

WESTERN SYDNEY
UNIVERSITY



**The University Risk Appetite Statement
(RAS)**

October 2023

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1. Mission, Enablers, Values, and Principles

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

<p>Mission Starting in Western Sydney, 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 Sustaining Success 2021–2026. 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 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. Risk management is a tool for good management and essential in ensuring that the University meets its obligations to key stakeholders.

The University's Risk Management Policy and Western Risk Assessment Guide 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 RAS considers the most significant types of risks the University is exposed to 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.

Overall, the University has a balanced approach to its risk appetite aligned with its strategic objectives. 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. It is acknowledged that the University may sometimes undertake activities that inherently carry greater risks.

The key to achieving appropriate risk tolerances is to ensure the following:

- 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, but rather to promote a culture of identifying, assessing and managing risk to support the University's strategic objectives.

4. Risk Management 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 RAS 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 managing existing activities and seeking 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 risks 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 compliance or people risk. In many cases, risks are attached to doing something and doing nothing. The 'do nothing' option may often impose greater strategic risks. Therefore, a balanced assessment should be the approach to assessing risk.

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 are responsible for evaluating their risk environment, implementing appropriate controls, and monitoring the controls' effectiveness. A good risk management culture emphasises careful analysis and management of risks in all business processes.

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

Given the devolved nature of the University, the RAS acts as a guide indicating:

- areas to step out and be innovative that are key to our growth ambitions.
- places to be conservative 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.

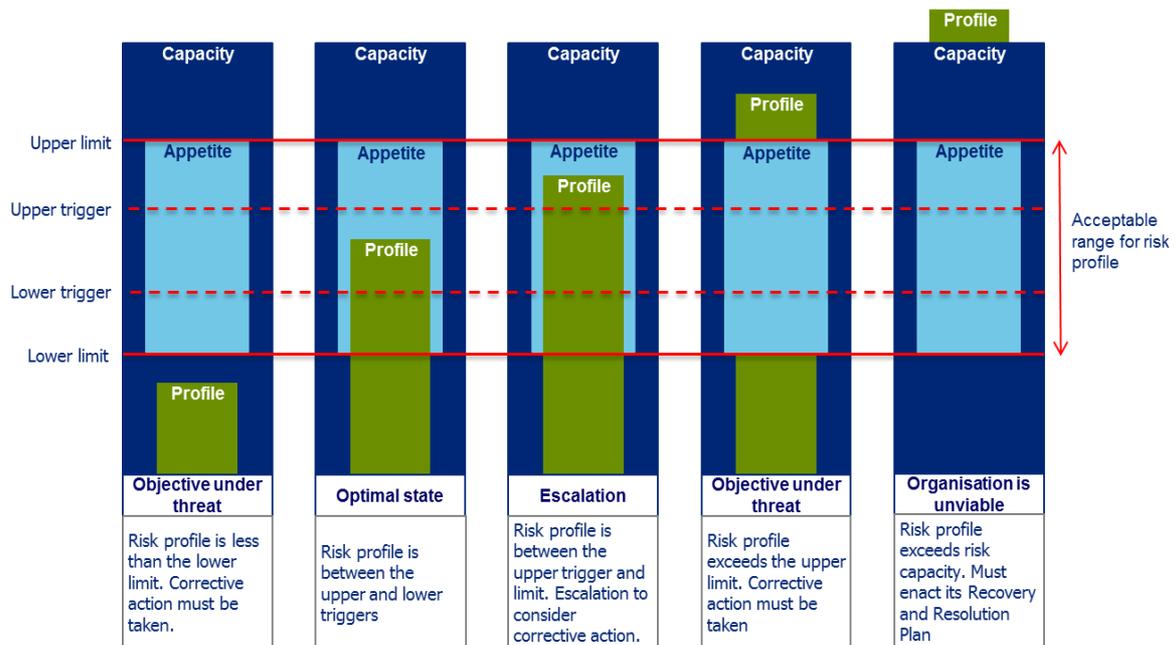
5. Key Risk Appetite Concepts

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 expectations 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 risk appetite 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 risk domains 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 risks before approval and commencement of the project.
- A proposal for a research project must consider whether there are 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 that the University might wish to operate. All solutions 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.

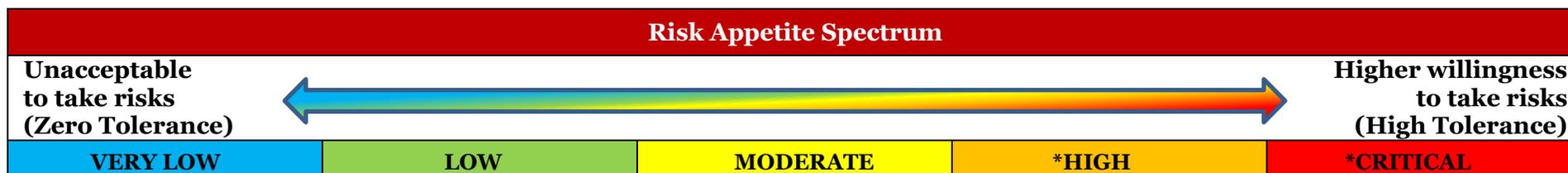
Examples:

- 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 minimises 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. Before proceeding, risks are accepted, subject to a good understanding of the potential benefits and adverse impacts. Unacceptable risks are mitigated through control measures as required.

The University's risk appetite spreads across a spectrum from unacceptable risks to a higher willingness to take risks in pursuit of its strategy. This is illustrated diagrammatically below:



* The University is willing to take higher risks after a careful assessment and appropriate risk mitigation plans, approved via the relevant governance and decision-making process.

