Te Pūkenga

Risk Management Framework

Version 2.0

Council Approved on 2 November 2021

Me mahi tahi tātou mo te oranga o te katoa

We work together for the well-being of everyone

Contents

Te Pūkenga Management is responsible for reviewing, adapting and finalising the Risk Management Framework and managing any follow-ups required, including approval from Te Pūkenga Risk and Audit Committee.

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1	Risk Management Framework	4 May 2021
2	Risk Management Framework	2 Nov 2021

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Introductory Note

Version 2 of the Risk Management Framework revokes and replaces version 1 with effect from the date of Council approval stated on the cover page.

The primary purpose for reviewing this document was to provide Council with an opportunity to review the risk appetite at 6 monthly intervals during the transitional period. We have also taken the opportunity to reformat the document based on feedback and so the layout has changed with the requirements of the framework included in the main body of the document and instructional guidelines Is for subsidiaries now contained at **Appendix 4** (Further Guidance for Subsidiaries) and **Appendix 5** (Risk Management Process).

Specific changes of note include:

1. Amendments to the 'Risk Appetite Statement' stated in paragraph 3.2 below. This includes three new statements, including:
    a) any risk that could compromise Te Pūkenga (at a group level) operating in a financially responsible manner;
    b) a risk of failure to meet obligations under any aspect of the legislative and regulatory framework;
    c) risk in respect of any matter that could impact on our ability to work collaboratively.
2. Risk tolerance amended to consider: Learner and academic, People and culture, and project performance.
3. Section 8 – 'Governance, Risk and Compliance Technology Platform' now refers to the Protecht software as enterprise risk management system. The Risk Team will engage with the Risk Champions over time in relation to the roll out of this software and consequent training.

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1. Executive Summary

The value underpinning this Risk Management Framework document (**Framework**) is one of working together (mahi kotahitanga). Our objective is for Te Pūkenga to adopt the same language when discussing risk for transparent communication when it comes to identifying, assessing, and managing risk across Te Pūkenga.

The Framework is consistent with the principles and processes in ISO 31000: 2018 (E) Risk Management - Guidelines.

The Framework is designed to:

a) **Reporting**: support each Te Pūkenga subsidiary in developing and managing its risk independently and provide the framework for consistent risk reporting through the reporting and escalation process set out in section 5.6 of this document. The reporting is to support the "no surprises" approach to risk set out in the Letter of Expectations issued to each Te Pūkenga subsidiary. (It is anticipated that this "no surprises" approach will apply equally in the delegation's policy that applies to each subsidiary of Te Pūkenga from 1 January 2023). Not all risk will be at a level of significance to warrant reporting to Te Pūkenga and parameters in this document define what is to be escalated. Until dissolved, each Te Pūkenga subsidiary is a separate legal entity and, as such, is accountable for its legal and regulatory compliance obligations. Any reporting of risk to Te Pūkenga does not defer that risk; the risk remains the legal responsibility of the subsidiary to manage; and

b) **Common language and approach to risk**: set the common language and approach to risk that is expected across the network of Te Pūkenga.

1.1 Te Pae Tawhiti

Version 2 of the Framework will be used while there is ongoing work being carried out to consider how Te Pae Tawhiti - Te Tiriti o Waitangi Excellence Framework can / should be embedded into a risk management framework. Te Pūkenga is still on its transition journey and, as noted above, this Framework will be reviewed as the implementation plan unfolds to ensure that it aligns with the new Operating Model and reflects Te Pae Tawhiti.

1.2 Risk Management Principles

1. Te Pūkenga Council requires each subsidiary to be managed in line with the risk strategy of the subsidiary which sets out to realise the agreed vision within the risk appetite. Risk should be considered in a consistent, structured, and comprehensive way to align with the strategic plan and objectives and to maintain the desired risk profile.

2. Te Pūkenga Council is accountable for all group-level risk by overseeing the risk management of Te Pūkenga network. Te Pūkenga risk tolerance levels enable those within the network to operate their business within their agreed risk appetite. Each member of Te Pūkenga network must execute their strategy whilst operating within their risk tolerance levels. An effective risk culture is required to be in place, so these limits are adhered to.

3. Relevant resources are allocated and supported by an appropriate governance structure to ensure effective implementation of the agreed risk management framework. In addition, clear responsibilities for risk management are allocated across Te Pūkenga network.

4. Identified emerging or current risk should be actively managed in line with the Group model of identification, assessment, management, monitoring and reporting. Identification should be forward looking to allow management to take a proactive approach to risk management.

5. Te Pūkenga Risk and Audit Committee to have a high-level view of the aggregated risk profile of Te Pūkenga as a network and to be alerted to high/very high risk reported to Te Pūkenga to meet external obligations. Where such risks are identified and reported to Te Pūkenga Risk and Audit Committee, the Committee will consider and endorse to Council what the considered response of Te Pūkenga to that risk should be.

6. Appropriate risk management techniques are adopted across the network of Te Pūkenga and the use of these should be evidenced through documentation and self-certification.

1.3 Document review and approval

This document has been reviewed and approved by Te Pūkenga Council following endorsement by the Risk and Audit Committee.

Document History

Version	Approval date	Next review date	Key changes
1	4 May 2021	November 2021 (being 6 monthly reviews during the transition phase)	N/A
2	2 November 2021	May 2022 (being 6 monthly reviews during the transition phase)	Further organisational contextualisation.

2. Governance and Oversight

2.1 Governance and oversight principles

1. Te Pūkenga governance model (centralised, decentralised or hybrid model) is being designed having regard to the size, scale, and complexity of individual subsidiaries and Te Pūkenga overall governance needs.

2. Until a subsidiary is dissolved, subsidiary Boards are ultimately accountable for the governance and oversight of risk within their company as a separate legal entity. The subsidiary will provide assurance, through their committees, that management fulfil their risk, as well as their regulatory accountability and responsibilities.

3. Each subsidiary is accountable in the first instance to their respective Board for the identification and management of risk. Individual subsidiary CEs have ultimate responsibility to their Board to ensure that risk and regulatory compliance is appropriately managed and to ensure that the Committee charged with risk within the relevant subsidiary is submitting the appropriate reports to the Risk and Audit Committee (RAC)/ Council of Te Pūkenga in accordance with the terms of this Framework, while at all times having regard to the need for Te Pūkenga to operate on a "no surprises" basis.

4. This same standard of identification and management of risk applies to the CE of Te Pūkenga and the need to ensure the RAC / Council of Te Pūkenga are aware of risk at the group level and parent level.

5. Where strategic risk matters fall outside management's scope of responsibility the Board/ Council (as relevant) will assume responsibility for their identification and management.

6. Key risk information and relevant compliance requirements at both Te Pūkenga and subsidiaries are reported quarterly to Te Pūkenga Risk and Audit Committee by completing the quarterly report in the form included at **Appendix 3**.

7. Governance and oversight requirements are expected to meet Operational and Financial Parameters as directed by Te Pūkenga from time to time, Te Tiriti o Waitangi (Te Pae Tawhiti) excellence framework, and the current Letter of Expectations issued by the Council which reflects the Minister's expectations for Te Pūkenga.

