

Risk Appetite Statement

Approving authority	Finance, Resources and Risk Committee
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Document URL	http://policies.griffith.edu.au/pdf/Risk Appetite Statement.pdf
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Description	<p>This Statement sets out the amount and type of risk that the University is willing to pursue, retain, accept, or tolerate in pursuit of its strategic and operational objectives.</p> <p>The University's enterprise risk management is aligned to the principles set out in the universally accepted standards; ISO 31000: 2018 Enterprise Risk Management and 2017 COSO ERM – Integrating with Strategy and Performance.</p>
Related documents	
Enterprise Risk Management Policy Enterprise Risk Management Framework Risk Management Standards (AS/NZ 31000:2018 Risk Management Guidelines and COSO Enterprise Risk Management - Integrating with Strategy and Performance 2017.)	
[1. Introduction] [2. Definition of Risk Appetite] [3. Core Principles] [4. Key Risk Appetite Concepts] [5. Statements of Risk Appetite] [6. Risk Appetite Ratings] [7. Implementation of the RAS] [8. Reporting and Monitoring] [9. Approval, Review and Updates] [Annexure A]	

1. INTRODUCTION

The Enterprise Risk Management Policy and Enterprise Risk Management Framework (ERMF) provide the structure for the University to effectively manage our risks. This Risk Appetite Statement (RAS) is essential to the ERMF.

The objective of the RAS is to help us make decisions about risk. It provides guidance in terms of:

- The amount or level of risk that the University is willing to pursue, retain, accept or tolerate to achieve our strategic and operational objectives
- Embedding risk management as part of our decision making
- Ensuring that an appropriate level of risk taking is being applied in our daily work

2. DEFINITION OF RISK APPETITE

Risk appetite refers to the amount and type of risk that the University is comfortable to accept to achieve our objectives. It balances the benefits of change or innovation with the threats that the change may bring. It sets the boundaries for the risks we can tolerate in our activities and helps us find the balance between risk taking and risk avoidance.

3. CORE PRINCIPLES

Overall, the University has a balanced approach to risk. Our risk appetite is based on our core values and aligned to our strategic objectives.

It's important to remember that risk management is not purely about avoidance of risk. Our vision and strategic objectives require that we manage risk based on value. We accept that risk is commensurate with potential reward such as growth, transformation and innovation.

The key aspects of achieving balance are:

- Ensuring ethical and effective governance practices, including responsible management of resources
- Capitalising on opportunities that promote growth, transformation and innovation, while avoiding unnecessary negative impacts
- Preventing a culture that is risk averse and stifles growth, transformation and innovation
- Fostering a culture that supports value-based assessment and management of risks

The following core principles provide context for decision-makers in applying the RAS:

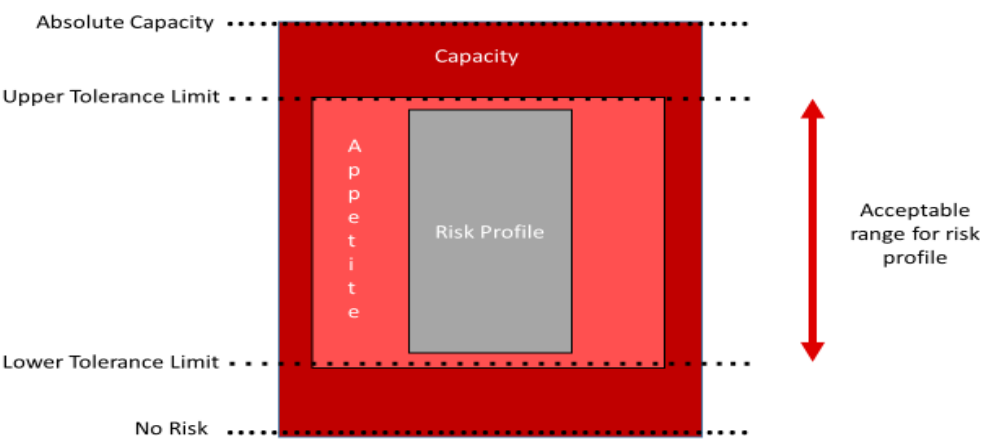
- The RAS is not an exhaustive list that addresses every situation but provides general guidelines
- Everyone is empowered to interpret the RAS to make pragmatic, risk-based decisions in the best interest of the University and its stakeholders
- The RAS is a forward-looking expression of risk appetite. It reflects our tolerance for accepting new or developing risks (in addition to current risks) in achieving the University's strategic objectives
- Our risk appetite and risk tolerance are dynamic and will change over time in response to different drivers
- All decisions align with the University's Strategy and Mission, Vision and Values

