

WESTERN SYDNEY
UNIVERSITY



Risk Appetite Statement

October 2021



Risk Appetite Statement

Contents

1. Mission, Enablers, Values and Principles	3
2. Introduction	3
3. Overall Risk Appetite	4
4. Risk Framework	4
5. Key Risk Appetite Concepts	5
6. Risk Appetite Principles	5
7. Statement of Risk Appetite	7
8. Implementation of the Risk Appetite.....	15
9. Review of the Risk Appetite Statement.....	15
10. Status and Detail	15

1. Mission, Enablers, Values, and Principles

The Western Sydney University's (the University) Risk Appetite Statement is set in the context of its Mission, Enablers, Values, and Principles system as follows:

<p>Mission Our students will succeed, our research will have an impact, and our communities will thrive through our commitment to excellence, sustainability, equity, transformation, and connectedness.</p>	<p>Enablers Our enablers set out the elements required to unlock and make possible the strategic imperatives embodied in <i>Sustaining Success 2021–2026</i>. They encapsulate our values and help to guide recovery and renewal for the University and the communities within which we are embedded.</p> <ul style="list-style-type: none"> • People • Place • Learning and teaching • Student experience • Research and innovation • Global engagement • Indigenous perspectives • Technology and systems • Financial Resilience
<p>Values We stand for the values of:</p> <ul style="list-style-type: none"> • Boldness • Fairness • Integrity, and • Excellence 	<p>Principles</p> <ul style="list-style-type: none"> • Sustainability • Equity • Transformation • Connectedness

2. Introduction

Risk management is an essential component of the University's governance framework, and it supports the achievement of the University's strategic goals and objectives. Effective risk management increases the probability of successful outcomes while protecting the reputation and sustainability of the University.

The University's strategic goal and objectives set out in the University's new strategic plan, *Sustaining Success 2021–2026*, makes clear the values that underpin the core business of the University, namely education, research, scholarship, innovation, and service. The plan reinforces that the University is a values-based and ethical organisation and a leader in sustainability.

The University takes its responsibilities to its stakeholders seriously. It regards risk management as a tool for good management and an essential factor in ensuring that the University meets its obligations to key stakeholders.

The University's Enterprise Risk Management policy and procedures provide the framework to manage its risks effectively. The framework seeks to maximise opportunities and minimise adverse outcomes. The risk appetite is the amount of risk an organisation is willing to accept in pursuing its strategic goals. The Risk Appetite Statement (RAS) considers the most significant types of risks to which the University is exposed and outlines the approach to managing these risks.

3. Overall Risk Appetite

The University's Board of Trustees (BoT), subcommittees, management, and staff will regard the University's stated Risk Appetite in strategic and operational decision making.

The University's vision and strategic objectives will necessitate that the University accepts those risks that accompany growth, transformation, innovation and are commensurate with the potential reward. Overall, the University has a balanced approach to its risk appetite aligned to its strategic objectives. It is acknowledged that the University may at times undertake activities that inherently carry greater risks. As a result, the University's risk appetite will often be different at an activity level compared to the enterprise-wide level.

The key challenges in achieving this balance are to ensure:

- ethical and effective governance practices, including responsible stewardship of resources
- the realisation of opportunities and allowing growth, transformation, and innovation while avoiding unnecessary negative impacts
- avoidance of a risk-averse culture that stifles growth, transformation, and innovation rather than supports it by correctly assessing and managing risks.

4. Risk Framework

Good practice in risk management indicates that organisations should specify their appetite for risk at a granular level related to the nature of activities in the organisation. The Risk Appetite Statement sets the amount of risk the University is willing to seek or accept in pursuing its strategic objectives. It indicates the parameters within which the University would prefer to conduct its activities.

Risk appetite applies to the management of existing activities, as well as seeking out new opportunities. It is the responsibility of the University management and staff to continually review what the University does, investigate new opportunities, and take account of individual risks in decision-making.