2.2 Risk management policy

The Risk Management Policy is under development. In the interim risk is managed by each Te Pūkenga subsidiary having regard to the contents of the Framework.

3. Key Risk Management Statements

3.1 Risk vision and strategy

This section sets out the overall vision and strategy for risk management and the risk function at Te Pūkenga and across Te Pūkenga subsidiaries. It sets out the goals, ambitions, and strategy of the function in line with organisational strategy and goals.

Risk vision and strategy principles

1. Risk management vision and strategy should align with Te Pūkenga strategy and objectives and be directed by the individual Te Pūkenga subsidiary strategy and objectives.

2. Risk vision and strategy should be set for a 1-year horizon in the start-up phase and, as Te Pūkenga becomes more established, this will extend to a 2-year horizon. Risk vision and strategy will at all stages be reviewed on at least an annual basis and approved through the appropriate governance channels having regard to the outcomes required by the most recent letter of expectations.

3. Once approved, the risk vision and strategy will be supported by an appropriate operating model (i.e., processes, artefacts, resources, technology, etc) to execute on the ambitions of the strategy.

4. The execution and success of the risk vision and strategy will be monitored through Key Performance Indicators (KPIs) agreed by Te Pūkenga Risk and Audit Committee. Regular reports will be monitored by senior leaders across Te Pūkenga network and the relevant consumers of risk information at Te Pūkenga level in addition to formal Board committees.

3.2 Risk appetite statement

The risk appetite statement describes the amount and type of risk that Te Pūkenga is willing to pursue or retain in the execution of its strategic and businesses objectives. The statement will influence, and guide decision making, clarify strategic intent, and help to ensure alignment with the strategic plan and direction of Te Pūkenga as a network (with each Te Pūkenga subsidiary ensuring that its strategic plan and direction aligns with the Letter of Expectations which is a governance requirement).

For Governance and Management to know the degree of risk they are prepared to countenance during the transition phase and beyond, Te Pūkenga risk appetite statement is as follows:

1. Te Pūkenga has a low appetite for risk as it moves through the transition phase and continues to acquire the work-based learning activity of the Transitional Industry Training Organisations through Te Pūkenga Work Based Learning Limited. The role of Te Pūkenga is to incorporate this activity into its model and carefully manage the transition so that there is no interruption to training for work-based learners but that risks are identified and managed appropriately.

2. Te Pūkenga has a low appetite for risk where the probability for regret is high because there is a likelihood of significant reputational damage; financial damage; harm to learners, staff, visitors, or other stakeholders; non-compliant or unethical conduct; or a perception that Te Pūkenga is not adhering to its Charter (see below) or is not ready to receive the operations of each subsidiary when they dissolve.

3. Te Pūkenga has a low appetite for risk in respect of any matter that could compromise Te Pūkenga (at a group level) operating in a financially responsible manner; all decisions should be guided by the need to ensure the efficient use of resources and maintenance of the institution's long-term viability.

4. Te Pūkenga has a low appetite for risk where there is a risk of failure to meet its legislative and regulatory obligations.

5. Te Pūkenga has a low appetite for risk in respect of any matter that could impact on its ability to work collaboratively with Workforce Development Councils, Regional Skills Leadership Groups, schools, wānanga and other tertiary sector organisations that would create benefit for Te Pūkenga and its stakeholders.

6. Te Pūkenga has a moderate to high appetite for risk in respect of strategic growth, teaching innovation and programme development. To achieve this, it will, to the extent it is within its resources to do so, support its subsidiaries in promoting innovative teaching programmes by enhancing existing programmes, developing new programmes and improving facilities that attract learners and staff.

7. It is expected that Te Pūkenga will be sufficiently flexible and nimble from time to time to step outside the parameters set by this risk appetite statement in pursuit of a desired outcome but always ensuring that a high standard of delivery quality is maintained and that actions align with the legislative functions and purpose of Te Pūkenga. It is also the case that risk appetite may be prescriptive at the strategic and operational levels of Te Pūkenga. The risk appetite will be used to inform how specific risk should be treated.

3.3 Risk tolerance

Risk Tolerance is not synonymous with risk appetite (refer to glossary at **Appendix 6**). Risk tolerance is the application of risk appetite to specific objectives.

The risk tolerance shown in the table below informs the quantitative and qualitative measures in the risk rating analysis (refer **Appendix 1** for further detail of the Risk Rating).

Risk consequences		Risk Averse	Balanced	Risk Tolerant
Relationships and Reputation			□□	
Financial	Performance against Investment Plan		□□	
People & Culture			□□	
Health & Safety		□□		
Environmental			□□	
Legal & Regulatory Compliance		□□		
Learner & Academic		□□		
Project Performance			□□	
People & Culture			□□	
Operational	Business continuity	□□		
	Information Management		□□	

Risk which has consequences falling within the risk categories designated as 'risk averse' are risk which Te Pūkenga and Te Pūkenga subsidiaries seek to avoid and/or mitigate as much as possible, or risk they are unwilling to take.

Taking a 'balanced' approach to particular risk categories enables Te Pūkenga and Te Pūkenga subsidiaries to have flexibility in their respective approach to managing certain risk, to ensure an appropriate balance between risk and reward.

3.4 Charter principles

All risk assessment of Te Pūkenga must have regard to:

1. the Charter of Te Pūkenga, as set out in Schedule 13 of the Education and Training Act 2020 (https://www.legislation.govt.nz/act/public/2020/0038/latest/LMS253892.html); and

2. the statutory functions of Te Pūkenga to:
   a) provide or arrange, and support, a variety of education and training, including vocational, foundation, and degree-level or higher education and training;
   b) conduct research, with a focus on applied and technological research;
   c) be responsive to, and to meet the needs of the regions of New Zealand and their learners, industries, employers, and communities by utilising the national network of tertiary education programmes and activities of Te Pūkenga;
   d) to improve the consistency of vocational education and training by using skill standards and working in collaboration with workforce development councils;
   e) to improve outcomes in the tertiary education system as a whole, including (without limitation) by making connections with schools and other organisations involved in tertiary education and by promoting and supporting life-long learning;
   f) to improve outcomes for Māori learners and Māori communities in collaboration with Māori and iwi partners, hapū, and interested persons or bodies; and
   g) to carry out any other functions consistent with its role as a tertiary education institution.

