# A conceptual framework on establishing a risk management framework within existing university assessment and evaluation practices

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# Topics covered

- Background into ERM – issues of external and internal governance
- Issues regarding definitions
- COSO Cube
- ISO 31000
- Current projects at USQ regarding the introduction of ERM into unit decisionmaking

# Enterprise Risk Management: A way to provide opportunity through identified capacity to accept or move to changing conditions

*A risk is a chance you take; if it fails you can recover. A gamble is a chance taken; if it fails, recovery is impossible.*

Erwin Rommel

# TEQSA's definition of risk

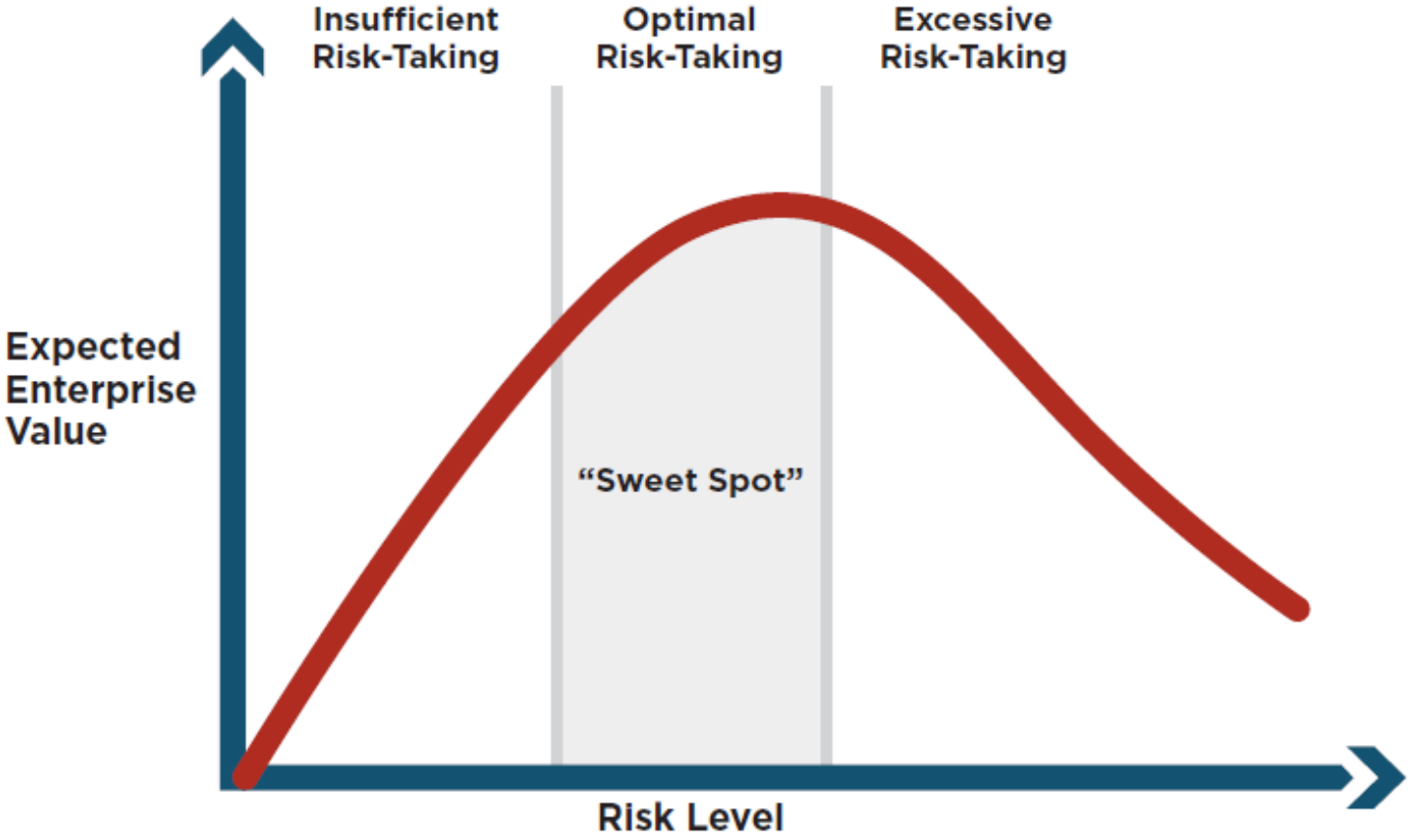
- TEQSA's definition of regulatory risk '*refers to actual or potential risk events (regarding a provider's operations and performance) which indicate that the provider may not meet the Threshold Standards (either currently or in the future)*' (TEQSA, 2012, p. 34).

# Other definitions of risk – How an institution defines and looks at risk is a key component on how to manage it!

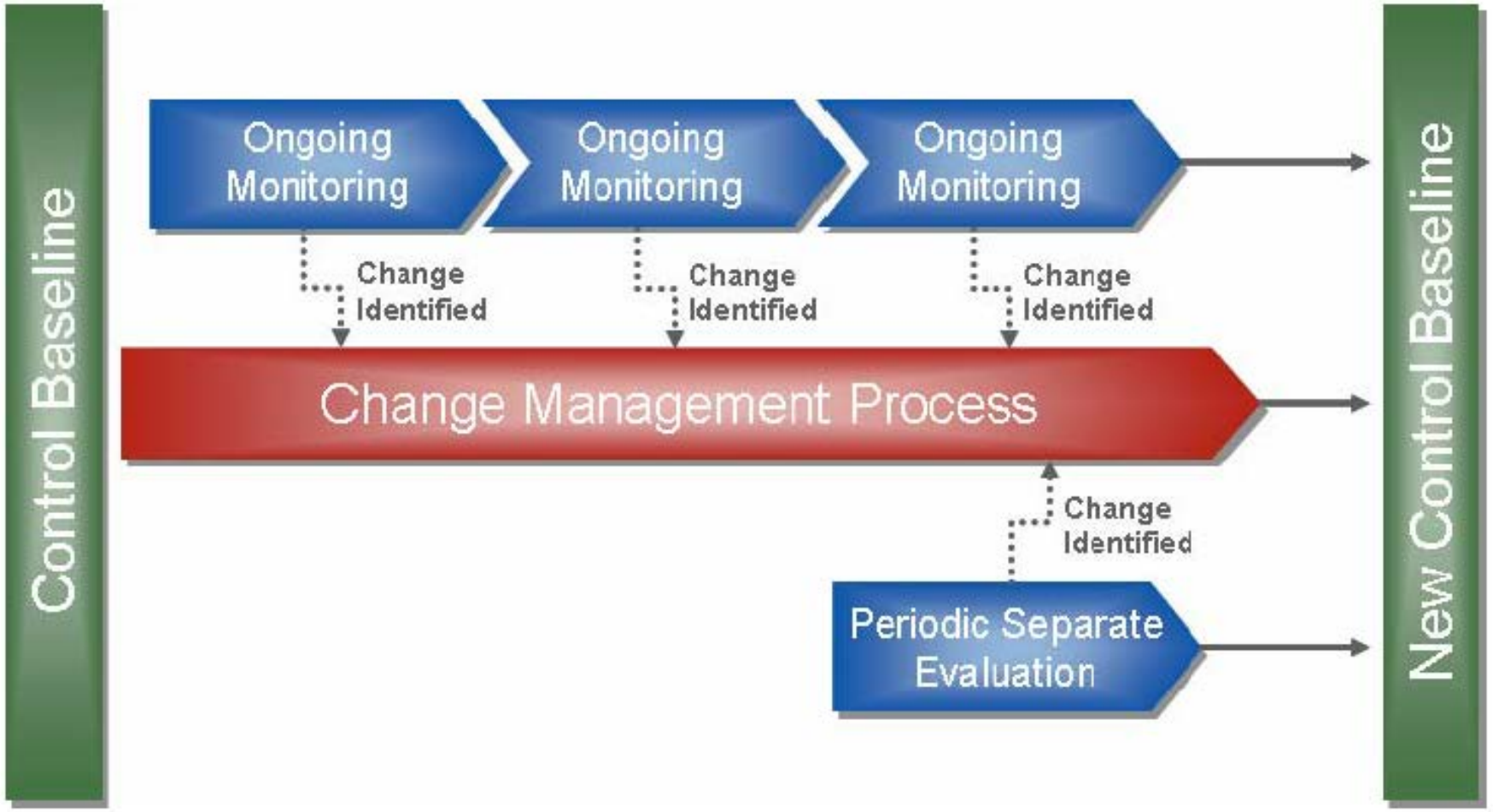
- Risk is a function of *likelihood* and *impact* (Curtis & Carey, 2012).
- Risk is an uncertain future outcome that can either improve or worsen position (European Risk Management Association adopted the ISO/IEC Guide 73 (FERMA2002), which was superseded by ISO 31000
- ISO 31000 (2009): risk as the effect of uncertainty on objectives.
- Risk and Insurance Management Society [RIMS] (2012): risk as an uncertain future outcome that can either improve or worsen position
- Committee of Sponsoring Organizations of the Treadway Commission [COSO] (2013): risk as the possibility that an event will occur and adversely affect the achievement of objectives.