In terms of priorities, the need to avoid risk related to compliance and overall health and safety for its people and communities will prioritise other factors, e.g., it will be acceptable to undertake risks in research activities provided they do not expose the University to undue influence compliance or people risk. Therefore, a balanced assessment should be the approach in assessing risk. In many cases, there are risks attached to both doing something and doing nothing. The 'do nothing' option may often impose greater strategic risks.

The University's Risk Management Framework seeks to ensure an effective process to manage risks across the University. Risk management is integral to all aspects of the University's activities and is the responsibility of all staff. Managers have a particular responsibility to evaluate their risk environment, put in place appropriate controls, and monitor the controls' effectiveness. A good risk management culture emphasises careful analysis and management of risks in all the business processes.

These risks are identified, assessed, and managed at both enterprise-level (top-down), and unit-level (bottom-up) approaches. The Audit and Risk Committee (ARC) has oversight of these processes.

Given the devolved nature of the University, the Risk Appetite Statement acts as a guide indicating:

- areas to step out and be innovative that are key to our growth ambitions
- places to be conservative and compliant in their activities that are key to our legislative responsibilities, and
- the "lines" we will not cross where the implied risk exceeds the potential return.

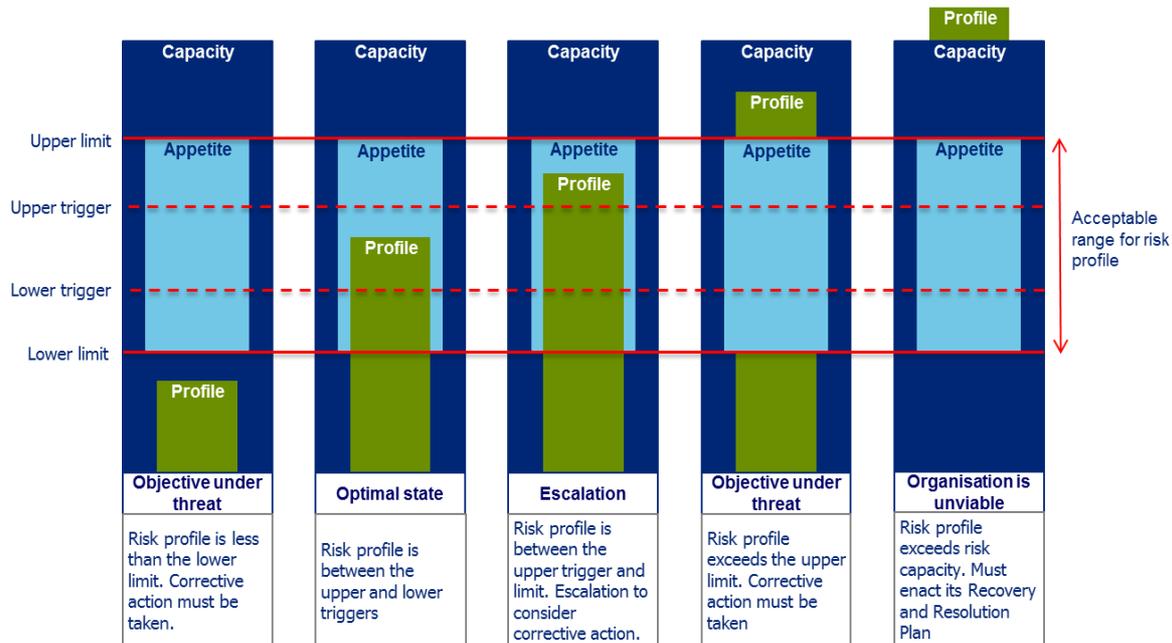
5. Key Risk Appetite Concepts

Risk appetite is an interaction of the University's risk profile and capacity to take risks. Below are some important concepts and definitions when applying the risk appetite framework to risk management activities.