4. Roles and Responsibilities

Position	Roles and Responsibilities

Council	• Approval of the Framework and stated risk appetite
	• Review the risk appetite and tolerance levels every six months during the transition phase
	• Ensure reporting systems are in place to identify and report potential risk event at a Te Pūkenga parent level
	• Review relevant risk as reported by individual subsidiaries quarterly (e.g. High to Very High, with a focus on impact), and take appropriate action (delegate to the Risk and Audit Committee)
	• Review relevant risk from Te Pūkenga Executive Leadership Team (ELT) quarterly (e.g. High to Very High, with a focus on impact) and take appropriate action (delegate to the Risk and Audit Committee)
	• Monitor emerging risk reported by the Chief Executive of Te Pūkenga
	• Use information derived through application of the Framework to:
	  o inform planning and decision-making processes; and
	  o advise the Minister/Tertiary Education Commission (TEC) of emerging risk that they need to be aware of. (Note: NZQA risk to be managed at a subsidiary level but with reporting to DCE Academic and Delivery and Te Pūkenga CE)
	• Review the full risk register as needed
	• Review the high and very high risk at each Council meeting (as tabled by the Risk and Audit Committee)

Risk and Audit Committee	• Review and monitor relevant risk as reported by the subsidiaries and Te Pūkenga Executive Leadership Team quarterly (e.g., High to Very High, with a focus on impact) and take appropriate action • Ensure that Council and management are sufficiently trained in relation to the operation of the Framework and relevant staff can effectively identify, treat, monitor, and report strategic and operational risk. It is accepted that this will be a work in progress as Te Pūkenga moves through a transitional phase and the operating model is formulated
Executive Leadership Team	• Identify and report potential risk event at Te Pūkenga parent level • Monitor and report to the CE the extent to which the Framework and its application meets Te Pūkenga needs • Promote risk awareness and a risk management culture • Ensure training is provided to all staff on the operation of the Framework and their respective roles and responsibilities
Centralised Risk oversight	• Pending the adoption of an operating model, each subsidiary is asked to have regard to the Framework to ensure common language is used across Te Pūkenga and all Te Pūkenga subsidiaries when discussing risk; there is a clear process for reporting risk from subsidiaries up to the RAC and there is a mechanism by which Te Pūkenga can support the risk function in each subsidiary and provide adequate training to ensure risk management is embedded into Te Pūkenga culture. Te Pūkenga will support the subsidiaries but Te Pūkenga will not be responsible for the risk. At all times, risk rests with the Board and management team of the relevant subsidiary.

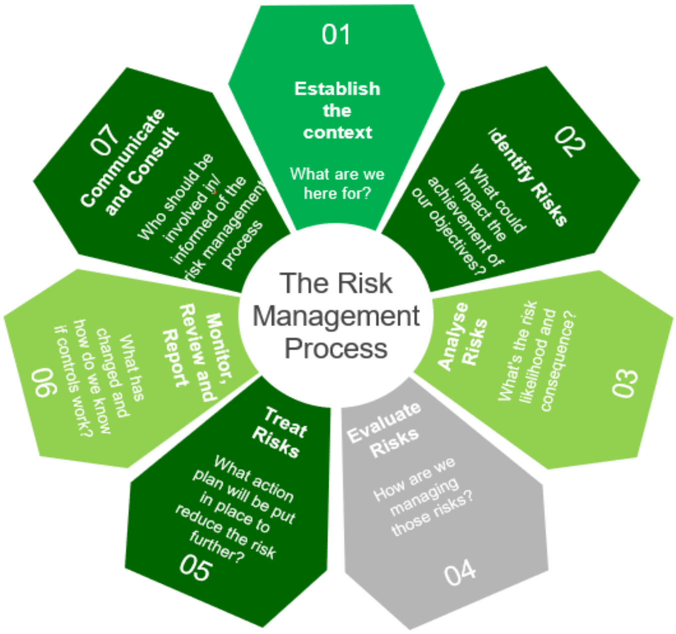
Subsidiary Roles and Responsibilities

Position	Roles and Responsibilities
Board	● Determine the risk appetite for the subsidiary ● Ensure reporting systems are in place to identify risk in accordance with the Framework and having regard to the subsidiaries strategic plan and objectives ● Review and monitor the relevant risks as reported by the subsidiary leadership (e.g., High to Very High, with a focus on impact) quarterly, and take appropriate action (delegated to the subsidiary's Audit and Risk Committee) ● Monitor emerging risk reported by the subsidiary's CE ● Use information derived through application of the risk management framework to inform planning and decision-making processes ● Review the subsidiary's full risk register annually ● Review the high and very high risks at each meeting (as reported by the subsidiary's Audit and Risk Committee)
Subsidiary Risk and Audit Committee	● Review and monitor the relevant risk as reported by the subsidiary leadership (e.g., High to Very High, with a focus on impact) quarterly and take appropriate action ● Ensure responsibility for completion of the quarterly report to Te Pūkenga Risk Team is allocated and owned at all times and any high-risk items are brought to the immediate attention of Te Pūkenga ● Assess the effectiveness of the implementation of the risk management framework within the subsidiary and monitor the implementation of an effective risk management culture. Report the findings to Te Pūkenga Risk and Audit Committee as requested
Chief Executive (CE)	● Report to the subsidiary Board and RAC emerging risk as well as any relevant risk (for example High to Very High, with a focus on impact) that they need to be aware of ● Report to the Board on the Framework effectiveness and recommend changes to the Board as appropriate ● Ensuring that the subsidiary has: o an up to date and comprehensive understanding of its risk; o ability to identify risk, evaluate and effective control processes that meet expectations; and o risk reporting that is effective and timely ● Use information derived through application of the Framework to: o inform all planning and decision-making processes; and o evaluate and report potential very high and high-risk events to the Board
Executive Leadership Team (ELT)	● Monitor and report to the CE the extent to which the Framework and its application meets the subsidiary's needs ● Implement the Framework ● Promote risk awareness and a risk management culture ● Ensure training is provided to all staff on the operation of the Framework and their respective roles and responsibilities ● Co-ordinate risk management process throughout the organisation

	● Facilitate reporting to the Board on behalf of the CE
All Managers	● Identify, analyse, evaluate, manage, respond, and report risk ● Ensure the timely implementation of internal controls and audit recommendations ● Use information derived through application of the Framework process to: 1. inform all planning and decision-making processes; and 2. advise their manager of emerging risk that they need to be aware of
Risk Owner	● Analyse, evaluate, manage, monitor, and report on assigned risk
Control Owner	● Assess and evaluate control effectiveness on a periodic basis. Ultimately be responsible for implementation of controls.
All Staff	● Identify and report potential risk events

5. Risk Management Process

The Risk Management Process at Te Pūkenga consists of the steps depicted in the diagram below. For more information on each of the steps, refer to **Appendix 5** – Risk Management Process.



1. **Establish the Context** - Establishing the context means considering internal and external factors and the interface with the strategic objectives of the subsidiary and, in conjunction with their business plans, goals and project deliverables.

2. **Identify risk** - Identify any uncertainty that has the potential to compromise the achievement of Te Pūkenga/ subsidiary objectives. Te Pūkenga has specific focus categories of risk.

3. **Analyse risks** - The purpose of inherent risk analysis is to comprehend the nature of the risk and its characteristics including, where appropriate, the level of risk and includes assessing the likelihood and consequence of the risk.

4. **Evaluate for residual risk** - Once the inherent risk rating has been established, assess the likelihood and consequence of the risk after considering the effectiveness of controls in place. The residual risk rating is the resultant level of exposure after taking into account the effectiveness of existing key controls.

5. **Treat risk** - The next step is to decide on the optimal level of risk (risk threshold) that would better ensure the achievement of objectives.

6. **Monitor, review, and report** - Responsibility for monitoring and reviewing risk identified in the risk register lies with risk owners, management, and governance as covered in the Roles and Responsibilities in Section 4.

7. **Communicate and consult** - Effective communication and consultation across Te Pūkenga is key to successfully implementing the Framework; the objective of which is to increase the level of risk management awareness and understanding at all levels of Te Pūkenga and establish an organisation wide risk aware culture.

