THAILAND-EUROPEAN UNION
Policy Dialogues Support Facility

Risk-based quality management

Prof Colin Raban

Academic Audit
Associates

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	Risk-Based QA	'Quality Risk Management'
External QA (Regulation)	✔	?
Internal QA	✗	✔

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Agenda

- 'Risk-based' regulation vs quality risk management

- Why the interest?

- What do we mean by 'risk'?

- Identifying and assessing risk

- Managing risk

- Preconditions

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Costs and burdens

'…heavy-handed rules and regulations are the reality …'.

'(Bureaucrats) expect departments to spell out their activities in mind-numbing detailed reports – hardly any of which result in any action'

'…there is … a systemic distrust of academics'.

'…when we describe this system to business people they inevitably say that no business could survive with this level of monitoring and waste of resources. Academics have less and less time for students and research'.

'British academics seem to be stressed out like no others, and this is bound to diminish their effectiveness and reduce their levels of research output'.

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Susanne Kord & Daniel Wilson, 'Drowning in Bureaucracy'. *Guardian,* 27.12.2006

The costs …

	Direct	Indirect
Financial	Salary and non-pay costs of maintaining a central QA team.	Costs incurred by academic and other staff in meeting QA requirements.
Non-financial	Diversion of staff time and energy from the institution's 'core business'. Opportunity costs.	Cultural impact – risk aversion etc. Impact on morale and staff engagement, and on the credibility of the QA system itself.

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Risk-based regulation

Higher Education Review is a flexible, risk-based method which applies the greatest scrutiny where it is most needed. Providers with a strong track record in managing quality and standards are reviewed less frequently and less intensively than providers without such a strong record.

Higher Education Review: a handbook for practitioners, QAA

TEQSA's risk-based regulatory approach focuses on marginal and higher risk providers, allowing higher quality, lower risk providers to operate without unnecessary intrusion'.

Risk-based approach to regulation, The Australian (February 2011)

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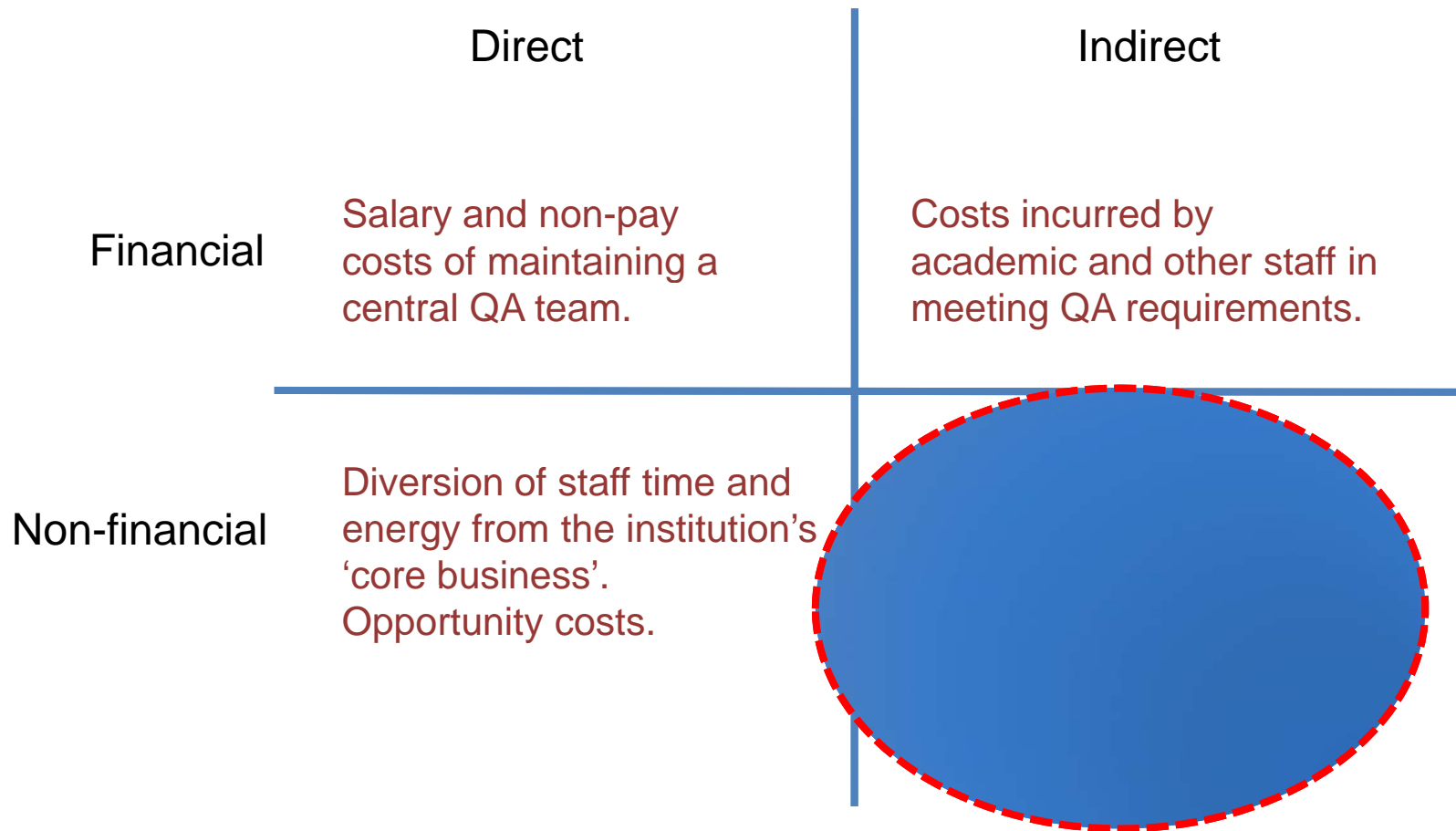
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Unintelligent accountability