- **Risk Profile** – the University's entire risk landscape reflects the nature and scale of its risk exposures aggregated within and across each relevant risk category.
- **Risk Capacity** – the University's maximum level or 'ability' to take risk in each risk category while remaining within constraints implied by its capital and funding needs and its expectation of stakeholders.
- **Risk Appetite** – the level of risk the University is willing to take to pursue its strategic goals and objectives. Appetite is articulated in qualitative terms.
- **Risk Tolerance** (upper and lower limits) – the level of risk that would require an immediate escalation and corrective action if reached by the University's risk activity.
- **Risk Appetite Trigger** – a level of risk within risk appetite that triggers additional attention and action.

This risk appetite framework allows the University to identify and determine the relative positions of its risk capacity, risk profile, and risk appetite when evaluating and pursuing its strategy and take corrective actions where necessary. In each of the five states illustrated below, the University's risk activity profile is measured relative to its risk capacity and appetite.

Risk Appetite Concepts



6. Risk Appetite Principles

The University takes a responsible and managed approach to risks by recognising and managing risks. The degree of risk that is acceptable varies within the core domains of the University activities. Therefore, it is crucial to establish key principles and broad parameters within which the University considers its appetite for risks for easy understanding and awareness of its stakeholders.

KEY PRINCIPLE 1:

The University needs to protect against reputational, health and safety, security, foreign interference, regulatory compliance, and overall financial viability risks, and these take priority over all other factors. All activities must consider these domains of risk from the outset and revisit them as necessary for the current or proposed activity.

Examples:

- A major infrastructure development project proposal would need to consider the regulatory compliance applicable to the project, health and safety requirements, financial risks to the University (including the risks of doing nothing), and reputational risk before approval and commencement of the project.
- A proposal for a research project must consider whether there is any reputational, financial, including foreign influence or interference, regulatory, health, and safety risks to the University. It must also consider whether compliance with statutory, regulatory, or other ethical frameworks governing such projects may involve reputational and financial risks that cannot be adequately mitigated. It is important to recognise that circumstances will change as the project progresses and the governance processes revisit the level of risk-taking in such projects.

KEY PRINCIPLE 2:

All activities and projects should be managed within a framework appropriate to the specific activity or project, including risk identification and management as a core component.

Examples:

- A proposal for an IT system where several different solutions (e.g., commercial products) are available which the University might wish to operate. All solutions are considered, and their respective advantages and disadvantages (including costs versus benefits) are considered before making a final decision.
- A proposal for a major consultancy project should operate within a framework that establishes the financial costs of the University delivering the project against benefits (e.g., financial and reputational benefits).

KEY PRINCIPLE 3:

Established activities should be considered within a risk management framework to continually assess whether risks are being managed appropriately, including being accepted at the appropriate level.

Examples:

- The existing academic portfolio should be subject to appropriate oversight and management concerning applicant trends, relevant outcome data (e.g., attainment, student satisfaction, career destination data), and other appropriate measures to ensure the ongoing 'health' of the educational offering.
- A research project where ethical considerations have been identified and addressed before the commencement of the project should incorporate appropriate ongoing ethical evaluation as part of the project governance framework.

7. Statement of Risk Appetite

The University's approach is to minimise its exposure to risks relating to its compliance, environment, culture, and people while accepting pre-determined acceptable levels of risk in pursuit of its vision and strategic goals. It recognises that its risk appetite varies according to the activity undertaken. Risks are accepted subject to a good understanding of the potential benefits and adverse impacts before proceeding. Unacceptable risks are mitigated through control measures as required.

The University's appetite for risk across its strategic activities is provided in the following statements and is illustrated diagrammatically below:

No.	Strategic Risks (Brief Description)	Risk Appetite								Statements / Questions to support or challenge the proposed level of Risk Appetite
		Unacceptable to take risks				Higher willingness to take risks				
		Very Low		Low		Moderate		High		
		0	1	2	3	4	5	6	7	
1	Cyber Security Threats									<ul style="list-style-type: none"> Does the University have a mature process for managing cyber threats? Is the University proactively managing the level of cyber threat exposures managed by its IT vendors for outsourced systems and platforms? How will the University respond to ransom demands if there is a denial of service attack or critical data loss?
2	Resilience following Pandemic, Disaster, Crisis, or events impacting Business Continuity									<ul style="list-style-type: none"> Does the University have a clear resilience strategy, and has it carried out periodic simulated testing of potential disaster or crisis events?
3	Safety and Security									<ul style="list-style-type: none"> Do the new vertical city campus buildings heighten safety and security risks in major urban centers? Has the University carried out crisis simulations and debriefs to evaluate successes and areas for improvement?