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6. Risk Escalation

Risk reporting is necessary at the subsidiary level to inform strategic and business planning process and all decision making. Risk is reported (together with comment on the status of risk improvement activities where these are being investigated or implemented) in accordance with the table below.

New risk and risk arising as a result of change will be added or updated in the relevant risk register as soon as they are identified and initially assessed and will be notified to the appropriate level based on the overall risk rating.

To	From	Reporting requirement	Frequency
Minister/TEC	Te Pūkenga RAC	Risk should be reported by subsidiaries to the RAC (as per below) who in turn will manage how the matter will be raised with the Minister / TEC.	As and when required
NZQA	Subsidiary	While NZQA approval and accreditation is held by the subsidiary, any risk in relation to NZQA compliance should be reported directly by the subsidiary to NZQA with a copy to Te Pūkenga CE and DCE Academic and Delivery where the breach is material.	As and when required
Te Pūkenga RAC (and risk team)	Subsidiary internal audit and risk function	Dashboard status summary of high / very high risk identified in subsidiary risk register	Quarterly and in the form attached as Appendix 3
Subsidiary Board	CE	Emerging/hot risk Mitigations for risk rated as very high or high	Immediately Quarterly In strategic planning process and quarterly
Te Pūkenga Council	Te Pūkenga RAC	Emerging from subsidiaries and within Te Pūkenga itself. Mitigations for risks rated as very high or high	Immediately Quarterly In strategic planning process and quarterly
Subsidiary Board	CE	Full Risk Register Mitigation for risk rated as medium or above	Annually and in format to be prescribed by Te Pūkenga Risk Team.
Subsidiary CE and Te Pūkenga Risk Management team	Managers and Project managers	Mitigation for risk rated as high or above Emerging risk	Immediately
Risk Register	Risk Owner	Updated Risk Register	Quarterly, and whenever new risk is identified. Only the prescribed Te Pūkenga risk register template should be used

The table below provides guidance for the management of risk based on the nature of the risk and the risk rating.

Residual Risk Rating	Actions
Very High	**Intolerable - Immediate action required** Operations / activity should be discontinued until level of risk is able to be reduced (or written authorisation to continue is provided by the CE and /or Council). Consider options for reducing the impact or probability of the risk.
High	**May be tolerable level of risk if specifically considered and strategically approved** Significant management and monitoring required. Action should be taken to ensure risk level is within the agreed risk appetite level. Consider options for reducing the impact or probability of the risk.
Medium	**Tolerable level of risk** Follow operating procedures.
Low	**Tolerable level of risk** Maintain existing controls. No additional controls required. Monitor for any escalation.
Very Low	**Tolerable level of risk** Maintain existing controls. No additional controls required.

7. Integrated / Total Assurance

Assurance activities (internal audit, external audit, internal quality assurance, or other) provide trust and confidence that what is relied on to manage risk is fit for purpose (i.e., internal controls are designed effectively, and work as expected).

To avoid duplication or gaps in assurance coverage, Te Pūkenga and each subsidiary will explicitly define their respective assurance needs, understand whether (and where) these assurance needs are met and use this to drive future assurance activity.

The table below shows the link between the risk and control environment, assurance coverage (through an **assurance map**) and identification of assurance needs (refer Assurance Map at **Appendix 2**).

Control Environment	***Assurance Map***	***Delivery of specific reviews***
• Identify main functions and operational activities • Determine single point accountabilities for these within the business • Map key risks and mitigating controls to these functions/activities based on the risk management framework	• Use the 'three lines model' approach to identify existing sources of assurance that key controls are in place and work effectively • Map prior Assurance work to identify coverage of internal audit over time • Identify potential assurance needs and prioritise this based on high-risk areas • Develop a rolling 12-month programme with three tranches of reviews	• Assess critical elements of operations and controls • Determine what is working well and what is not • Identify risks, issues, and areas for improvement • Agree future improvements, actions and accountabilities with other assurance practitioners and the business • Track progress to address issues over time and report all assurance activities to the Risk and Audit Committee

The Three Lines Model

- The **Three Lines Model** identifies all acts and where accountabilities sit for this. In the Three Lines Model, management perform actions and manage risk to achieve organisational objectives.
    - the first line roles in management provide services and manages risk
    - the second line roles in management provide expertise, support, monitoring and challenge risk related matters
    - the third line roles provide independent assurance (internal audit) through independent and objective assurance and advice on all matters related to the achievement of objectives.
    - The governing body provides integrity, leadership and transparency enabling accountability to stakeholders or organisational oversight.
    - External assurance providers provide objective assurance from outside the organisation

- An **Assurance Map** shows how risks are controlled (line 1), how management know controls are effective (line 2) and the role of internal and external audit (line 3)

8. Governance, Risk and Compliance Technology Platform

Te Pūkenga is implementing an enterprise risk management system. The purpose of this is to provide a more functional platform to enable understanding and management of risk across the network. Use of the software will be underpinned by this Framework.

9. Appendices

Appendix 1 – Risk Rating Methodology

				Consequence				
Likelihood				1	2	3	4	5
				Insignificant	**Minor**	**Moderate**	**Major**	**Extreme**
	5	**Almost Certain**	Highly likely to happen, expected to occur in most circumstances	**Medium 5**	**High 10**	**High 15**	**Very High 20**	**Very High 25**
	4	**Likely**	Will probably happen, but not a persistent issue	**Low 4**	**Medium 8**	**High 12**	**High 16**	**Very High 20**
	3	**Possible**	May occur at some time	**Low 3**	**Medium 6**	**Medium 9**	**High 12**	**High 15**
	2	**Unlikely**	Not expected to happen, but is a possibility	**Very Low 2**	**Low 4**	**Medium 6**	**Medium 8**	**High 10**
	1	**Rare**	Very unlikely to occur	**Very Low 1**	**Very Low 2**	**Low 3**	**Low 4**	**Medium 5**

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Rating	
1,2	Very Low
3,4	Low
5,6,8,9	Medium
10, 12, 15, 16	High
20,25	Very High

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Consequence					
	Insignificant	**Minor**	**Moderate**	**Major**	**Extreme**
Financial – compared against: • Budget vs. actuals • Revenue loss • Increased costs, Where the difference could result in an over 10% deviation from the budget put to Te Pūkenga prior to the start of the relevant financial year. These thresholds and risk reporting are over and above the Operating and Financial Parameters stipulated by Te Pūkenga from time to time as reserved matters under each subsidiary company constitution. No threshold applies where there is a risk of the Subsidiary not meeting the solvency test set out in the Companies Act 1993; this being: **Liquidity limb**: the subsidiary must be able to pay its debts as they become due in the normal course of business. **Balance Sheet limb**: the value of the company's assets is greater than the value of its liabilities, including contingent liabilities	Unlikely to impact on budget or funded activities Anticipated loss of less than 0.5% of turnover in any 12-month period	Requires monitoring & possible corrective action within existing resources Anticipated loss of .5% - *1% of turnover in any 12-month period*	Moderate financial impact/loss which will require close monitoring of budgets and reallocation of existing budgets Anticipated loss of 1% - 5% of turnover in any 12-month period	Requires significant adjustment or cancellation to approved / funded projects / programs Anticipated loss of 5% - *10% of turnover in any 12-month period*	Significant financial impact/loss (revenue shortfall or expense over-run) with no capacity to adjust within existing budget / resources Anticipated loss greater than 10% *of turnover in any 12-month period*