4. KEY RISK APPETITE CONCEPTS

Our risk appetite is a reflection of the University's risk profile and capacity to take risks. We use the following concepts in defining appetite:

- Risk profile — this is our overall position on risk. It considers the type and amount of risk the University is exposed to across all risk categories
- Risk capacity — the maximum level or 'ability' of the University to accept risk in each risk category
- Risk appetite — the amount and type of risk the University is comfortable to accept to achieve its objectives
- Risk tolerance (upper and lower limits) — the level (generally quantitative) of risk which, if reached, would require an immediate escalation and corrective action. A breach of tolerance is a breach of risk appetite

The RAS sets boundaries for the University to identify and control our risk capacity, risk profile, and risk appetite when evaluating and pursuing our strategic objectives



5. STATEMENTS OF RISK APPETITE

Risk appetite statements are aligned to categories of risk.

The table in **Annexure A** summarises the University’s risk appetite within each of our enterprise risk categories. The categories capture Griffith’s activities and areas of engagement.

We recognise that our appetite for risk varies according to the activity undertaken. Our acceptance of risk is always subject to ensuring that the potential benefits and risks are fully understood before activities are authorised, and that sensible measures to mitigate risk are established where required.

Groups / Divisions and other areas of the University may have further sub-categories of risk appetite statements within the key enterprise risk categories.

6. RISK APPETITE RATINGS

The following matrix outlines the levels of risk appetite, how they are characterised, and the University’s tolerance levels and corresponding responses.

Risk Appetite Ratings	Description of Criteria	Risk Response
Zero Appetite	<i>The University is not willing to accept risks, threats, opportunities under any circumstances. All reasonably practicable measures to eliminate the risk must be taken.</i>	Unacceptable / No Tolerance
Low Appetite	<i>Safe approaches should be taken, but the cost of controls / mitigation should be carefully evaluated to ensure they achieve a reasonable outcome. A strong preference for strategies and plans that present minimal risk.</i>	Cautious “OK to proceed, but only if the likelihood and consequence of the risk can be managed at reasonable cost”
Moderate Appetite	<i>Can accept a degree of uncertainty to achieve an intended outcome providing that effective measures are in place to monitor the risk and limit adverse outcomes.</i>	Tolerable / Conservative “OK to proceed, providing that losses can be minimised”
High Appetite	<i>Comfortable for risks to be taken even if there is a high-degree of uncertainty to gain highly-valued reward/s.</i>	Acceptable “OK to proceed, even if our ability to minimise potential losses is limited”

7. IMPLEMENTATION OF THE RAS

The University's appetite for and tolerance of risk as outlined in this RAS form the basis of our approach to managing risk in our day-to-day activities. The RAS informs the Enterprise Risk Management Policy (the Policy) and ERMF which provide the structure for our risk management processes.

Staff are responsible for managing their risk environment. This includes having appropriate controls in place and monitoring their effectiveness. These risks are identified, assessed and managed at both enterprise level ('top-down') and at operational level ('bottom-up'). Risk registers are used to document the risks.

Risks outside the appetite or agreed tolerance levels should be managed in line with this RAS and should be reported by the Executive Group to the Finance, Resources and Risk Committee (FRRRC). (Refer to the Policy for Roles and Responsibilities).

The Executive Group is accountable for compliance with this RAS. Risk appetite also needs to be articulated for discussion at Council meetings and at the FRRRC meetings, and any other governance committees when seeking approval for key strategic and operational decisions.