No.	Strategic Risks (Brief Description)	Risk Appetite								Statements / Questions to support or challenge the proposed level of Risk Appetite
		Unacceptable to take risks						Higher willingness to take risks		
		Very Low		Low		Moderate		High		
		0	1	2	3	4	5	6	7	
4	Workforce Strategy									<ul style="list-style-type: none"> The University has established its Workforce Strategy, Talent Management and is embedding its Succession Planning Strategies. Are there areas where the University should be outsourcing, especially the back-office and administration functions?
5	Courses and Programs									<ul style="list-style-type: none"> The University has reviewed all its courses and programs under the "21st Century Curriculum Program". Is the University offering courses that are meeting the demands of the Western Sydney region? Is the University attracting or losing domestic and international students due to the reputation of its courses?
6	Research activities are significantly reduced due to lack of funding resulting in the inability to maintain research-led University status									<ul style="list-style-type: none"> Are we building enough research capability and capacity to deliver quality research? Academic research that will be recognised in the international arena.
7	Health and Well-Being									<ul style="list-style-type: none"> Is the University investing sufficient resources for the provision of mental health support services for students and staff?
8	Market Competition and Society Changes									<ul style="list-style-type: none"> How well do we anticipate the needs of the Western Sydney region and the jobs of the future? Is the University sufficiently active in responding to relaxed visa processing for Indian students to ensure it remains

No.	Strategic Risks (Brief Description)	Risk Appetite								Statements / Questions to support or challenge the proposed level of Risk Appetite
		Unacceptable to take risks				Higher willingness to take risks				
		Very Low		Low		Moderate		High		
		0	1	2	3	4	5	6	7	
										<ul style="list-style-type: none"> competitive in the market? Is the University prepared to take a moderate level of entrepreneurial risk from market competition and social changes?
9	The progressive erosion of University's Financial Position									<ul style="list-style-type: none"> Are the University's financial and cash management settings appropriate for the mixture of academic and commercial projects?
10	Organisational Culture and Leadership									<ul style="list-style-type: none"> Should the University recruit and promote new leaders who can enhance the brand and reputation of the University?
11	Ineffective Partnership and Engagement with key stakeholders									<ul style="list-style-type: none"> The University is engaging and expanding its partnership in Asian countries which may be considered risky due to their socio-economic, regulatory, and political environment Should the University expand its collaborative arrangements with critical universities as a primary response strategy to the heightened competition? Is the University adequately addressing the recommendations from the Foreign Interference Taskforce Guidelines?
12	Failure to implement the new Student Management System (SMS) successfully									<ul style="list-style-type: none"> The University has yet to test the new system's operational efficiency and functional capabilities in the production environment.

No.	Strategic Risks (Brief Description)	Risk Appetite								Statements / Questions to support or challenge the proposed level of Risk Appetite
		Unacceptable to take risks						Higher willingness to take risks		
		Very Low		Low		Moderate		High		
		0	1	2	3	4	5	6	7	
13	IT & Digital transformation									<ul style="list-style-type: none"> The University is investing in cutting-edge technology across its learning, teaching, and research. Is the level of digital transformation meeting the student demands for technology-enabled learning and research? Is the University adopting new technology in line with current trends?
14	Financial Investment Decisions									<ul style="list-style-type: none"> The University is willing to take moderate levels of risk in relation to desired returns from the investment of the Endowment. The University's Endowment Investment The strategy report highlights that the University can tolerate only one negative annual return every 6.0 years. A one-off annual return of greater than -12.5% would be challenging to tolerate though it is noted that a loss more significant than 12.5% is likely to occur in a GFC-type environment. Are the Corpus funds generated at the level expected from the Western Growth program? Should the University be willing to tolerate a greater level of risk for a higher return?