Consequence					
	Insignificant	**Minor**	**Moderate**	**Major**	**Extreme**
Relationships and Reputation	• Slight impact - public awareness may exist but no public concern • No stakeholder concerns	• Some short-term negative media coverage • Minor concern raised by Learners / stakeholders	• Significant but short-term damage to brand / reputation • learner / stakeholder and / or community concern • Prominent local negative media • Minister/ TEC/ NZQA concern	• Sustained damage to brand / image / reputation nationally / internationally resulting in negative public, learner or regulator response • Long term national or local negative media coverage	• Irreparable damage to or loss of brand / image reputation • Public, learner, regulator dissatisfaction resulting in loss of confidence in the Institution's processes • Widespread / persistent / sustained negative media attention • Government intervenes
Operational This includes the following sub-categories in the risk register: • Technology • Infrastructure • Other Operational risks	• No disruption to established routines and operations. • Isolated end user device failure	• Minor interruption to service or programme. • Inconvenience to localised operations. • Isolated infrastructure equipment failure • Loss of data causing operational inconvenience but no impact on service delivery • Minor impact on organisational strategic goals and operational activities	• Some disruption manageable by altered operational routine. • Multiple or related infrastructure equipment failure • Widespread user device failure • Loss of data adversely impacting internal objectives at department level but no external impact • Significant impact on organisational strategic goals and operational activities	• Disruption to a number of operational areas/ campus. • Closure of an operational area/campus for up to one day. • Infrastructure equipment failure or security breach compromising the integrity or confidentiality of institutional data. • Loss of data adversely impacting external parties • Loss of a business system for an extended period	• Several key operational areas closed. • Disruption to teaching / course schedules or key business activities for up to one week. • Unrecoverable loss of significant institutional data • Complete loss of IT infrastructure or multiple core business systems for an extended period • Closure of campus

Consequence					
	Insignificant	**Minor**	**Moderate**	**Major**	**Extreme**
Learner and Academic specific (e.g., learner, curriculum and learning specific risk) This includes the following sub-category in the risk register: • Performance of priority learners and equity	• Minor downturn in learner enrolments/retentions.	• Short term reduction in learner enrolment /retention. • Temporary problems meeting some teaching/research -KPIs	• Significant loss/reduction of number of learners in a course • Loss of a key academic course. • Significant problem meeting teaching or research KPIs • Significant but short-term damage to partnership.	• Major loss/reduction in learner enrolment/retention. • Major problems meeting teaching or research KPIs • Major long-term damage to partnerships /collaboration.	• Unsustainable loss/reduction in learner enrolment/retentions. • Serious / sustained problems reaching a number of learners or teaching -KPIs. • Irreparable long -term damage to partnerships and collaborators.
Legal and regulatory compliance This includes the following categories in the risk register: • Pastoral Care duties • Māori and Te Tiriti obligations • NZQA breach • TEC breach • Audit NZ recommendation • WorkSafe breach	• Minor non-compliances unlikely to result in adverse regulatory response or action (negligible consequences)	• Minor non compliances or breaches of contract, Act, regulations, consent conditions • May result in infringement notice	• Breach of contract, Act, regulation or consent conditions • Regulator informed and potential for regulatory action • Potential for allegations of criminal / unlawful conduct	• Major breach of contract, Act, regulations • Investigation, prosecution and / or major fines possible • Allegations of criminal / unlawful conduct	• Serious breach of legislation, contract with significant prosecution, fines • License to operate/funding at risk • Potential for litigation including class actions • Criminal or civil prosecutions and imprisonment

Consequence					
	Insignificant	**Minor**	**Moderate**	**Major**	**Extreme**
People and Culture Health and Safety This category includes People and culture elements for example: - staff wellbeing - capability, productivity and performance - retention, development and progression. It also includes elements related to Environmental.	• No injury or damage to health • No release to environment, immediately cleaned up	• Superficial injury not affecting ability to work or causing long term damage • Minor release, immediate containment, no environmental impact • Short term loss/reduction in number of staff	• Injury requiring medical attention and/or short-term injury but not life-threatening. • Restricted or alternate duties may be required short term • Minor release, contained, minor clean up measures required • Undesirable loss/reduction of staff	• Single fatality • Permanent total disability or injury with irreversible health problems resulting from injury or occupational illness. • Unlikely to return to work with significant modifications • Damage to the environment able to be contained, minimal long-term effect • Organisational strategic goals and operational activities are impacted such that there is an undesired loss of staff and curtailment of activities	• Multiple fatalities or long-term widespread health impact • Damage to a large area, uncontained, immediate and / or long term serious environmental damage • Unsustainable loss/reduction of staff threatening the continuity of operations
Project performance Project sponsors are accountable for the achievement of project deliverables and outcomes. A project carries risk across all the categories listed above. Project risk must be assessed having regard to each relevant category with any moderate to high risk referred to the relevant ITP Deputy Chief Executive / ELT member who will assess the reporting requirements having regard to the nature of the risk, the risk appetite of Te Pūkenga and the reporting requirements set out in this framework document.	• Cost and budget overruns <1% • Negligible impact on quality and resources required • No delays	• Costs and budget overruns between 2%-5% • Minor impact to quality of the output remedied within approved resources • Minor delays	• Cost and budget overruns between 6-9%. • Short delay - duration increased >2% • Quality and performance below goal and moderate changes required to achieve intended benefits	• Cost and budget overruns between 10-15%. • Significant changes required to meet a threshold requirement. • Significant project benefits not realised. • Significant delay - duration increased >10% • Resolved at ELT level	• Cost and budget overruns of >15%. • Product or service doesn't deliver the key intended outcomes for the business. • No benefit realised from the project. • Major delay - duration increased >25% • CE intervention

Te Pūkenga

Appendix 2 – Assurance Map

As set out in section 6 of the Framework Document, an Assurance Map is a useful way to get transparency over the critical aspects of:

- the core operations of your business
- key risk associated with these operational activities
- the critical internal controls that manage risk
- 'assurance' generated from within the business ensures 'what is expected is done' and critical controls are fit for purpose

An exemplar assurance map is included below:

Activity	Accountable	Risk	Critical controls	Self-assurance and compliance management	Internal Audit	External Audit
Description of the core operational activity - e.g. payroll and leave	The single point of accountability within your organisation for ensuring that this operational area is effective in design and operation, and that inherent risk within this area is managed.	A brief overview of key risk (what can go wrong) or opportunities (what can be improved) related to this operational activity	Key controls in place that manage this risk	Management self-checking and compliance monitoring activities that ensure these critical controls work as expected (control testing)	Independent assurance through internal audit that core operational activities and internal controls are fit for purpose	External audit activities including those of: • Audit NZ • Regulators such as TEC, NZQA

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Appendix 3 – ITP Quarterly Risk Summary Report

[Subsidiary Name]: Risk Summary Report [insert quarter/year]

The table below reports on the key, relevant risks and the movement of the residual risk rating since the last reporting period, and the key risk categories they have the most impact on.