'… resemble the reports by a civil service in a defeated country to an occupying power, or by state-owned industrial plants and farms to central government in a command economy'.

'... reports flowing up from the field come to have less and less relation to the facts on the ground that they purportedly represent....(These reports) become less and less exercises in discovery or truth telling, and more and more public relations documents which are, shall we say, parsimonious with the truth'.

Martin Trow

How does this compare with the views of academics in Thailand?

Is there another way?

Two approaches…

Risk-based QA	**Quality Risk Management**
▪ Performance	▪ Potential
▪ Retrospective	▪ Predictive
▪ Provision/provider	▪ Context
▪ Scrutiny (variable)	▪ Support
▪ Remediation	▪ Prevention

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What is 'risk'?

'The threat or possibility that an action or event will adversely or beneficially affect an organisation's ability to achieve its objectives'.

HEFCE (2001), *Risk Management: a Guide to Good Practice*

For us to consider something as a risk, it must have the potential to cause harm to one or more of our statutory objectives.

UK Financial Services Authority

Risk is the possibility of something happening that impacts on your objectives.

Australia/New Zealand Standard for Risk Management (AZ/NZ2: 2004)

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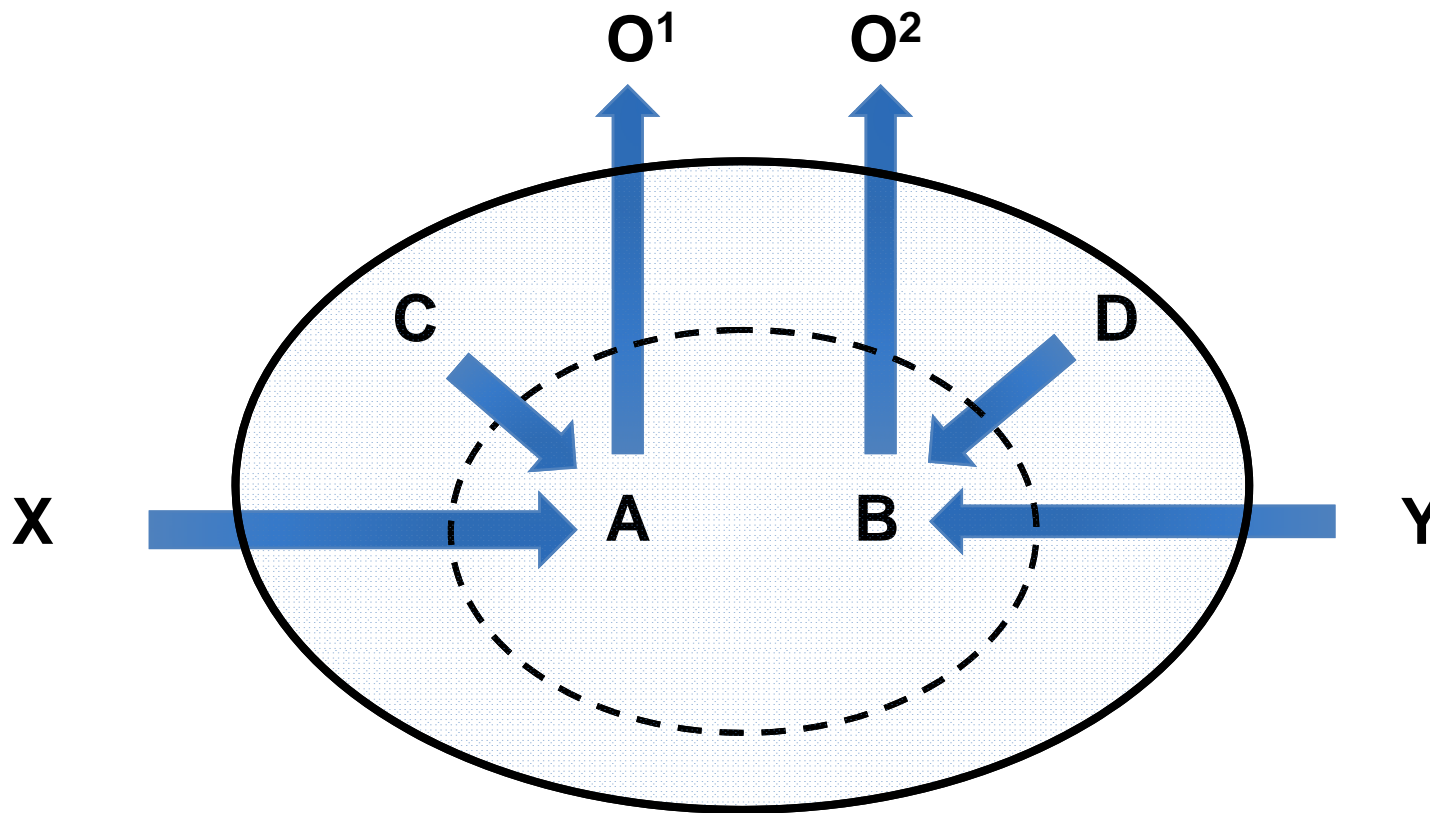
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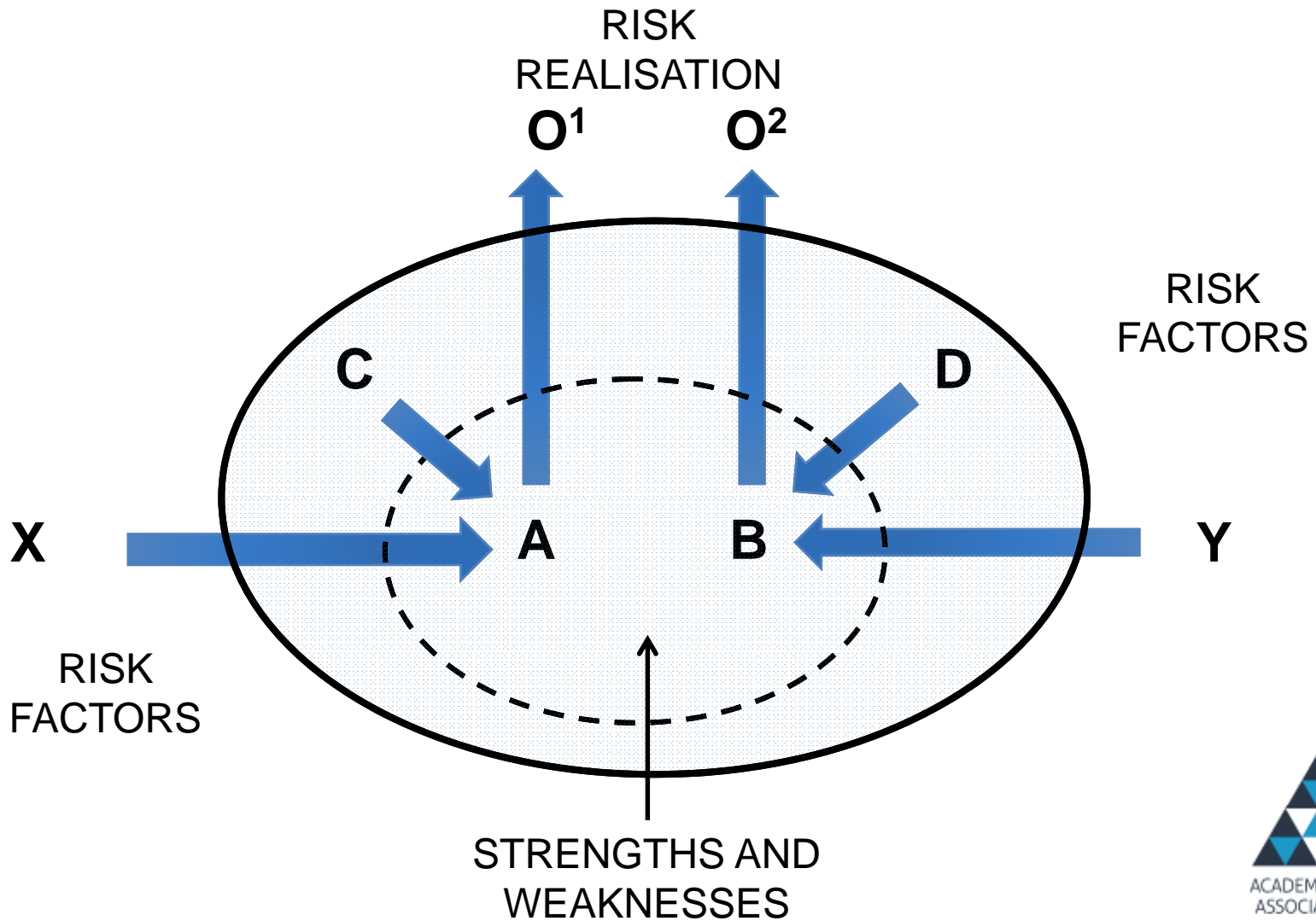
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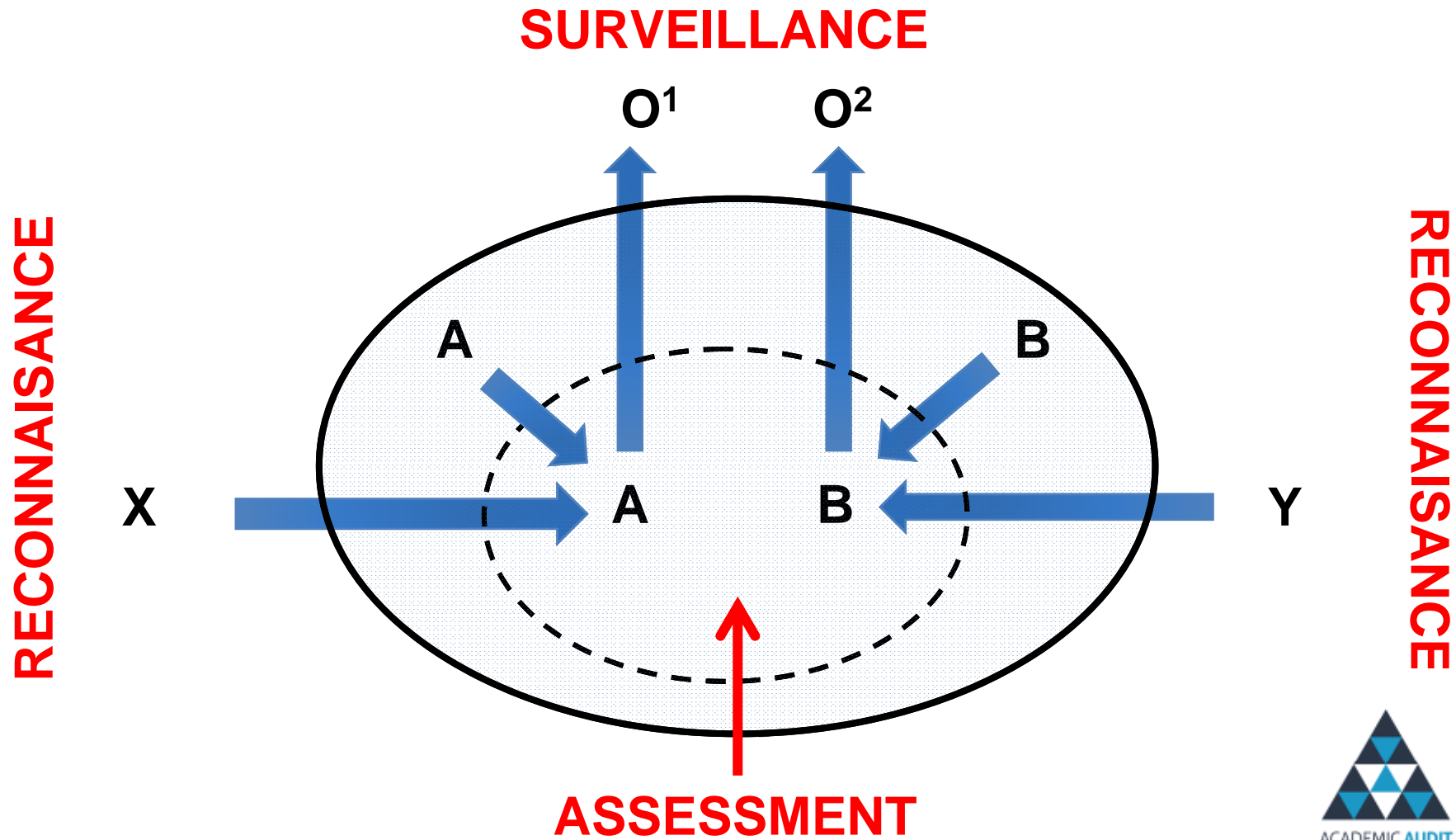Australia/New Zealand Standard for Risk Management (AZ/NZ2: 2004)

