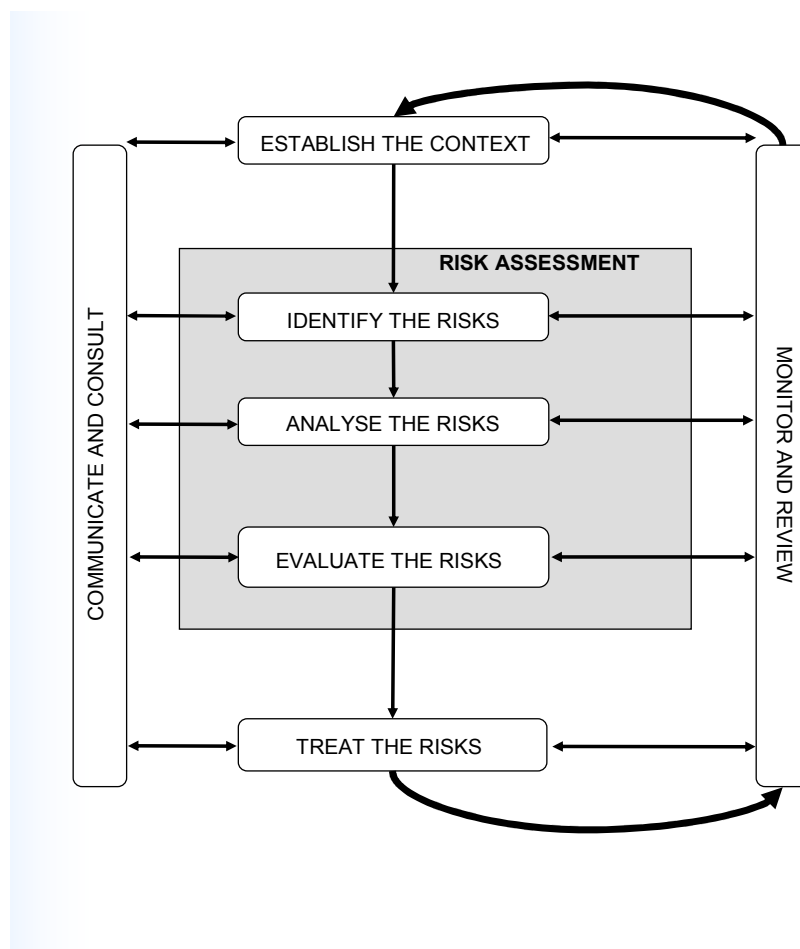


The La Trobe University Risk Management Quick Guide

The Risk Management Process



Risk identification

Figure Sources of Risk



Example Sources of Risk

Internal sources

- **People**
 - **Capability:** knowledge retention, expertise, skills, integrity, loyalty,
 - **Capacity:** resourcing, industrial relations, health & welfare
- **Data/information**
 - **Capability:** integrity, currency, relevance,
 - **Capacity:** access, storage, disposal, sufficiency
- **Strategy**
 - **Capability:** robustness, flexibility, strategic fit, effectiveness, relevance
 - **Capacity:** efficiency, implementation, timeliness, scope & coverage
- **Stakeholder management**
 - **Capability:** Stakeholder needs, fulfilment, relationships
 - **Capacity:** Segmentation, service proposition
- **Leadership**
 - **Capability:** Vision, management capability, innovation, culture, expertise,
 - **Capacity:** availability, access, workload, governance
- **Process/product/services**
 - **Capability:** fitness for purpose, intellectual property, life cycle, innovation, quality
 - **Capacity:** Robustness, availability
- **Business performance**
 - **Capability:** Business objectives, equipment, facilities, decision making processes

- **Capacity:** Growth, sustainable development, monitoring

External sources

- **Economic**
 - **Capability:** economic cycle, shares & interest rates, regional stability
 - **Capacity:** Market growth, capital movement
- **Political & Regulatory**
 - **Capability:** Legislation, standards & protocols, acceptable practices, intellectual property
 - **Capacity:** investment, enforcement
- **Supply**
 - **Capability:** Components, contractors,
 - **Capacity:** outsourcing, logistics, quality assurance
- **Technology**
 - **Capability:** Hardware, software, security
 - **Capacity:** User interface, resource availability
- **Competition**
 - **Capability:** skills, facilities, equipment
 - **Capacity:** Resources, space, access
- **Community**
 - **Capability:** Social structure, reputation, ethics, partnerships, practices
 - **Capacity:** participation, content, demographics
- **Physical:**
 - **Capability & Capacity:** Natural events, geography, geology, environment, climate, emissions/pollutants, built environment, etc.