**These different committees also have ancillary definitions pertaining to risk activities, tolerances, appetites, etc. that undergird these definitions and shape the practice of ERM under these models**

# It's about optimal risk taking (Curtis & Carey, 2012)

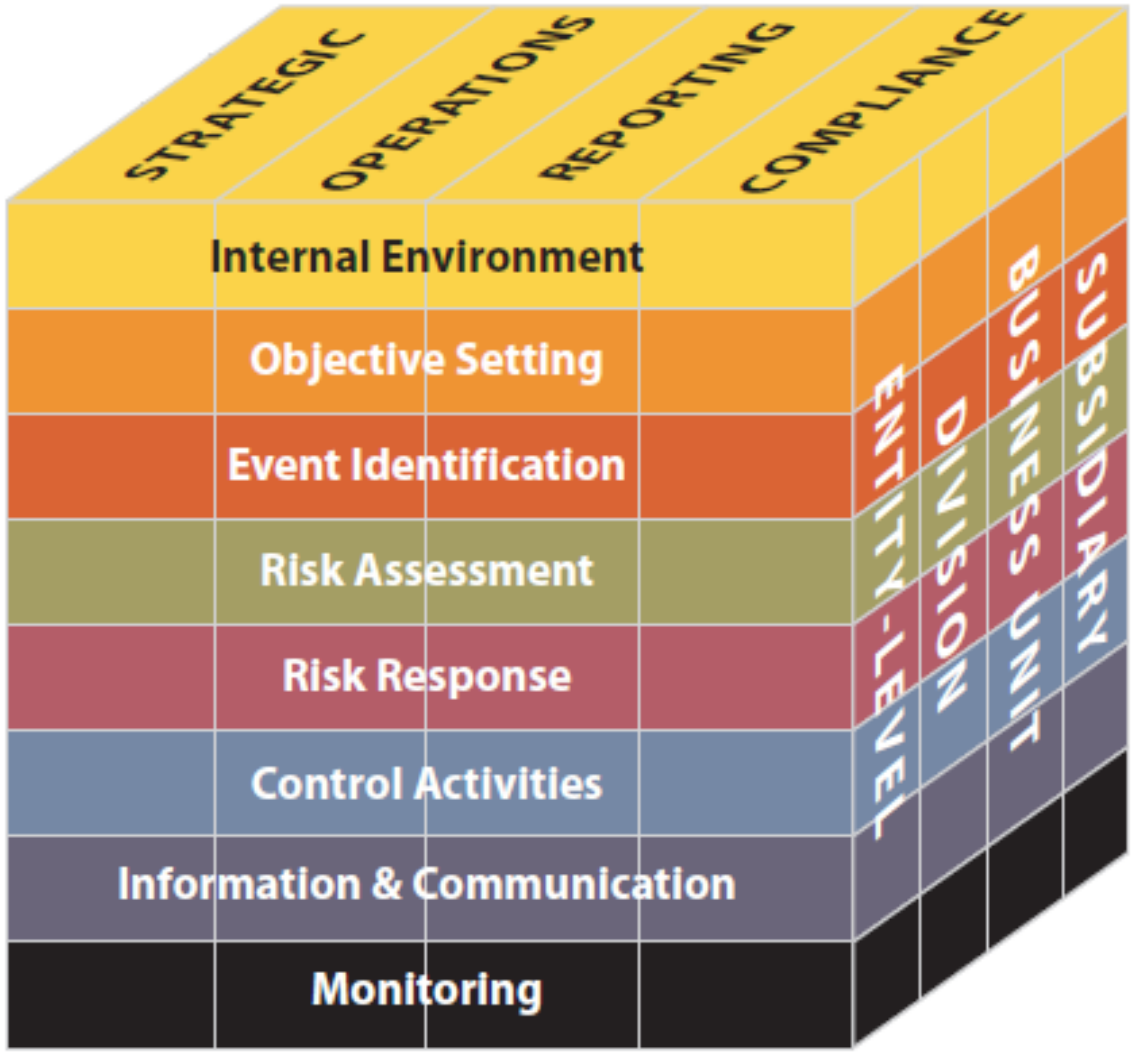


# Improvement through control reconfiguration (COSO, 2007)



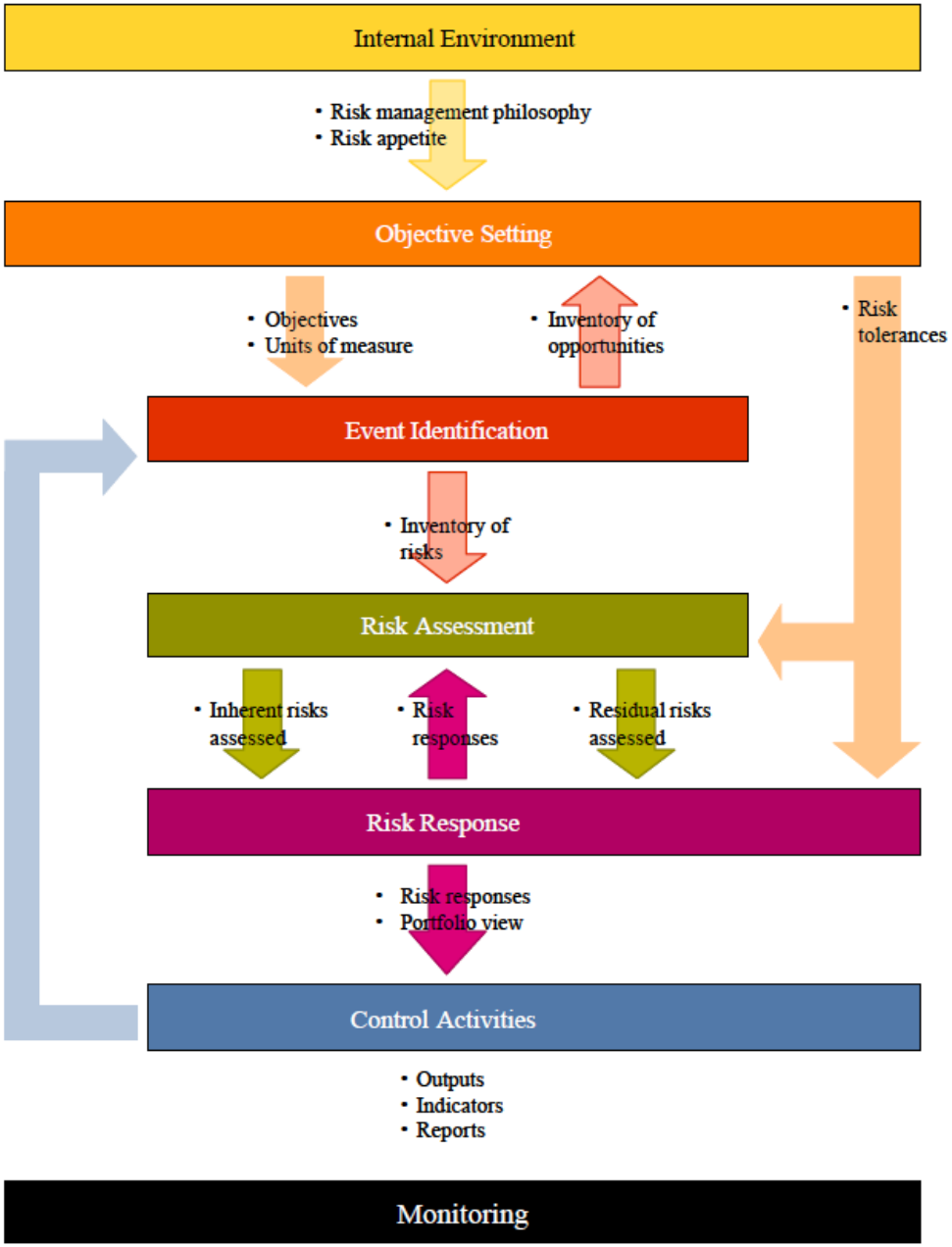
# COSO Framework (COSO, 2013)

# Original COSO cube (COSO, 2004)

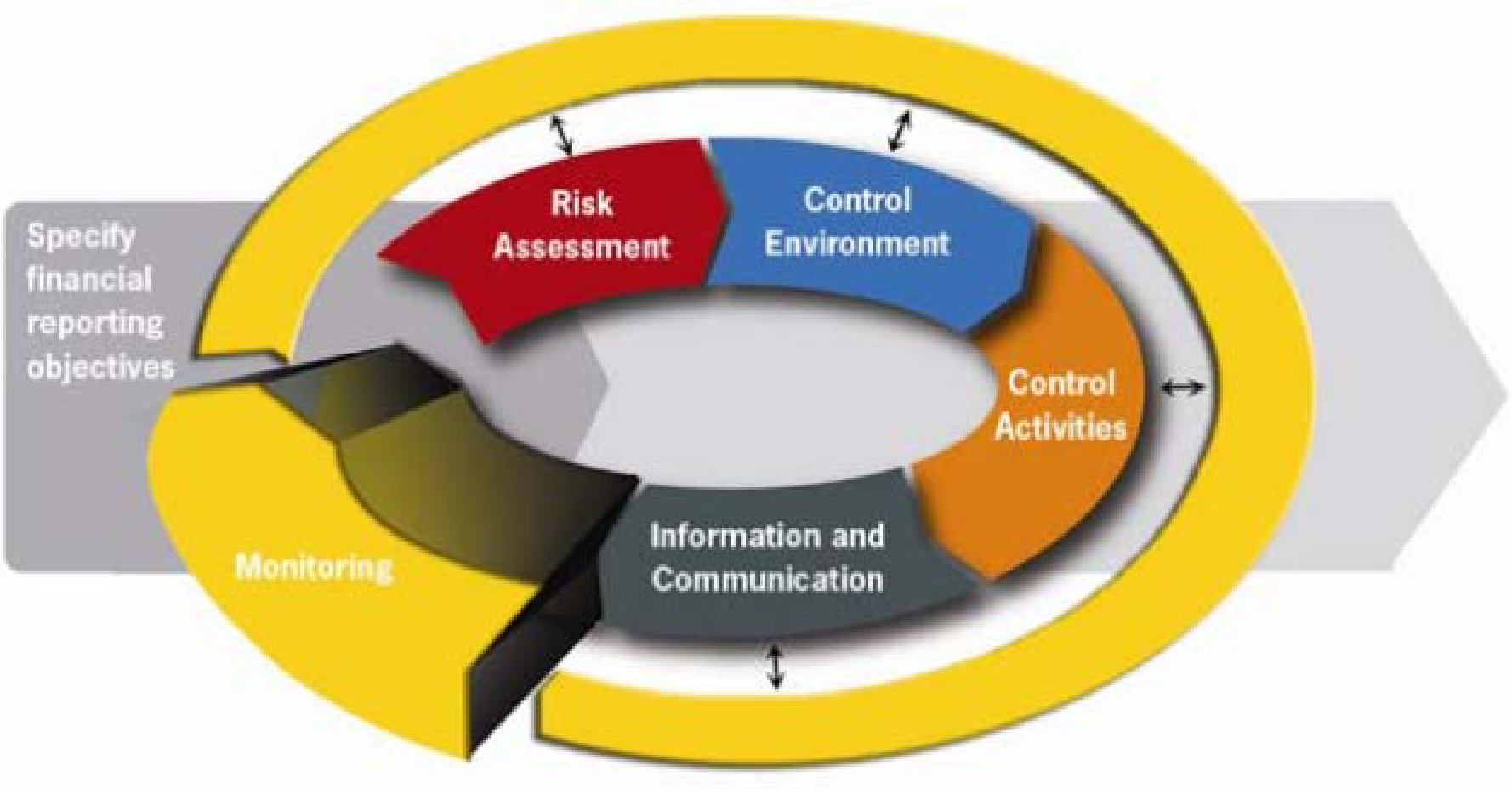


# Key elements of COSO framework COSO, 2004)

# Information flow within ERM (COSO, 2004)



# COSO monitoring process (COSO, 2007)



source: COSO, May 2013

# Update articulates principles of effective internal control

| | |
|---|---|
| **Control Environment** | 1. Demonstrates commitment to integrity and ethical values<br>2. Exercises oversight responsibility<br>3. Establishes structure, authority and responsibility<br>4. Demonstrates commitment to competence<br>5. Enforces accountability |
| **Risk Assessment** | 6. Specifies suitable objectives<br>7. Identifies and analyzes risk<br>8. Assesses fraud risk<br>9. Identifies and analyzes significant change |
| **Control Activities** | 10. Selects and develops control activities<br>11. Selects and develops general controls over technology<br>12. Deploys through policies and procedures |
| **Information & Communication** | 13. Uses relevant information<br>14. Communicates internally<br>15. Communicates externally |
| **Monitoring Activities** | 16. Conducts ongoing and/or separate evaluations<br>17. Evaluates and communicates deficiencies |