8. REPORTING AND MONITORING

The Manager, Risk and Business Continuity Planning is responsible for facilitating the analysis and measurement of our risk performance against risk appetite. The Vice President, Corporate Services and the

Director, Audit, Risk and Compliance are responsible for reporting the RAS outcomes to the Executive Group and to the FRRC.

9. APPROVAL, REVIEW AND UPDATES

The RAS is reviewed annually in parallel with the review of the University's strategic plan and enterprise risks. It is endorsed by the Executive Group and then approved by the FRRC.

Any proposed updates to this guidance will be communicated to the Council via the FRRC.





This document will be maintained by the Director, Audit, Risk and Compliance and the Manager, Risk and Business Continuity Planning.

UNIVERSITY STATEMENTS OF RISK APPETITE

Risk Category	Sub-Risk Category	Risk Appetite Description	Risk Appetite				Statements/questions to challenge/support the proposed level of appetite
			Zero	Low	Moderate	High	
Strategic Risk Strategic risks are potential events or circumstances that affect or are created by the University's strategic vision, priorities and goals. These activities may impact the University positively or negatively. Strategic activities are essential to meet our objectives of growth, transformation and innovation. Managing strategic risk protects value by avoiding adverse impacts. It also creates value by optimising positive outcomes. We acknowledge that growth activities carry higher risk that needs to be managed according to best practice.	Reputation	We have a track record for world-class international learning, teaching, research, and student experience. There is a low appetite for activities that threaten to diminish our reputation, 'brand', or ethical standing. There is a moderate appetite for activities that could potentially maintain or increase the value of our reputational standing — i.e. events that reinforce, sustain, or improve our reputation.		↔	↔		<ul style="list-style-type: none"> Reputation should be assessed in terms of our goals as a national and global leader in research and teaching and learning. Maintaining our international rankings is critical in attracting funding, students and academic talent.
	Students	One of our key strategic goals is to provide an excellent educational experience to attract and retain students who, regardless of their background, will succeed at university and become graduates and alumni of influence. There is a low appetite for activities that threaten to de-value or diminish the quality of our students' experience. There is a moderate appetite for activities that have the potential to maintain or increase the value of our students' experience — i.e. events that reinforce, sustain, or improve the quality of student outcomes and experience.		↔	↔		<ul style="list-style-type: none"> Is the University doing enough to attract and retain students? Are student experiences and outcomes, including employability, improving?
	Research	We have a strategic goal to continuously improve research performance, engagement and impact through research that delivers social dividends. We aspire to be a leading research-intensive university. There is a low appetite for activities that threaten to diminish our research performance — e.g. through conduct that is unethical or non-compliant with relevant legislation. There is a moderate appetite for activities that could potentially maintain or increase the value of our research outcomes — e.g. build capability and capacity, increase quality, and improve social outcomes.		↔	↔		<ul style="list-style-type: none"> Is the University building enough research capability and capacity to deliver quality research? Is there appropriate guidance and monitoring of research ethics, contractual and legislative compliance?
	Innovation, Growth & Commercialisation	Innovation, growth and commercialisation are central to increasing income, research funding, attracting students and staff, and building reputation. There is a moderate to high appetite for activities that will potentially optimise these elements across the University's operations. There is a low appetite for activities that deter the pursuit of these elements — i.e. ignoring these factors is considered detrimental to our strategic goals.		↔	↔		<ul style="list-style-type: none"> Is the University utilising innovation and opportunities including building strategic alliance partnerships? Is the University investing in relevant projects and programs?