No.	Strategic Risks (Brief Description)	Risk Appetite								Statements / Questions to support or challenge the proposed level of Risk Appetite
		Unacceptable to take risks				Higher willingness to take risks				
		Very Low		Low		Moderate		High		
		0	1	2	3	4	5	6	7	
15	Western Growth Program									<ul style="list-style-type: none"> The advisory and probity provisions within Western Growth reflect a moderate risk appetite in relation to significant development projects.
16	Commercial Activities or Investment Decisions									<ul style="list-style-type: none"> Are all critical commercial proposals thoroughly discussed with the relevant committees and the Board of Trustees?
17	Ineffective governance over-controlled or associated entities of the University									<ul style="list-style-type: none"> The University has established Governance and Compliance units to manage associated risks. These include Legal, Audit and Risk, and Quality and Performance teams.

The University's Strategic and related tactical or operational objectives underpin the aspects covered in the Risk Appetite Statement below. The University's Risk Appetite Statement is broadly articulated for critical activities aligned to the University's risk categories, which enable the achievement of its strategic and operational objectives. The table below details the risk appetite descriptions established for the key strategic risks.

No.	Key Risks	Risk Appetite Description	Risk Appetite
1	Cyber Security Threats	It is important to the University that its systems operate efficiently and effectively. The University has a low appetite for any cyber threats that may lead to loss of strategic and critical systems or information relating to staff, students, research, or other University operations.	Low
2	Resilience following Pandemic, Disaster, Crisis, or events impacting Business Continuity	It is important to the University that its activities and services operate efficiently and effectively. The University has a low appetite for any risks that may jeopardize its standards of operation or lead to a loss of confidence by its stakeholders, communities, or key government agencies.	Low
3	Safety and Security	The University aims to make itself a stimulating and safe place to work and study. It places importance on the safety of staff, students, and visitors. It has a very low to low appetite for deviation from its standards and legislative responsibilities in these areas.	Very Low to Low
4	Workforce Strategy	The University is focused on recruiting, retaining, and developing a high-quality workforce that reflects the region's diversity, acknowledging the level of market competition for high-caliber employees. The University has a moderate appetite to ensure its workforce is engaged, innovative, future-focused, and aligned with its strategic priorities and objectives.	Moderate
5	Courses and Programs	The University has a low appetite for poor learning and teaching practice or academic quality, which would not meet University standards and external accreditation requirements. This is balanced with a moderate risk appetite for being innovative in delivering courses and online learning that enhances student learning outcomes and experience.	Moderate
6	Research activities are significantly reduced due to lack of funding resulting in an inability to maintain research-led University status	The University aims to be a research-led University with regional, national, and global impact. Accordingly, the University has a high-risk appetite for investing and developing a comprehensive, long-term research precinct and infrastructure to support its researchers and partnership priorities.	High