# Developing risk appetite the COSO way (Rittenberg & Martens, 2012)

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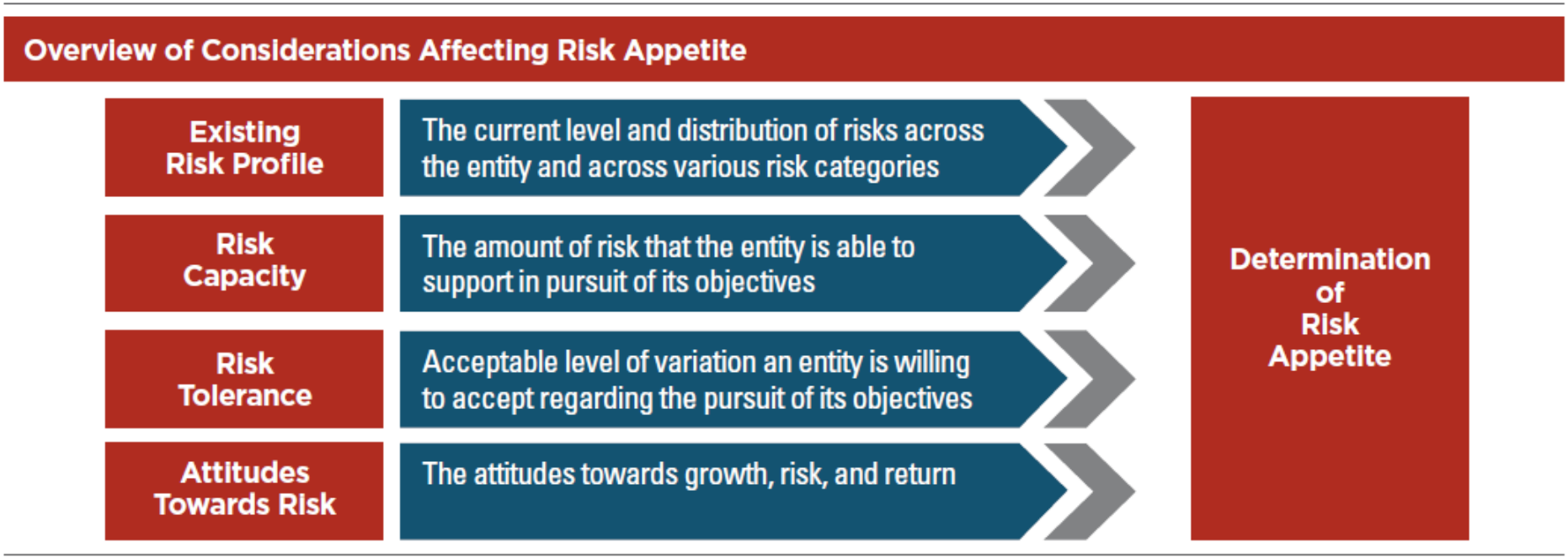
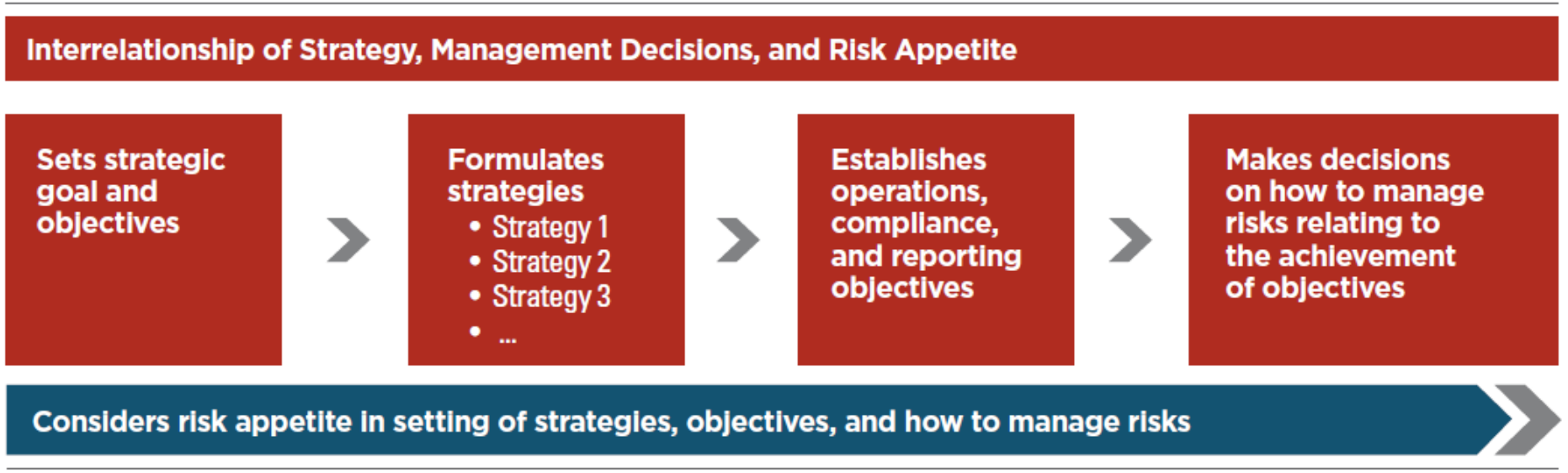
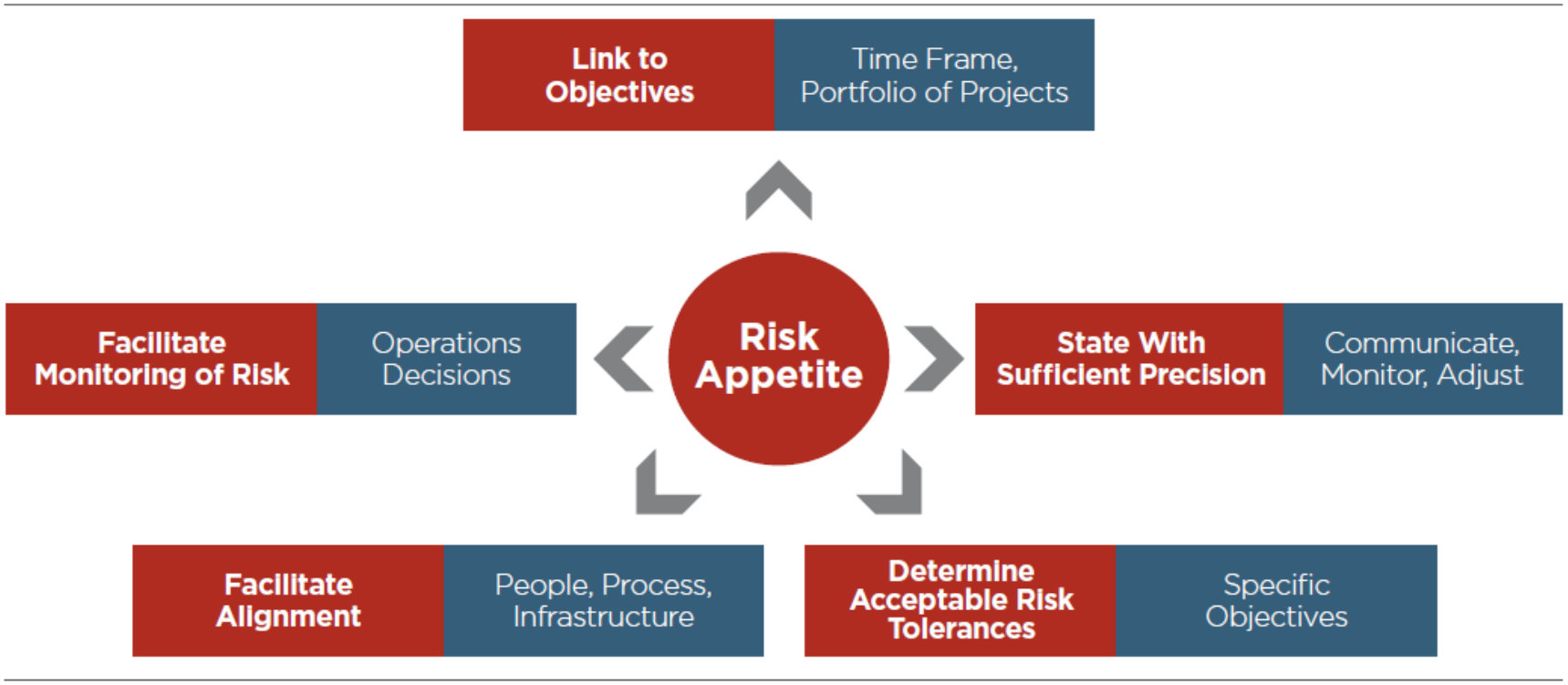


