



AOU's Risk Management Policy

Version: 3.0

AOU's Risk Management Policy

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 this policy

1. To acknowledge that AOU is committed to manage the risks which might jeopardize its mission
2. To explain how AOU manages risks which could negatively impact its operations and services
3. Communication of a formal and consistent approach for risk management throughout its geographical spread.
4. To minimize the impact of potential threats.
5. Documentation of responsibilities for risk management.
6. 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:

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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.

5. Responsibilities for Risk Management

Responsibility Level	Responsibilities
Board of Trustees (BOT)	The BOT has full responsibility for the total mitigation of risk
Audit Committee	Monitoring effectiveness of risk management
Senior Management Team	Responsible for the effective implementation of the risk management policy
Deans and Rectors at HQ	Responsible for effective risk management and monitoring within their respective areas of responsibility
Branch Rectors	Responsible for effective risk management within their branches and areas of responsibility
Tutors	Commitment to the principles of the RM policy
Students	Commitment to the principles of the RM policy
Support staff	Commitment to the principles of the RM policy

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Risk Management Review Process

All responsibility centers at the HQ and its geographical spread over eight 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 is in the process of composing a university wide risk register. Branches are requested to provide the following information:

- 1- The list of possible inherent and control risks
- 2- The impact of those risk on AOU operations

Then, apply the following risk assessment matrix to calculate the overall risk rate and complete Table 3.

Table 1: AOU Risk Assessment Matrix

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

Table 2: AOU Control Risks Matrix

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

Inherent Risk:

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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:

Impact	Overall Inherent Risk Rating Range
Very High	20-25
High	15-18
Medium	10-12
Low	6-9
Very Low	1-5

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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						
	16						

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	17						
	18						
	19						
Risk Category	Risk No.	Risk / Type	Adverse Effects	Adequacy of Existing Controls	Likelihood	Impact	Overall Risk Rating
	20						

Table 5: Overall Control 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						

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10						
11						
12						
13						
14						
15						
16						

Risk Category	Risk No.	Risk / Type	Adverse Effects	Adequacy of Existing Controls	Likelihood	Impact	Overall Risk Rating
	17						
	18						
	19						
	20						

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