Risk Category	Sub-Risk Category	Risk Appetite Description	Risk Appetite				Statements/Questions to challenge/support the proposed level of Appetite
			Zero	Low	Moderate	High	
Operational Risk Operational risk relates to activities carried out in the day-to-day business of the University. They may be associated with structure, systems, people, services or processes. Managing operational risk protects value by avoiding adverse impacts. It also creates value by optimising positive outcomes. The University places great importance on adequate internal controls, efficient business processes, talented people and reliable systems.	Business Disruption and System Failure	It is important to the University that our activities and services operate efficiently, effectively, and consistently. There is therefore a low appetite for activities that threaten to diminish our standards of operation or could lead to a loss of confidence by our stakeholders and communities. There is a moderate appetite for activities that could potentially improve or enhance our business systems and standards of operation — e.g. system upgrades and enhancements to improve efficiency.		↔	↔		<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? Does the University regularly compare its business continuity strategy to best practice standards?
	Damage to Physical Assets	It is imperative to maintain our physical assets in good operational order. There is a low to moderate appetite for activities that threaten, or fail to protect our physical assets from damage, loss, or restricted use due to natural causes, fire, arson, inadequate security, etc.		↔			<ul style="list-style-type: none"> Are there sufficient measures in place to prevent or reduce the risk of damage to, loss of, or restricted use of facilities, buildings and office support due to weather damage, fire, arson, inadequate security, etc?
	People / Human Resources	The University is committed to investing in strategies to attract, manage, motivate, develop and retain competent staff to achieve our strategic objectives. There is a low appetite for activities that threaten to diminish our ability to meet this commitment.		↔			<ul style="list-style-type: none"> Is the University investing appropriately in recruiting, developing, rewarding and retaining our people? Is the University developing strong leadership and a culture of equity and transparency?
	Fraud	In accordance with the University's Code of Conduct and Fraud and Corruption Control Framework all staff are expected to act with the utmost integrity. The University recognises that there will be exposure to attempted and actual fraud incidents. The University has zero appetite for activities that threaten our integrity.	↔				<ul style="list-style-type: none"> Are there sufficient controls in place to avert any internal and external fraud attempts?
	Information Technology / Cyber Security	It is imperative that our information technology systems operate efficiently and effectively. The University has a low appetite for activities that may leave us susceptible to cyber threats which may lead to loss of strategic and critical systems or information relating to staff, students, research, or other University operations.		↔			<ul style="list-style-type: none"> Does the University have a mature process for managing cyber threats and ransom demands? Is the University proactively managing the level of cyber threat exposures managed by its IT vendors for outsourced systems and platforms?

ANNEXURE A

Risk Category	Sub-Risk Category	Risk Appetite Description	Risk Appetite				Statements/Questions to challenge/support the proposed level of Appetite
			Zero	Low	Moderate	High	
Operational Risk (Cont'd)	Health, Safety and Wellbeing	<p>We are committed to maintaining a safe and healthy environment where staff, students and visitors are protected from physical and psychological harm.</p> <p>There is zero appetite for activities that threaten the health and wellbeing of our staff, students or visitors.</p> <p>There is zero appetite for any deviation from the University's standards and legislative responsibilities in these areas.</p>	 				<ul style="list-style-type: none"> Is the University investing sufficient resources in the provision of mental health support for students and staff? The University supports a strong safety culture and expects staff, students, contractors and visitors to take personal responsibility for their own wellbeing.
Financial Risk		<p>We aim to maintain our long-term financial sustainability and financial strength, while recognising that achieving our strategic objectives is important to sustain long term financial growth.</p> <p>There is a low to moderate appetite for the risks associated with growth and expansion, such as capital expenditure and increased borrowings.</p>					<ul style="list-style-type: none"> Are all key commercial proposals thoroughly discussed at the relevant committees and the University Council? Are appropriate financial techniques being applied to evaluate the financial investment decisions? The University expects management to act with prudence and efficiency with the consumption of resources for both capital and operational expenditure purposes.
Legal, Compliance and Regulatory Risk		<p>The University may suffer legal or regulatory sanctions, material financial loss, or damage to our reputation because of a failure to comply with laws, statutes, regulations, professional standards, research and/or medical ethics.</p> <p>The University has zero appetite for activities that threaten our status of legal and regulatory compliance.</p>					<ul style="list-style-type: none"> The University has established Governance, Legal and Audit, Risk and Compliance divisions and departments to manage these risks.