	Risk Description	Residual Risk Rating Current	Residual Risk Rating Previous	Residual Risk Movement	Risk Category Impacted						
New Risks											
1	Risk title and description - free text										
2	Risk title and description										
3	Risk title and description										
Existing Risks											
4	Risk title and description										
5	Risk title and description										
6	Risk title and description										
7	Risk title and description										
8	Risk title and description										
9	Risk title and description										
10	Risk title and description										

Significant Incidents	Date Raised	Significant Actions	Due Date
1. Free Text	dd/mm/yyyy	1. Free Text	dd/mm/yyyy

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KEY
Risk Rating
Very High
High
Medium
Low
Very Low
N/A
Risk Category
Financial
Relationships and Reputation
Operational
Student & Academic specific
Legal & Regulatory Compliance
People & Culture (Health & safety)
Project performance

**Use the dropdown lists to select Risk Rating, Movement and Category*

Version	Document	Date Approved
1	Risk Management Framework	4 May 2021
2	Risk Management Framework	2 Nov 2021

Appendix 4 – Further Guidance for Subsidiaries

4.1 The Risk Management Framework

What is the Risk Management Framework and why does it matter?	What does this mean for me?
The Framework is a set of documented principles and expectations on how Te Pūkenga expects risk to be managed across the network. The Framework is a mechanism for Te Pūkenga to have oversight of risk across the network and ensure that risk is identified in the same way by each member of Te Pūkenga, reported in the prescribed manner and the development of effective risk management.	You are asked to review the Risk Management Framework document and understand your responsibilities, the principles, and requirements you are expected to adhere to when managing risk. As noted above, each subsidiary of Te Pūkenga is a separate legal entity and bears primary responsibility for managing risk within its business. The role of Te Pūkenga is to oversee the subsidiaries to ensure consistency. This requires each Te Pūkenga subsidiary to report risk to Te Pūkenga periodically and report any 'red-flag' items immediately. You are asked to follow the process set out in this Framework, which is designed to be an active 'no-surprises' early disclosure regime. **Why?** Te Pūkenga needs overarching assurance risk to be managed across the network to a satisfactory standard. For a subsidiary to meet its governance obligations, Te Pūkenga needs to be alerted to high/very high risk within that subsidiary and the reporting platform will facilitate that. If you have any questions or require further information to better understand your responsibilities in managing risk in your subsidiary, please reach out to Te Pūkenga Risk team on risk@tepukenga.ac.nz. Periodic training on risk is being provided to Risk Champions within each subsidiary by Te Pūkenga Risk team. This training forms part of our journey to a standardised approach to risk.

4.2 Purpose of Risk Management

Te Pūkenga wants to create and protect value by embedding risk management and set goals for risk management into the culture of Te Pūkenga so that risk management is an everyday business activity and is not seen as a tick-box exercise.

Risk management should be	What does this mean in practice?
Embedded in our normal everyday business **and not a once-a-year event**	Risk is an inherent part of any discussion on strategy, budget approval, performance review, project management and decision making at each subsidiary and at parent level. Learner and staff well-being are at the core of what we do and a holistic approach to risk is expected to be adopted.
Part of everyone's role	It is important that we all have a common understanding of what risk management is and what role we play in the process. As our framework matures, we will look to have risk management and associated capabilities built into our job descriptions and any future capability framework. Risk identification and management will become not just a process but will be a core competency/capability.
A process that adds value- and is proportionate to the risk	We accept that risk taking is a necessary condition, and we recognise that risk may be both negative and positive (offering both threats and opportunities). Risk management is no longer just about risk reduction or avoidance because that would inhibit growth; it is about operating on the basis of "no surprises" and where there is risk, it is identified before it materialises. This enables the appropriate level of decision making to have had an opportunity to consider the risk and any mitigating strategy before the risk materialises. Given the ongoing tightening of government funding in the tertiary sector, we need to be able to create value by responding to future opportunities whilst also being aware that we are operating with scarce resources and the need to protect value and to minimise negative outcomes. The key is to strike the right balance between risk and reward so that we can grow in a controlled manner that does not stifle innovation or create redundancy/duplication.

Risk management should be	What does this mean in practice?
A process that is simple and that we all understand	The process is not complicated, and the vocabulary for risk is in everyday language where possible. Te Pūkenga management across the network are strongly encouraged to familiarise themselves with the risk glossary at Appendix 6. The purpose of this glossary is to ensure we are all using the same terminology and have a clear understanding of what we mean when talking about risk. We need everyone to understand their role in risk management and to achieve this, we will educate and train you in risk management. Te Pūkenga Risk Team are delivering training material to each of the Risk Champions who have been appointed across the network. We thank each of the appointed Risk Champions for the work, co-operation and leadership demonstrated to date in these roles.

4.3 Framework Review

The Framework will be reviewed 6-monthly. review of this document during the transition phase, and assessment of the efficacy of the operation of the risk management process by Te Pūkenga Council and delegated to the Risk and Audit Committee.

Te Pūkenga is currently in the process of determining what the long-term operating model will be. Once the operating model is finalised and an implementation plan initiated, a risk operating model will overlay the operating model with Risk Management Policies and Procedures that will apply across Te Pūkenga.

Pending a risk operating model, each member of the network is required to adopt the objectives set out in this document. Further iterations of, or supplements to, this document are likely to be issued as the risk function of Te Pūkenga matures and the relationship with, and understanding of, the network deepens.

Please refer any conflicts or concerns raised to risk@tepukenga.ac.nz

- Each subsidiary is required to inform their risk appetite as directed by their strategic plan and objectives having regard to the above risk appetite statement and the Council issued Letter of Expectations

- Each subsidiary is asked to review its risk management process and (with support from Te Pūkenga Risk Management team if you need it) align it with the above process.

- We acknowledge that there may be points of overlap between Health, Safety and Wellbeing, Project Risk and Business risk and that subsidiaries may have implemented a specific risk management methodology for managing risk and more than one risk register.

- Irrespective of having multiple processes and risk registers in place, there is an expectation that all relevant risk, whether the risk be Strategic, HSW, Project, Financial or Academic, are reported to the subsidiary Audit and Risk Committee and, where the risk is high to very high (from an impact perspective) to report to Te Pūkenga Risk Management team so that Te Pūkenga can operate on a "no surprises basis".

- Subsidiaries are expected to complete the quarterly risk reporting template to be tabled at every subsidiary Risk and Audit Committee meeting.

Appendix 5 – Risk Management Process

Step 1: Establish the Context

To adequately identify risk, it is important to understand the context in which you operate. Each subsidiary and Te Pūkenga has a defined and measurable strategy and objectives. The pursuit of those strategic objectives create uncertainty, which may be caused by internal or external factors. The uncertainty on those objectives and their potential impact should be identified, understood, and managed as required to contain the risk within an appropriate appetite.

Establishing the context means considering internal and external factors and the interface with the strategic objectives of the subsidiary and, in conjunction with their business plans, goals and project deliverables.