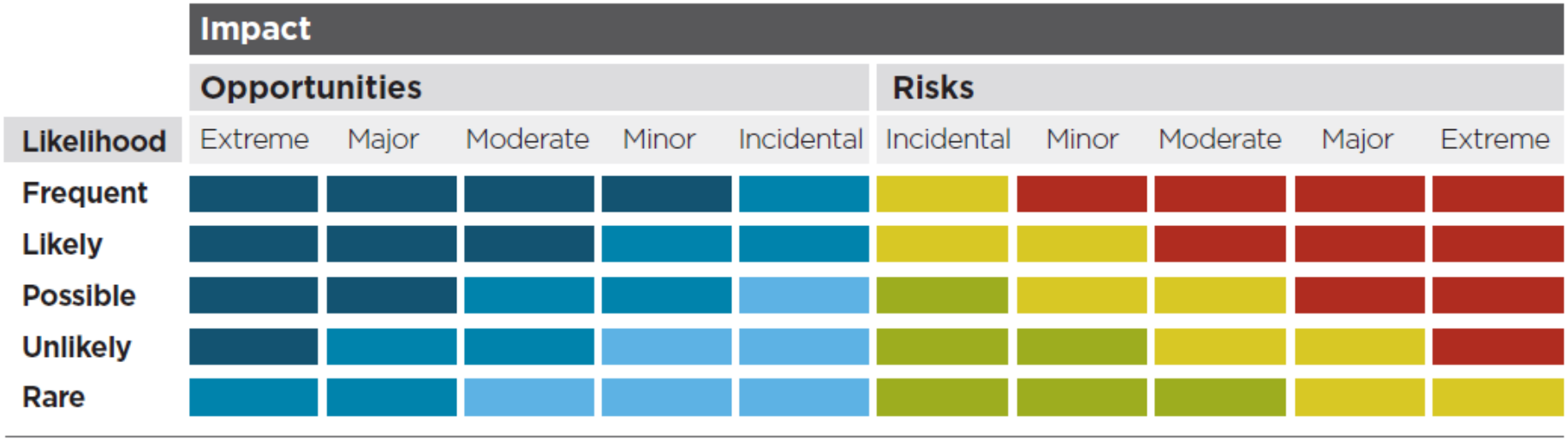
# How COSO sees inter-relationships (Rittenberg & Martens, 2012)



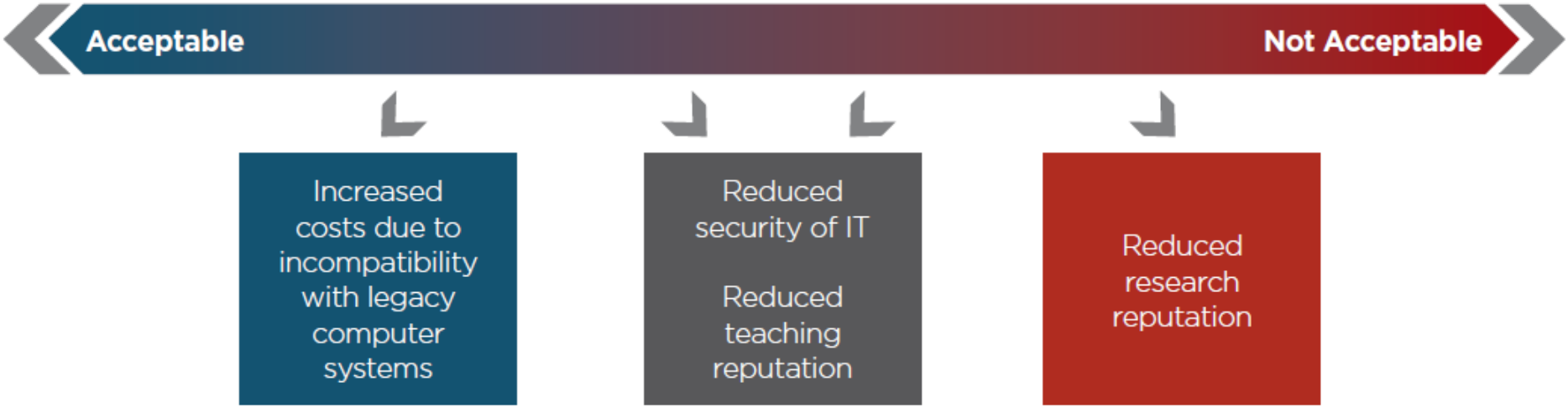
# How risk appetite controls process in COSO (Rittenberg & Martens, 2012)