No.	Key Risks	Risk Appetite Description	Risk Appetite
7	Health and Well Being	The University is committed to creating a safe working environment for staff, students, and visitors where people are protected from physical and psychological harm. It has a very low to low appetite for the staff or student behavior or misconduct threatening the health and well-being of its staff, students, or visitors.	Very Low to Low
8	Market Competition and Society Changes	While the University regards any activity that will seriously threaten its existence or reputation as a high-quality provider either through adverse publicity or loss of status as an autonomous institution as unacceptable, it has a moderate appetite to deal with market disruptions, a decline in its ability to innovate or respond to political changes, while not losing sight of competitor's actions. The University is prepared to take a moderate level of entrepreneurial risks from market competition and society changes.	Moderate
9	The progressive erosion of University's Financial Position	The University needs to remain a competitive, efficient, and financially sustainable organisation. It is in the process of building its long-term financial viability and its overall financial strength. The University is willing to accept a moderate level of risk in pursuit of expanding its student load, both domestic and international while looking at areas for efficiency.	Moderate
10	Organisation Culture and Leadership	The University builds its leaders' high performance, dedication, professionalism, and innovative capabilities through empowerment and leadership development. The University fosters a culture of inclusive decision-making and robust intellectual inquiry within the framework of ethical behavior. The University has a moderate appetite for changes to its culture and leadership.	Moderate
11	Ineffective Partnership and Engagement with key stakeholders	To expand its reach, reputation, and influence as an institution of global standing, the University has a high appetite for forging new relationships and advancing existing ones with local and international agencies, education providers, and industries.	High
12	Failure to implement the new Student Management System (SMS) successfully	The University undertakes transformation projects to enhance its teaching, learning, research, and community engagement. The University is willing to accept a moderate to high risk to position itself as a leader in the higher education sector.	Moderate to High
13	IT & Digital Transformation	Digital transformation changes are required to adapt to regulatory, society, competitive environment, and the conduct of University activities. The University expects the digital transformation changes to align with its vision and objectives and has a moderate appetite for excellence and innovation through technology.	Moderate

No.	Key Risks	Risk Appetite Description	Risk Appetite
14	Financial Investment Decisions	The University undertakes financial investment decisions based on financial investment strategies approved by the Board of Trustees. The University has a moderate risk appetite and does not invest in risky financial products.	Moderate
15	Western Growth Program	The University is a leading advocate for the Greater Western Sydney region and its people. It is the largest educational provider; it aims to play a vital role in providing a highly skilled, locally knowledgeable, and talented pool of graduates for the region. The University has a moderate appetite to continue being a key player in the region and the knowledge sector to pursue the Western Growth Strategy.	Moderate
16	Commercial Activities/ Investment Decisions	The University is developing as a commercially astute and profitable institution. The University has a moderate level of risk for entering commercial partnerships to generate income.	Moderate
17	Ineffective governance over-controlled or associated entities of the University	The University places great importance on governance and compliance. It has a very low to low appetite for breaches in statute, regulation, professional standards, research, medical ethics, bribery, or fraud. The University considers all suspected fraud or corruption allegations very seriously and responds fully according to its policies.	Very Low to Low

8. Implementation of the Risk Appetite

All the University Executives are responsible for the implementation and compliance with this Statement. The Risk Appetite needs to be articulated for each key process and project by all the business units. Risk Appetite also needs to be articulated for discussion at the following meetings: Board of Trustees (BoT), Finance and Investment Committee (FIC), the University Infrastructure Committee (UIC), and any other governance committees when seeking approval for key strategic and operational decisions.

Each business unit needs to maintain a Risk Register of the business risks it faces in its day-to-day operations and the control framework which is in place to mitigate risks. These Registers should consider risks from within the University and external sources and should be reviewed annually. Risk Registers are also updated where necessary when there are critical changes in policies, structures, or functions and responses to incidents.

All risks determined as unacceptable at the business unit level are to be reported to the ARC. Remedial action plans to reduce these risks to acceptable levels are to be notified, where appropriate, to the Executive Committee and Senior Executive Group.

All business unit risks with a High residual risk are reported to the ARC by management. Business units must manage their specific operational risks in a manner consistent with this Statement and manage and address any risks outside the appetite or agreed on tolerance levels.

9. Review of the Risk Appetite Statement

The Risk Appetite Statement is reviewed annually in parallel with the review of the University's strategic risks and submitted to the Senior Executive Group and ARC for endorsement and the Board of Trustees for approval. The Chief Audit and Risk Officer are responsible for coordinating and updating the University's Strategic Risk Register and Risk Appetite Statement in consultation with the Senior Executive Group.

10. Status and Detail

Reviewed by	Senior Executive Group
Date reviewed	11 October 2021
Endorsed by	Audit and Risk Committee
Date of Endorsement	12 November 2021
Approved by	Board of Trustees
Date of Approval	8 December 2021