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 strategic risks, which enable the achievement of its strategic and operational objectives. The table below details the risk appetite descriptions established for the key strategic risks.

Key Strategic Risks	Risk Appetite Description	Risk Appetite
The university fails to ensure the health and safety of university staff, students and visitors due to major and critical incidents. (Risk#5)	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 behaviour or misconduct threatening the health and well-being of its staff, students, or visitors. Mental health issues and concerns are a risk to the University.	VERY LOW TO LOW
Cyber security threatens the university's people, processes, systems, assets and infrastructure. (Risk#1)	It is important to the University that its systems operate efficiently and effectively. The University has a low appetite for cyber threats that may lead to the loss of strategic and critical systems or information relating to staff, students, research, or other University operations.	LOW

Key Strategic Risks	Risk Appetite Description	Risk Appetite
Erosion of the university's financial position. (Risk#8)	The University needs to remain competitive, efficient, and financially sustainable. It is in the process of building its long-term financial viability and its overall financial strength. The University has a low-risk appetite for erosion of its strong financial position, and it is willing to accept a moderate level of risk in pursuit of its commercial activities including expanding its student load, both domestic and international while looking at areas for efficiency.	LOW TO MODERATE
Foreign interference arising from foreign arrangements risk. (Risk#15)	The University has a low to moderate appetite for risks from dealing with foreign partners. The University has adopted and responded to the guidelines to counter Foreign Interference in the Australian University sector. Several key policies and procedures have been updated to identify and mitigate potential risks.	LOW TO MODERATE
Lack of resilience by the university during pandemic, natural disaster, crisis or circumstances impacting business continuity. (Risk#2)	It is important to the University that its activities and services operate effectively and experience minimum disruptions. The University has a moderate appetite for any risks that may jeopardise its standards of operation or lead to a loss of confidence in its stakeholders, communities, or key government agencies.	MODERATE
The university is unable to establish an organisational culture that retains key talent or leadership and fosters growth of high-performing individual and diverse teams. (Risk#3)	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-calibre 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
Programs offered fail to satisfy student needs, employers' expectations or they are not financially viable. (Risk#4)	The University has a low appetite for poor learning and teaching practices or academic quality, which would not meet the 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
Lack of timely response to competition, market disruption and changes to political environment.	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	MODERATE

Key Strategic Risks	Risk Appetite Description	Risk Appetite
(Risk#6)	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 political changes.	
Financial investment and execution decisions do not contribute positively to the university's financial sustainability. (Risk#9)	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
The university fails to understand and therefore not meet Environmental, Social and Governance (ESG) expectations. (Risk#12)	The University monitors and responses were practically possible to the environment. The University has a low appetite for any governance risks, while it has a moderate appetite for environmental risks which is beyond University's controls. The University continues to be a key player in the region in pursuing the Environmental Sustainability Action Plan and Sustainability & Resilience Decadal Plan.	MODERATE
The quality of student experience fails to meet current and prospective student expectations. (Risk#13)	The University aims to provide a more holistic student experience from the quality of its learning and teaching activities, support services, and a sense of belonging and engagement in every aspect. The University has a moderate appetite for the quality of student experience risk. Two significant factors that adversely impact the student experience are students' mental health issues and financial circumstances.	MODERATE
The University fails to develop a technology-rich research and teaching campus network and/or is not recognised as the leading place-maker for the region. (Risk#14)	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
Failure to maintain a research-led university status where research activities are significantly reduced. (Risk#7)	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

Key Strategic Risks	Risk Appetite Description	Risk Appetite
<p>The university fails to establish and maintain effective partnership and engagement with key strategic stakeholders in the Western Sydney region, nationally and internationally.</p> <p>(Risk#10)</p>	<p>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.</p>	<p>HIGH</p>
<p>IT & Digital transformation strategy is not aligned to the strategic goals of the university.</p> <p>(Risk#11)</p>	<p>Digital transformation changes are required to adapt to regulations, 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 high-risk appetite for excellence and innovation through technology.</p>	<p>HIGH</p>

8. Implementation of the Risk Appetite

All University Executives are responsible for the implementation and compliance with this Statement. The risk appetite needs to be reviewed and assessed against key business processes and material changes by all business units. Risk Appetite also needs to be discussed at meetings beyond ARC, and including Board of Trustees (BoT), Finance and Investment Committee (FIC), the University Infrastructure Committee (UIC), People and Culture Committee (PCC) and any other governance committees when seeking approval for key strategic and operational decisions.

Each business unit and School needs to maintain a risk register of the business risks it faces in its day-to-day operations and controls to mitigate those 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 Executive Committee and ARC. Remedial action plans to reduce these risks to acceptable levels are to be notified, where appropriate, to the Executive Committee.

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 the University's Risk Management Policy and this Statement. Business units should manage and address any risks outside the appetite or agreed tolerance levels.

9. Review of the Risk Appetite Statement

The RAS is reviewed annually together with the review of the University's strategic risks and submitted to the Executive Committee for review, ARC for endorsement and the Board of Trustees for approval. The Chief Audit and Risk Officer is responsible for coordinating and updating the University's Strategic Risk Register and RAS in consultation with the Executive Committee.

10. Status and Detail

Reviewed by	Executive Committee
Date reviewed	23 October 2023
Endorsed by	Audit and Risk Committee
Date of Endorsement	10 November 2023
Approved by	Board of Trustees
Date of Approval	6 December 2023