Examples of internal factors that could impact our context	Examples of external factors that could impact our context
• Strategy and business objectives • Organisational structure • Operational activities • Management practices, processes, and systems • Functions • Services • Relationships and partnerships • Assignment of authority and responsibility • Capabilities, in terms of resources and knowledge	• External stakeholders • Legal, regulatory, and other requirements • Market conditions • Third party dependencies • Adverse events (e.g., pandemic, war, natural disasters) • Contractual requirements • Strategic partnerships

Step 2: Identify risk

Identify any uncertainty that has the potential to compromise the achievement of Te Pūkenga/ subsidiary objectives. When thinking about risk, consider all types of risk. Te Pūkenga has a specific focus on the following categories of risk.

Note: categories are not mutually exclusive for risk reporting purposes (i.e., a risk can be impacted by more than one category).

Risk Category	Description	When to consider
Financial	Any risk with a funding or financial impact on an individual subsidiary or Te Pūkenga: • Budget vs. actuals • Revenue loss • Increased costs	• monthly • when the funding, cashflow or economical profile of the organisation changes dramatically; and

Risk Category	Description	When to consider
		• at the time of strategic planning and forecasting.
Relationships and Reputation	Potential damage to Te Pūkenga or subsidiary relationships that can cause reputational harm.	• monthly • adverse media event occurs; and • Assess existing / current risk
Operational	Risk related to people, processes, and technology, and sustainability. In the context of Te Pūkenga and a subsidiary it could include: • Technology • People and culture • Infrastructure • Sustainability	• continually • uncertainty related to the subsidiary operations impact the objectives.
Learner & Academic specific	Risk relating to learners: • recruitment, retention, and engagement in relation to on-boarding, course completion, experience, performance of priority learners, equity, and employability. This includes any risk in discharging pastoral care duties to learners under the applicable pastoral care codes.	• continually • monitor key metrics related to learner recruitment, retention, engagement; • review aspects such as 'The future of work', 'equity' and similar; • align semester and single data return timeframes; and • reach out to learners to monitor learner well-being.
	• risk to academic accreditation by not meeting requirements of external regulators	• as directed by the internal audit plan • investigate quality of delivery through annual internal (academic) reviews to identify risk; and • critical self-reflective practices in academic process to identify risk.
Legal and Regulatory compliance	Risk that relates to Te Pūkenga and/or subsidiary compliance and regulatory obligations: • the risk of legislative non-compliance; and	• continually as required by different regulatory entities; and

Risk Category	Description	When to consider
	• noncompliance to Te Tiriti o Waitangi obligations.	• when new regulatory requirements are identified.
Health, Safety & Environmental	Physical and mental harm to: • staff • learners; and • the environment	• continually • trends in Health and Safety indicate attention required
Project performance	Risk related to a particular project or programme of work.	At concept and developmental stages of: • new projects • major project review points • prior to authorising project variations • when risk associated with a project can be identified and assessed by a cross section of representative stake holders inclusive of input from Te Pūkenga risk team where appropriate
Strategic	Risk related to the implementation of subsidiary strategic objectives.	• Annually when working on the subsidiary strategic and business planning processes • When there is a change in strategic direction or significant change in risk profile

Where do you capture risk and what other information should be captured?

Risk is to be consistently captured in Te Pūkenga and each subsidiary's risk register. The risk register is a document designed to record all types of risk and provide a single picture of all risk enabling transparency and understanding of the risk facing the subsidiary and Te Pūkenga. To promote consistency across Te Pūkenga, all subsidiaries and Te Pūkenga will use a common form risk register provided by Te Pūkenga risk management team. Any material risk which Te Pūkenga is to be made aware of is to be reported in the manner prescribed in the Escalation and Reporting Framework set out in step 6 below.

Once the risk has been identified and captured in the risk register, you will need to identify and describe the following:

- **Causes or sources of risk** - i.e., an activity, element or condition that has the potential to give rise to risk. Each risk may have more than one cause.
- **Consequence(s) of the risk** - i.e., the impact of the risk should it eventuate (e.g., reputational, financial, operational, etc).
- **Risk Owner** - assign an individual owner to each risk identified. The risk owner will be responsible for ensuring that the risk is managed, monitored, and reviewed over time and must have sufficient authority to manage the risk.
- **Control -** the control/s in place to mitigate risk.

Note: The risk owner and the control owner (the person who implements controls to manage the risks) are typically not the same person.

How do we articulate risk?

The risk should be articulated by populating the boxes in the template risk register in the manner advised.

Writing a good risk statement enables cause and consequence to be clearly understood to be analysed more effectively.

Example:

"Talent" is not a risk. An example of a risk would be the "Inability to attract and retain key talent".

Once we include the causes that lead to the risk, and consequences of it occurring, this might become:

*"**Cause**: shortage of key talent due to uncertainty in sector and competition for key talent*

***Consequences**: under resourced with remaining staff left stretched too thin with impact on academic performance and engagement."*

Step 3: Analyse risks

The purpose of inherent risk analysis is to comprehend the nature of the risk and its characteristics including, where appropriate, the level of risk and includes assessing the following:

Criteria	Description
Likelihood	The likelihood of the risk, source, and consequences -> a qualitative or quantitative description of probability without taking into consideration the controls.
Consequence	The nature and magnitude of the impact (if the risk eventuates) without taking into consideration the controls.

The likelihood and consequence of an ***inherent* risk** should be assessed using the ratings defined in Appendix 1. The numbers are indicative; assigning scores is not intended to be an exact science. The purpose of the evaluation system is to help risk owners in the assessment and prioritisation of risk. It is advisable that risk is identified and scored with input from colleagues; a workshop is one useful way of doing this.

Step 4: Evaluate for residual risk

Once the inherent risk rating has been established, assess the likelihood and consequence of the risk after considering the effectiveness of controls in place. The ***residual risk*** rating is the resultant level of exposure after taking into account the effectiveness of <u>existing</u> key controls. The risk rating (Very high, high, medium, or low) represents the level of the current risk exposure.

Risk evaluation involves a detailed consideration of the following:

4.1 Identification and assessment of controls

A control is an activity that can reduce the likelihood or consequence of the risk to an acceptable level. Controls are often embedded in a process and sometimes may be difficult to identify.

<u>Some aspects to consider when identifying controls:</u>

- There may be many controls identified, but not all of them will be **key** - A control is key when it **individually** or in **aggregate** is appropriately designed to manage the risk. Think about … 'what controls couldn't we live without?
- Does the control prevent or reduce the likelihood of the risk? (Preventative control)
- Does the control detect the risk when and if it occurs?
- Does the control correct the consequences or risk?
- Does the cost of implementing the control outweigh the cost associated with realising the risk?
- Is there a review or validation performed, either by a person or system?

Control attributes:

1. A control **must mitigate a risk**, i.e., reduce the negative effect
2. A control will generally be **performed on a periodic basis** (e.g., monthly, weekly, yearly) and **can be evidenced**.
3. A control will usually **include review** (whether automated or manual)
4. A control will generally **restrict certain activities** or **enforce something** being done in a particular way.
5. A control will be tested periodically for effectiveness

Where to capture those controls and what other information needs to be captured?

The control description is critical in communicating how risk is managed.

