

Arab Open University Risk Management Policy

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| Policy Title: | Arab Open University Risk Management Policy |
| Version Number: | 4 |
| Executive Owner: | Vice President for Planning and Development (VPPD) |
| Approving Authority | University Council # 75, March 2022 |
| Policy Review: | Quality Assurance Accreditation, Academic and Institutional Standards Committee (QAAAIS) |
| Policy Implementation: | AOU HQ and AOU Branches |
| Policy Monitoring and Compliance: | VPPD Office HQ Branch Rectors Quality Assurance and Accreditation Units at AOU Branches |
| Next Review Date | January 2024 |

Note: A policy can be reviewed before the designated review date should there be a need to.

Introduction

Risk management is one of the central priorities to mitigate the adverse effects of not providing AOU educational services with a geographical spread over Nine Arab countries. This makes AOU vulnerable to a variety of risks. This policy provides guidelines for AOU stakeholders in order to minimize the negative impact of risk exposures.

Aims of Policy

- 1) To acknowledge that AOU is committed to manage the risks which might jeopardize its mission
- 1) To explain how AOU manages risks which could negatively impact its operations and services
- 2) Communication of a formal and consistent approach for risk management throughout its geographical spread.
- 3) To minimize the impact of potential threats.
- 4) Documentation of responsibilities for risk management.
- 5) Facilitation of making informed risk mitigation decisions.

Policy Statement

Effective risk management is a high priority activity for AOU Senior Management and is pivotal in the process of achieving its strategic goals.

AOU's Approach to Risk Management

Risk Management is a process that identifies risks, vulnerabilities and threats, analyzes their expected impact, and takes the necessary preventive measures and control action for recovery and business continuity in order to:

- 1) Minimize their adverse impact on AOU services provision for the stakeholders;
- 2) To enhance its operations, image/reputation and services;
- 3) Protect its people, and assets.

Effective monitoring is an essential step in risk management to ensure the sustainability and quality of providing AOU's services to all stakeholders.

The AOU's approach to risk management is based on the following principles:

- 1) Simplification of the risk management process in support of the related decision making process.
- 2) Diffusion of the risk management culture in all units within AOU's geographical spread.
- 3) Compilation of a comprehensive AOU Risk Register that would enable management to act accordingly.
- 4) Effective and consistent risk management enhances both the effectiveness of AOU's management process and image.

Responsibilities for Risk Management

| Responsibility Level | Responsibilities |
|-----------------------------|--|
| Board of Trustees (BOT) | Full responsibility for the total mitigation of risk |
| Audit Committee | Monitoring effectiveness of risk management |
| Senior Management Team | Effective implementation of the risk management policy |
| Deans and Rectors at HQ | Effective risk management and monitoring within their respective areas of responsibility |
| Branch Rectors | Effective risk management within their branches and areas of responsibility |
| Tutors | Commitment to the principles of the risk management policy |
| Students | |
| Support Staff | |

Risk Management Review Process

All responsibility centers at the HQ and its geographical spread over Nine Arab countries should complete the risk management review process. Possible inherent and control risks, their severity and impact on AOU services should be identified.

AOU University wide risk register is developed in coordination with AOU Branches. The risk register includes possible inherent and control risks and the impact of those on AOU operations.

The following risk assessment matrix guides the process for assessing and calculating the overall risk rate.

Table 1: AOU Risk Assessment Matrix

| Type | Inherent Risks Likelihood | | Impact/Severity of Consequences | | | | |
|------|------------------------------|----------|---------------------------------|-------|----------|-------|------------------|
| | | | 1 | 2 | 3 | 4 | 5 |
| | | | Insignif icant | Minor | Moderate | Major | Catastrop hic |
| | 5 | Certain | 5 | 10 | 15 | 20 | 25 |
| | 4 | Likely | 4 | 8 | 12 | 16 | 20 |
| | 3 | Possible | 3 | 6 | 9 | 12 | 18 |
| | 2 | Unlikely | 2 | 4 | 6 | 8 | 10 |
| | 1 | Rare | 1 | 2 | 3 | 4 | 5 |

Table 2: AOU Control Risks Matrix

| Type | Inherent Risks Likelihood | | Impact/Severity of Consequences | | | | |
|------|---------------------------|----------|---------------------------------|-------|----------|-------|--------------|
| | | | 1 | 2 | 3 | 4 | 5 |
| | | | Insignificant | Minor | Moderate | Major | Catastrophic |
| | 5 | Certain | 5 | 10 | 15 | 20 | 25 |
| | 4 | Likely | 4 | 8 | 12 | 16 | 20 |
| | 3 | Possible | 3 | 6 | 9 | 12 | 18 |
| | 2 | Unlikely | 2 | 4 | 6 | 8 | 10 |
| | 1 | Rare | 1 | 2 | 3 | 4 | 5 |

Inherent Risk:

Refers to the possibility of adverse effects coming out of a situation or at work within a particular environment before any action has taken place to change or control the environment.

Control Risk:

Refers to the possibility of adverse effects coming from flaws in the hierarchy of controls.

Hierarchy of Controls:

- Directive
- Preventive
- Detective
- Corrective

Table 3: Risk Rating

| Impact | Overall Inherent Risk Rating Range |
|------------------------|------------------------------------|
| Very High/Catastrophic | 20-25 |
| High/Major | 15-18 |
| Medium/Moderate | 10-12 |
| Low/Minor | 6-9 |
| Very Low/Insignificant | 1-5 |

Table 4: Overall Inherent Risks Ratings

| Risk Category | Risk No. | Risk / Type | Adverse Effects | Adequacy of Existing Controls | Likelihood | Impact | Overall Risk Rating |
|----------------|----------|-------------|-----------------|-------------------------------|------------|--------|---------------------|
| Inherent Risks | 1 | | | | | | |
| | 2 | | | | | | |
| | 3 | | | | | | |
| | 4 | | | | | | |
| | 5 | | | | | | |
| | 6 | | | | | | |
| | 7 | | | | | | |
| | 8 | | | | | | |
| | 9 | | | | | | |
| | 10 | | | | | | |
| | 11 | | | | | | |
| | 12 | | | | | | |
| | 13 | | | | | | |
| | 14 | | | | | | |
| | 15 | | | | | | |

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| | 16 | | | | | | |
| | 17 | | | | | | |
| | 18 | | | | | | |
| | 19 | | | | | | |
| | 20 | | | | | | |

Table 5: Overall Control Risks Ratings

| Risk Category | Risk No. | Risk / Type | Adverse Effects | Adequacy of Existing Controls | Likelihood | Impact | Overall Risk Rating |
|----------------------|-----------------|--------------------|------------------------|--------------------------------------|-------------------|---------------|----------------------------|
| Control Risks | 1 | | | | | | |
| | 2 | | | | | | |
| | 3 | | | | | | |
| | 4 | | | | | | |
| | 5 | | | | | | |
| | 6 | | | | | | |
| | 7 | | | | | | |
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|--|----|--|--|--|--|--|--|
| | 19 | | | | | | |
| | 20 | | | | | | |