# It’s about mapping opportunities as well as risks (Curtis & Carey, 2012)



# A decision continuum (Rittenberg & Martens, 2012)



# ISO 31000 (ISO, 2009)

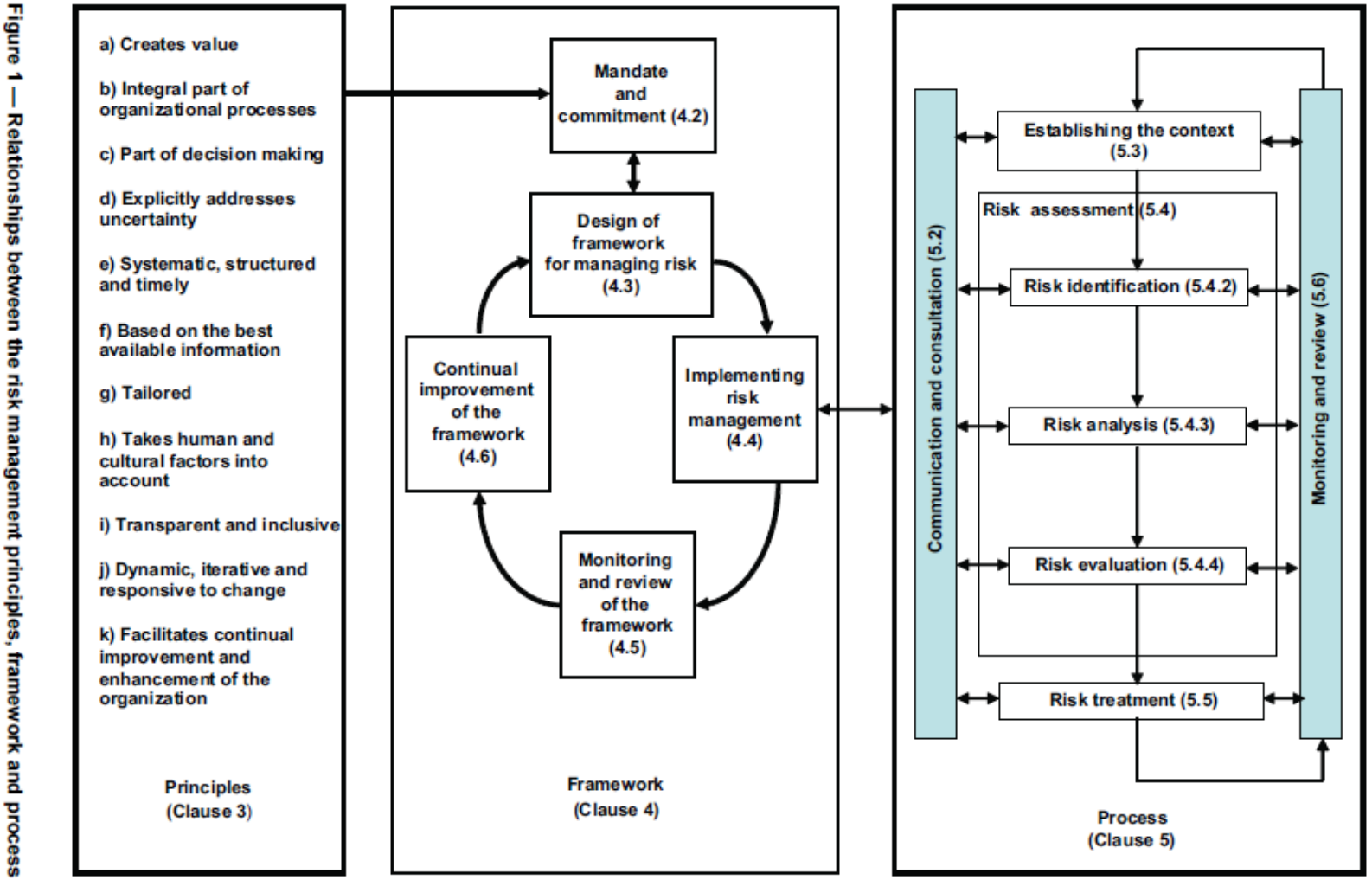
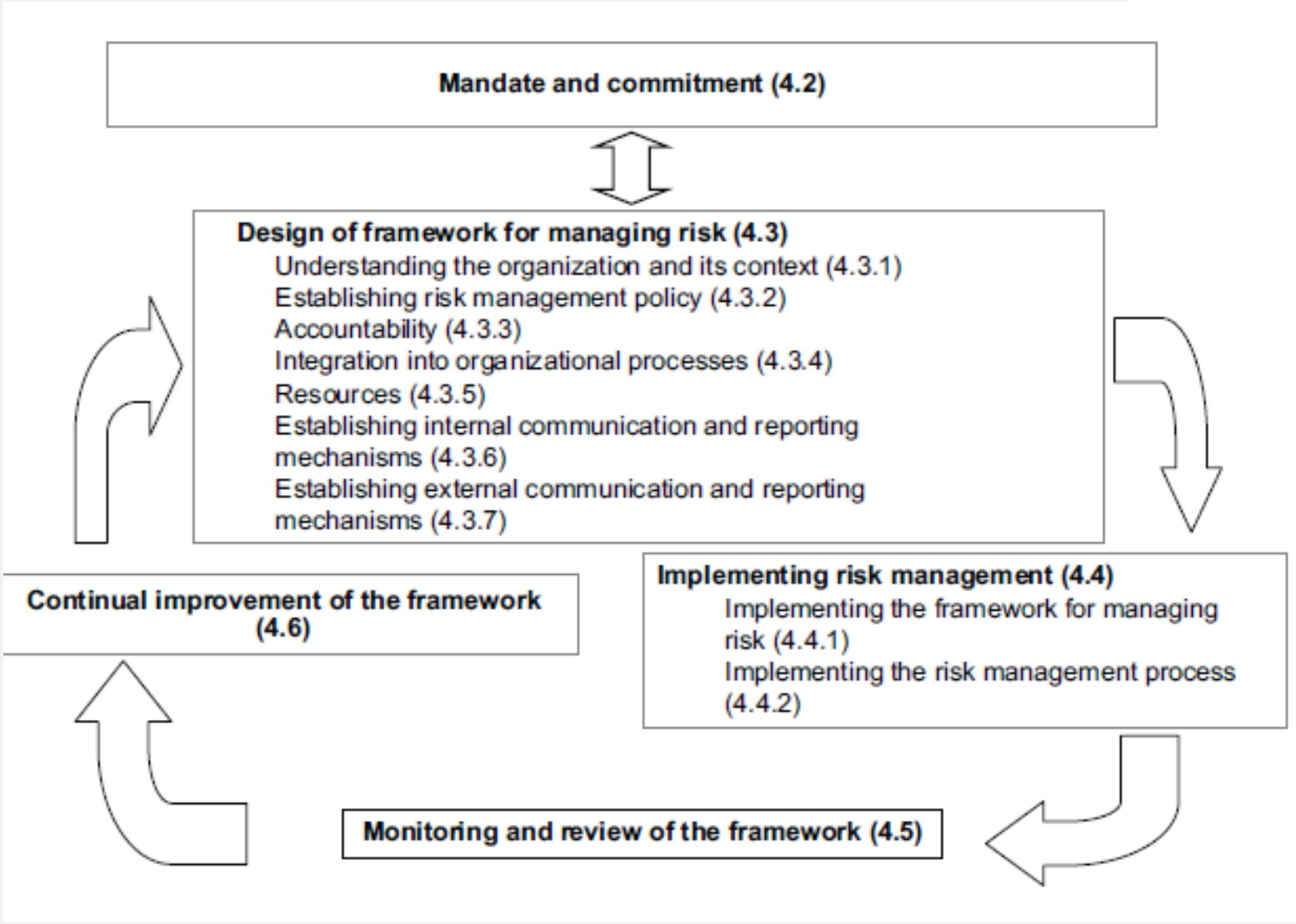
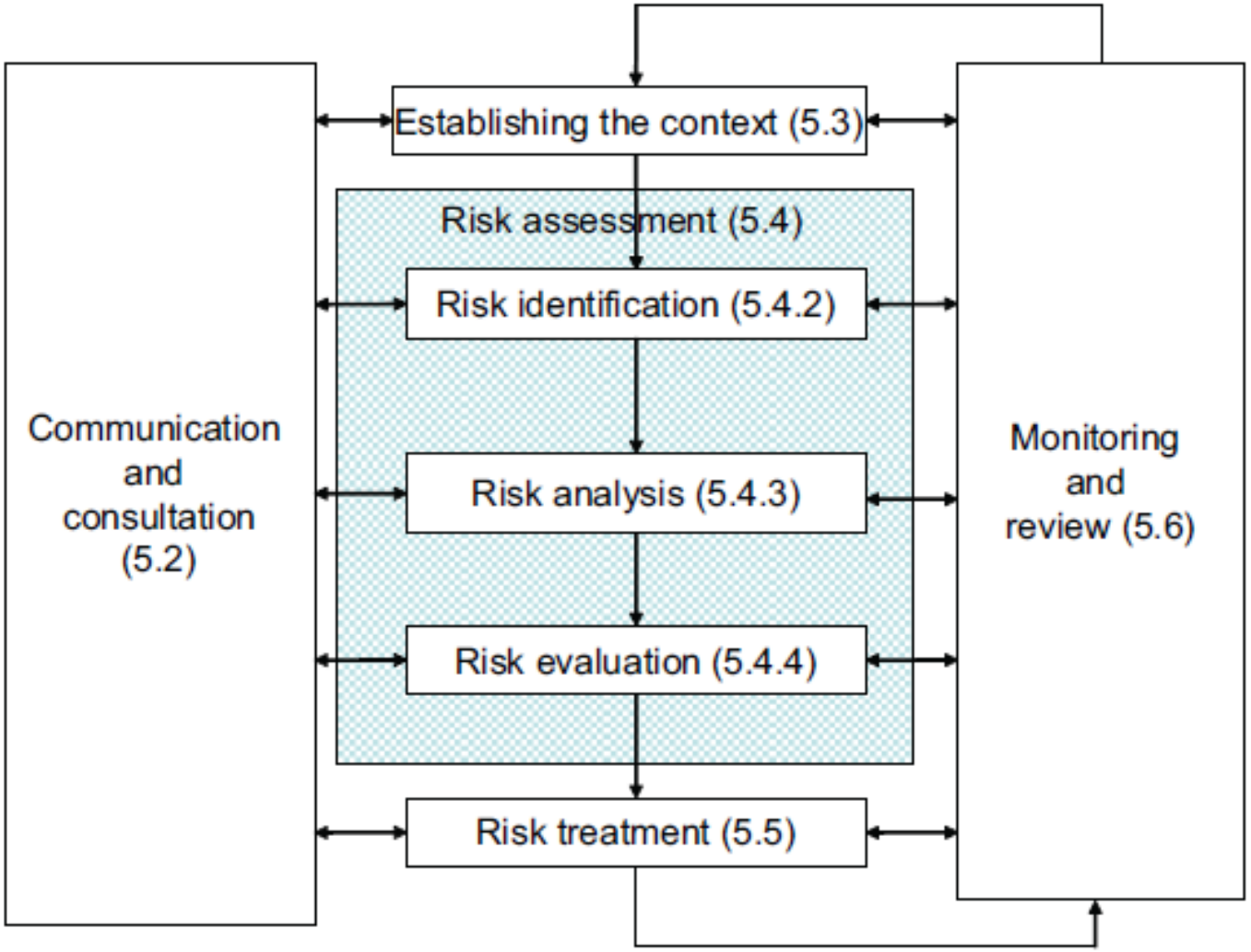