Controls should be documented in the risk register and described in sufficient detail so that any person reviewing the risk register can understand the control activity and verify its design and operating effectiveness. The Control description will include:

- **Who** performs the Control? (Responsible)
- **When** is the Control carried out? (Frequency)
- **What** is the action performed by the Control? (The 'thing being controlled')
- **What** is the link of the Control to the risk?
- **How** is the Control evidenced? (And performed, i.e., automated, manual, recon, self-assessment etc)

A Control will be tested to capture the **effectiveness of the control** i.e., whether the control is **effectively** managing the risk and whether it is **operating as expected** in practice.

How to link Key Performance Indicators to Risk Management?

Your current Key Performance Indicators can be used as an indication of the level of risk and may help you inform your assessment of the likelihood and consequences of the risk event. The table below contains only a small number of examples that could be useful. Subsidiaries should leverage KPIs that are most relevant to them.

Risk Category	KPI Examples
Financial	• Cashflow & Liquidity metrics • Funding profile • Capital investment tracking
Operational	• Technology failures • Penetration testing results • People & Culture metrics such as attrition rates and recruitment metrics • Metrics related to facilities and / or property & maintenance
Learner & Academic specific	• Speed of on-boarding • Course completion rates (by demographics etc) • Learner welfare • YoY trends in course uptake

	● Conversion rates ● Learner survey results/complaints ● Academic audit/review outcomes
Legal and Regulatory compliance	● Internal Audit findings on compliance findings ● Number of non-compliance self-assessments ● Traction on implementation of new regulatory developments ● Contractual and/or third-party breaches
Health, Safety & Environmental	● Health & Safety trends ● Staff wellbeing and mental awareness
Project performance	● Costs and budget overruns ● Scope extensions ● Impacts on service delivery

All the information above should be captured in the template risk register.

Step 5: Treat risk

The next step is to decide on the optimal level of risk (risk threshold) that would better ensure the achievement of objectives. The Risk Appetite Statement provides a context for each criterion. For each risk scoring above the risk threshold, a practical and proportionate response should be identified. The ranks of responses may include:

- **Tolerate** – accept the risk and do not attempt to reduce it
- **Transfer** – transfer the risk to a third party (e.g., through insurance)
- **Terminate** – eliminate the risk (e.g., changing the objective or the approach being taken to achieve it, or by abandoning the objectives entirely)
- **Treat** – take action to mitigate either the probability of the risk occurring, or the severity of the impact were it to occur (or both). Such action is known as mitigation through an action.

If it is determined that the current risk level is not acceptable and additional mitigation/control need to be implemented to reduce the risk to an acceptable level, an action plan needs to be developed. As a general rule, risk rated Medium, High and Very High requires action.

Action Plans

Action plans will be developed to improve or enhance an existing mitigation/control (if it has been assessed as being partially effective or ineffective) or to introduce a new control. Action plans should be:

- documented in the risk register and contain specific and measurable action, the action owner and timeframe for completion. Action owners have the operational responsibility for implementation of the actions documented in the risk register.
- regularly followed up to ensure they have been successfully implemented. Updates should be shared in regular forums (management meetings).

Step 6: Monitor, review, and report

Responsibility for monitoring and reviewing risk identified in the risk register lies with risk owners, management, and governance as covered in the Roles and Responsibilities section above.

At all times, risk should be reviewed and monitored. This incorporates an evaluation of the control(s) further action plans can be developed to ensure risk is managed in a manner that ensures that the level of risk remains acceptable. This is not a static process that occurs at a fixed date, but rather is dynamic and responsive to changes in the objectives of the subsidiary and its environment.

Risk should be part of your normal everyday business. It will be a management team agenda item on a regular basis covering:

- Changes to level of risk
- Changes to controls or control effectiveness ratings
- New or emerging risk that have a potential to threaten/enhance business objectives
- Critical incidents or trends that may impact the risk profile e.g., business growth, compliance, major H&S event, identification of a safety issue etc.
- Action plan resolution status

Step 7: Communicate and consult

Effective communication and consultation between the subsidiaries and Te Pūkenga is key to successfully implementing the Framework; the objective of which is to increase the level of risk management awareness and understanding at all levels of Te Pūkenga and establish an organisation wide risk aware culture.

Various mechanisms such as awareness campaigns, training and education sessions, subsidiary forum and working group newsletters, etc. will be developed and put into practice to ensure that the communication is effective and reaches every employee across Te Pūkenga and each Te Pūkenga subsidiary.

Te Pūkenga

Appendix 6 - Risk Glossary

Term	Definition
Risk	An uncertainty that, if it occurs, will impact on our objectives. Risk is expressed in terms of risk source, potential event, consequence, and likelihood
Risk Management	Coordinated activity to direct and control an organization with regard to risk
Stakeholder	Person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity
Risk identification	Process of finding, recognising & describing risk
Risk Appetite	The amount and type of risk, an organisation is willing to accept in pursuit of strategic plans and objectives. Each organisation pursues various objectives to add value and should broadly understand the risk it is willing to undertake in doing so, having regard to Te Pūkenga risk appetite statement set out in the Framework.
Risk Tolerance	Risk tolerance represents the application of risk appetite to specific objectives and is defined as: - The acceptable level of variation relative to achievement of a specific objective, and often is best measured in the same units as those used to measure the related objective; - In setting risk tolerance, management considers the relative importance of the related objective and aligns risk tolerances with risk appetite. Operating within risk tolerances helps ensure that the entity remains within its risk appetite and, in turn, that the entity will achieve its objectives; - Risk tolerances guide the subsidiaries as they implement risk appetite within their sphere of operation. Risk tolerances communicate a degree of flexibility, while risk appetite sets a limit beyond which additional risk should not be taken.
Risk Profile	Analysis of the types of threats an organisation. A risk profile examines: - The nature and level of threats faced by an organisation - The likelihood and impact of adverse effects occurring - The effectiveness of controls in place to management those risk
Significant incident	Reportable incident that due to the severity or the sensitivity of the situation has the potential to materialise as a significant risk (major or extreme) and includes any risk notifiable under applicable legislation.
Significant actions	Reportable actions that will be implemented to manage a significant incident.

Term	Definition
Risk analysis & evaluation	Process to determine level of risk & whether that level of risk is acceptable
Likelihood	Chance of something happening
Consequence	Impact or outcome of event affecting objectives
Risk Action Plan	Process to manage /modify the risk
Risk Matrix	A tool to assist with risk analysis and provide criteria for assessment
Control	Any measure taken by management to manage risk and increase the likelihood that established objectives and goals will be achieved. Controls include, but are not limited to, any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk.
Inherent Risk	The initial assessment of the impact and likelihood of a risk prior to considering any existing controls.
Residual Risk	The risk remaining after natural or inherent risks have been reduced by risk controls, action or mitigation.
Risk Owner	The staff member accountable to manage a particular risk.
Risk Management Framework	The set of components that provide the foundation and organisational arrangements for designing, implementing, monitoring, reviewing and continuously improving risk management throughout the organisation.
ISO 31000: 2018 (E)	This is the International Standard on Risk Management. The standard provides guiding principles, a generic framework and a process for the management of risk.