The risk relationship

The risk relationship

RISK
REALISATION

O^1 O^2

RISK
FACTORS

C   D

X   A   B   Y

RISK
FACTORS

STRENGTHS AND
WEAKNESSES

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Risk assessment (monitoring & review)

SURVEILLANCE

O^1 O^2

RECONNAISANCE

RECONNAISANCE

A   B

X   A   B   Y

ASSESSMENT

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Do your external and internal QA systems perform a 'reconnaissance' function?

Managing academic risks

Managing risk …

Risk-based QA	Quality Risk Management
▪ Performance	▪ Potential
▪ Retrospective	▪ Predictive
▪ Provision/provider	▪ Context
▪ Scrutiny (variable)	▪ Support
▪ Remediation	▪ Prevention
▪ **Reactive**	▪ Proactive

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Managing risk …

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▪ Reactive	▪ **Proactive**

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'Conventional' quality assurance

Managing risk …

Conventional QA	Quality Risk Management
▪ Performance	▪ Potential
▪ Retrospective	▪ Predictive
▪ Provision/provider	▪ Context
▪ Variable scrutiny	▪ Support
▪ Remediation	▪ Prevention
▪ Reactive	▪ Proactive

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Managing risk …

Conventional QA	**Quality Risk Management**
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Accountability

Managers
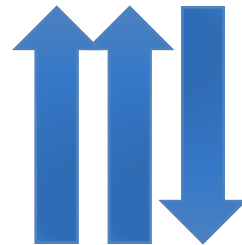
Departments and their staff

Preconditions

Requirements

- The 'intelligence' (knowledge and ideas) brought to the institution by its 'front line' staff is valued;

- The production of frank reports is rewarded; anodyne reporting is discouraged;

- Support is targeted on areas in need; and scrutiny is applied proportionately based on assessments of risk;

- Staff at all levels observe the principle of mutual accountability.

- The QA function must have a degree of independence, with primary accountability to Academic Board or Senate

- The QA function must be influential, commanding the respect of staff at all levels within the institution.

Institutional Culture

'Openness to challenge is a critical cultural necessity for good risk management and compliance – it is in fact more important than any framework or set of processes'.

Paul Moore, *Evidence to Treasury Select Committee* (February 2009)

Acceptance of failure

Risk-based regulation (should be) premised on the acceptance that failures and accidents are possible in complex environments…. Given the emphasis being placed on the importance of innovation to economic growth and prosperity, it might even be said that some failure is necessary. Risk-based regulation necessarily embodies the idea that failures are possible.

Michael Power, *The Risk Management of Everything*

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Internal QA	✘	✔

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'Lag' and 'lead' risk indicators

LAG	LEAD
Performance: the provider's history and record	Risk: activity that may cause a risk event.
History of breach of standards	Low/declining revenue per student
Senior staff with pending convictions	Weak academic governance structure
PSRB rejection/compliance issues	Reliance on 3rd parties to deliver courses
Declining admission standards	Delivery of courses offshore
High/increasing student attrition	Declining publications/research income
Low/declining student satisfaction	High SSRs/reliance on casual contracts

TEQSA, *Risk Regulatory Framework*

Who does what?

PERFORMANCE   Surveillance

                                                    MANAGEMENT

POTENTIAL   (Self)
                                     assessment

                     PROVIDER

CONTEXT   Reconnaissance