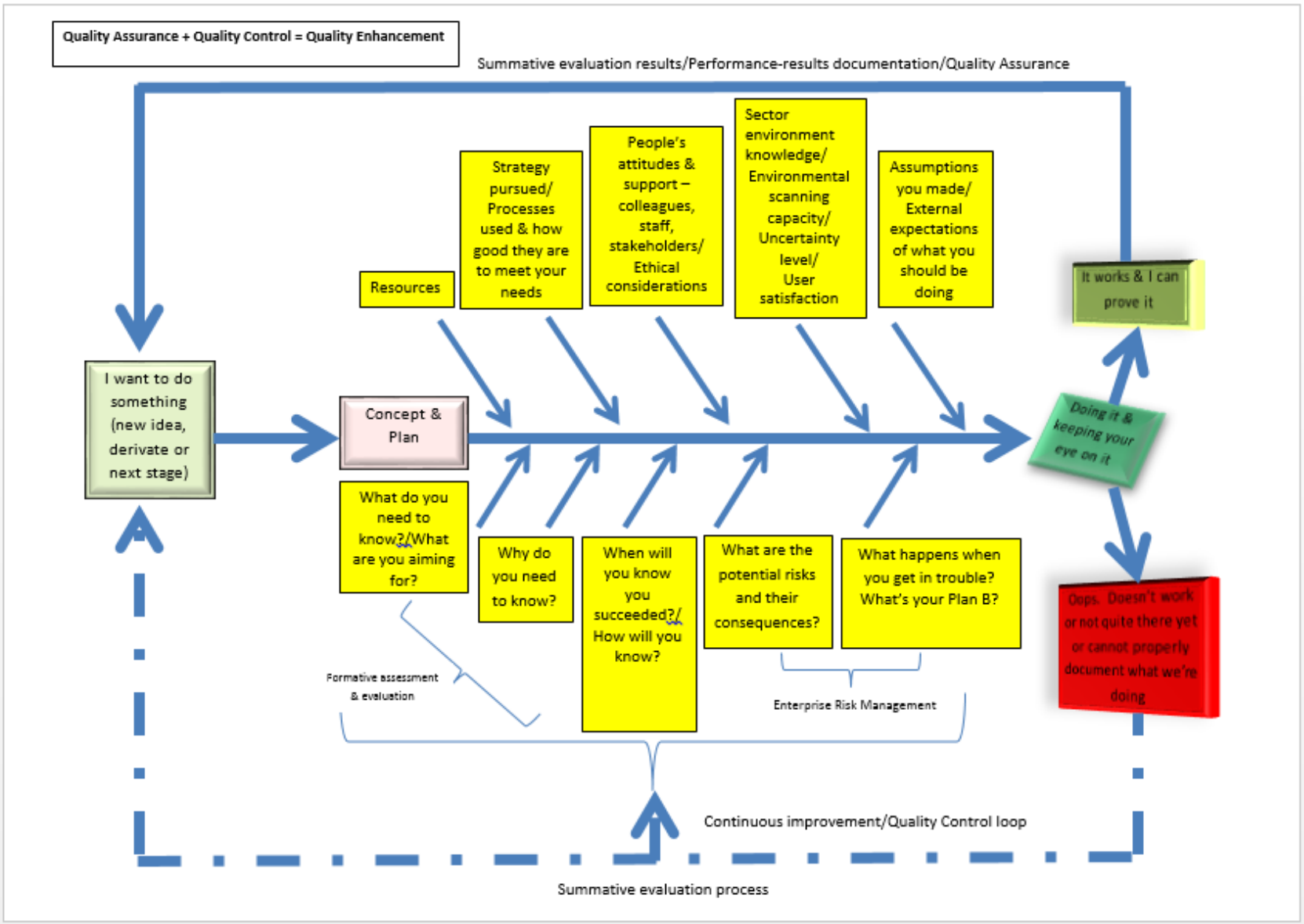

Figure 1 — Relationships between the risk management principles, framework and process