Version LTU1.0
Risk Analysis
Consequence criteria

Impact Level	Impact Criteria					Regulatory/Legal
	Safety and Security	Financial Performance	Business Performance and Capability	Stakeholder	Reputation	
Catastrophic	<ul style="list-style-type: none"> An incident resulting in multiple fatalities. Long term severe health impact on significant numbers of people. The majority of critical assets are destroyed or rendered unusable for several months. 	<ul style="list-style-type: none"> Operating budget blowout of >30%.. Deterioration in external funding of >30%. Unanticipated costs or losses of \$20 million. 	<ul style="list-style-type: none"> The overall survival of the University as a teaching & research institution is threatened. Majority of major goals, programs and or projects cannot be achieved. Major widespread and sustained industrial action for several months. Significant intervention by the Minister is required. Severe and unmanageable disruption of major processes extending for several months. Deterioration in majority of key performance indicators >30%. 	<ul style="list-style-type: none"> The Minister and or Council is severely compromised by the actions of the University or its officers. Severe and sustained long deterioration in staff morale occurs. The majority of stakeholders are severely disadvantaged by the policies or actions of the University. Extreme impact on stakeholders lasting for many months with continuing long term consequences. 	<ul style="list-style-type: none"> Consistent extreme negative media attention for greater than one month. A consistent and long term public outcry against policies or actions of the University. A long term, irreconcilable loss of confidence in the University's capabilities and standing. 	<ul style="list-style-type: none"> Regulatory breaches result in severe penalties for officers of the University.
Major	<ul style="list-style-type: none"> An incident resulting in a single fatality. Long term severe health effects on multiple individuals. Majority of critical assets are destroyed or rendered unusable for several weeks. 	<ul style="list-style-type: none"> An operating budget blowout of 15-30%. Deterioration in external funding 15-30% Unanticipated costs or losses of \$5-20 million. 	<ul style="list-style-type: none"> The continued capability of the University is threatened. One or more critical goals, programs or projects cannot be achieved. Major widespread and sustained industrial action for several weeks. Significant intervention by the Council and/or senior management is required. Severe disruption of major processes extending for several weeks. Deterioration in multiple key performance indicators of 15-30%. 	<ul style="list-style-type: none"> The Minister and /or Council are compromised by the actions of the University. Substantial and prolonged deterioration in staff morale occurs. Multiple stakeholder groups are severely disadvantaged by the policies or actions of the university. Has a major impact on stakeholders lasting for several months. 	<ul style="list-style-type: none"> Consistent extreme negative media attention for a period of several weeks. Prolonged public disaffection with the policies or actions of the University. Loss of confidence in the University's capabilities and standing lasting for several months. 	<ul style="list-style-type: none"> Regulatory breaches result in legal action being undertaken against officers of the University.
Moderate	<ul style="list-style-type: none"> A severe injury or multiple casualties requiring hospitalisation. Long term negative health effects on one or more members of the staff or public. A range off assets, including some critical, are destroyed or rendered unusable for several days. 	<ul style="list-style-type: none"> An operating budget blowout of 10- 15%. Deterioration in funding of 10-15%. Unanticipated costs or losses of \$>250,000. 	<ul style="list-style-type: none"> The efficiency and effectiveness of major elements of the University deteriorates. The achievement of objectives or delivery of outcomes for one more critical programs or projects is significantly impaired. Continuing program of industrial action for days to weeks. Substantially increased management intervention is required. Significant disruption to processes extending from days to weeks. Deterioration in key performance indicators of 5-15%. 	<ul style="list-style-type: none"> The Minister and/or Council are significantly embarrassed by the actions of the University. Material deterioration in staff morale occurs. One or more stakeholder groups are significantly disadvantaged by the policies or actions of the University. Major impact on stakeholders lasting for several weeks. 	<ul style="list-style-type: none"> Consistent negative headlines for greater than one week. Public disaffection with the University's policies or actions lasting from days to weeks. Loss of confidence in the organisation's capabilities lasting for several weeks. 	<ul style="list-style-type: none"> Regulatory breaches require significant attention or corrective actions