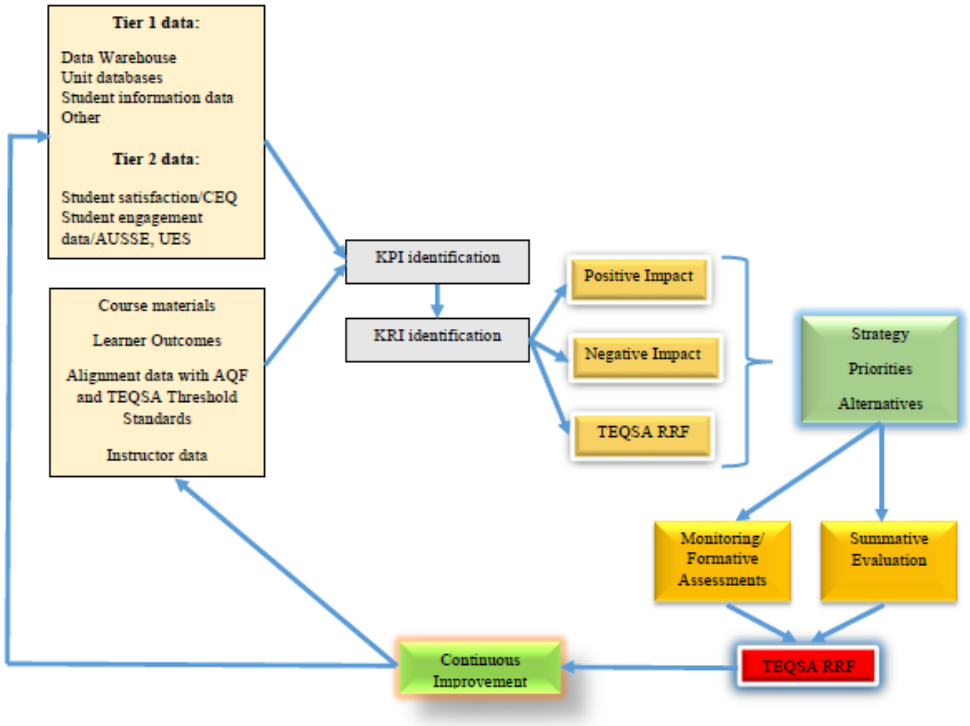
# Relationship between the components of managing risk (ISO, 2009)

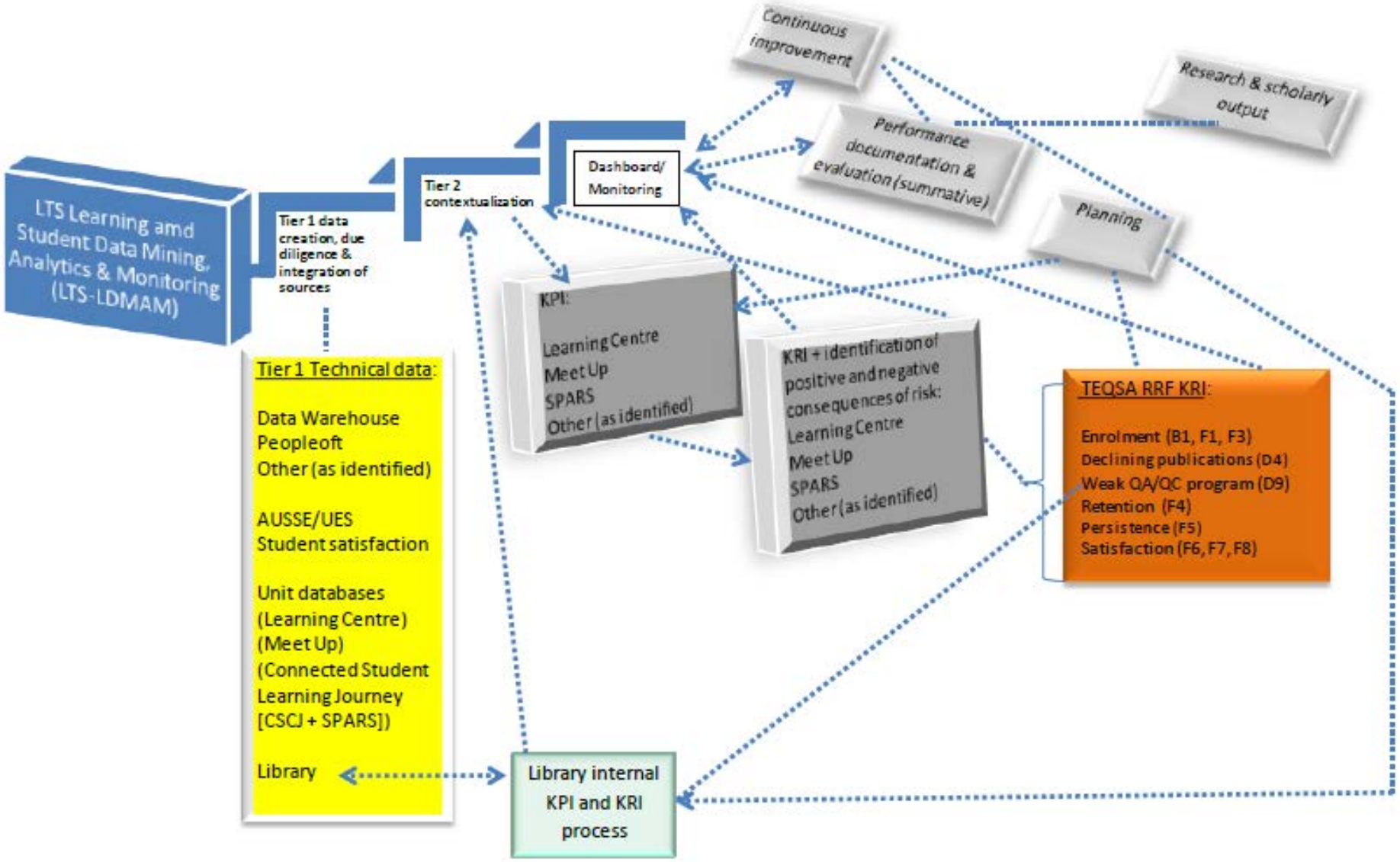


# ISO 31000 risk management process (ISO, 2009)




Quality Assurance + Quality Control = Quality Enhancement
Summative evaluation results/Performance-results documentation/Quality Assurance
I want to do something (new idea, derivate or next stage)
Concept & Plan
Resources
Strategy pursued/ Processes used & how good they are to meet your needs
People's attitudes & support – colleagues, staff, stakeholders/ Ethical considerations
Sector environment knowledge/ Environmental scanning capacity/ Uncertainty level/ User satisfaction
Assumptions you made/ External expectations of what you should be doing
It works & I can prove it
Doing it & keeping your eye on it
Oops. Doesn't work or not quite there yet or cannot properly document what we're doing
What do you need to know?/What are you aiming for?
Why do you need to know?
When will you know you succeeded?/ How will you know?
What are the potential risks and their consequences?
What happens when you get in trouble? What's your Plan B?
Formative assessment & evaluation
Enterprise Risk Management
Continuous improvement/Quality Control loop
Summative evaluation process




Continuous improvement
Research & scholarly output
Performance documentation & evaluation (summative)
Planning
Dashboard/ Monitoring
Tier 2 contextualization
Tier 1 data creation, due diligence & integration of sources
LTS Learning and Student Data Mining, Analytics & Monitoring (LTS-LDMAM)
KPI:
Learning Centre
Meet Up
SPARS
Other (as identified)
KRI + identification of positive and negative consequences of risk:
Learning Centre
Meet Up
SPARS
Other (as identified)
TEQSA RRF KRI:
Enrolment (B1, F1, F3)
Declining publications (D4)
Weak QA/QC program (D9)
Retention (F4)
Persistence (F5)
Satisfaction (F6, F7, F8)
Tier 1 Technical data:
Data Warehouse
Peopleoft
Other (as identified)
AUSSE/UES
Student satisfaction
Unit databases
(Learning Centre)
(Meet Up)
(Connected Student Learning Journey [CSCJ + SPARS])
Library
Library internal KPI and KRI process

# References

- Please contact me at fernando.padro@usq.edu.au for an updated list of references and links to get these.

# Thank you for listening

Do you have any questions? Please feel free to ask now or email me.