Version LTU1.0

Impact Level	Impact Criteria					
	Safety and Security	Financial Performance	Business Performance and Capability	Stakeholder	Reputation	Regulatory/Legal
Minor	<ul style="list-style-type: none"> Injuries requiring medical attention. Short term negative health effects. A number of assets are destroyed or rendered unusable, but can be replaced within acceptable time frames. 	<ul style="list-style-type: none"> An operating budget blowout of 5-10%. Deterioration in external funding 5-10%. Unanticipated costs or loss of >\$50- 500,000. 	<ul style="list-style-type: none"> The efficiency and effectiveness of isolated elements of the University are impaired. The ability to achieve objectives or deliver outcomes is affected. Limited industrial action occurs. Increased management involvement is required. Intermittent disruptions to processes. Deterioration in top key performance indicators of 1-5%. 	<ul style="list-style-type: none"> The Minister and/or Council are inconvenienced by the actions of the University. Employee satisfaction deteriorates by 1-5% across major indicators. Detectable decrease in staff morale occurs. Has an impact on stakeholders lasting for a period of days. 	<ul style="list-style-type: none"> Negative media attention for one or two days. Public disaffection with the University's policies or actions is limited to a few days. Short term loss in confidence regarding the University's capabilities and/or standing lasting for several days. 	<ul style="list-style-type: none"> Regulatory breaches require attention or corrective actions.
Minimal	<ul style="list-style-type: none"> Incident requiring simple first aid only. Transient or limited ill health impact. Assets receive little or minimal damage, or are only temporarily unavailable for use. 	<ul style="list-style-type: none"> An operating budget blowout of <5%. Deterioration in external funding of <5%. Unanticipated costs or loss of >\$50,000. 	<ul style="list-style-type: none"> There is a negligible impact on the efficiency and effectiveness of the University. There are minimal effects on the achievement of objectives or the delivery of outcomes. Insignificant levels of industrial unrest. Management can be undertaken within existing parameters. Potential disruptions managed as part of business as usual. Deterioration in top key performance indicators of > 1%. 	<ul style="list-style-type: none"> Any impacts upon the Minister or Council are inconsequential. There is negligible effect on staff morale. Inconsequential disadvantage is experienced by stakeholders. Stakeholder dissatisfaction is minimal. 	<ul style="list-style-type: none"> Occasional negative media coverage. There is limited public disaffection with the policies or actions of the University. Public confidence in the University remains largely unaffected. 	<ul style="list-style-type: none"> Regulatory breaches by are insignificant in nature with no disruption to performance of duties.

Likelihood criteria

Likelihood	Criteria
Almost certain	<ul style="list-style-type: none"> Over 99% probability, or "happens often", or could occur within 'days to weeks'
Likely	<ul style="list-style-type: none"> >50% probability, or "could easily happen", or could occur within 'weeks to months'
Possible	<ul style="list-style-type: none"> >10% probability, or "could happen, has occurred before", or could occur within 'a year or so'
Unlikely	<ul style="list-style-type: none"> >1% probability, or "has happened yet, but could", or could occur 'after several years'
Rare	<ul style="list-style-type: none"> <1% probability "conceivable but only in extreme circumstances" exceptionally unlikely, even in the long term future a '100 year event' or greater

Risk Rating Matrix

		Consequence				
		Minimal	Minor	Moderate	Major	Catastrophic
Likelihood	Almost certain	Medium	Significant	High	Extreme	Extreme
	Likely	Medium	Medium	Significant	High	Extreme
	Possible	Low	Medium	Significant	High	High
	Unlikely	Low	Low	Medium	Significant	High
	Rare	Low	Low	Medium	Significant	Significant