DIVISION OF FINANCE AND ADMINISTRATION RISK APPETITE STATEMENTS AND TOOLS

Oregon State University

Risk Appetite

Oregon State University
Finance and Administration

Risk Appetite:

the amount of risk the university is willing to accept in pursuit of its strategic goals/objectives

Risk Appetite Statement:

A written articulation of OSU's risk appetite to guide staff in their daily roles, and serves to:

- define the risk universe of the university;
- establish a consistent view of risk parameters the university operates in; and
- establish boundaries for risk management activities in order to determine if further risk controls or mitigation strategies are required

Risk Appetite Statement

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- Developed within the context of the enterprise risk management model and the COSO internal control structure adopted by the university-https://leadership.oregonstate.edu/oarc/risk
- Tied to OSU's strategic objectives
- Broadly communicated for key activities assigned to risk categories
- Designed to enable the achievement of strategic and operational objectives
- Provides clarity of the types of risks OSU is willing to assume
- Identifies the attitudes of senior administration to OSU's risks
- Use of two terms – avoid and considerable – within statements to measure the degree of risk

DFA Risk Appetite Statements

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Strategic: Events that affect our ability to achieve our strategic goals and objectives.

- **Advancing inclusive excellence:** DFA has a **considerable** appetite for proactive integration and advancement of inclusive excellence.
- **Cultivating innovation, integration and security:** DFA has a **considerable** appetite for innovative, integrated and secure services and systems that both increase responsiveness and support continuous improvement in support of the university mission.
- **Planning proactively:** DFA has a **considerable** appetite for proactive forecasting, and planning, before resource allocation decisions.

Reputational: Events that negatively affect public perception and the university's reputation that may lead to a loss of funding, enrollment, donations, and grants.

- **Advancing our reputation:** DFA has **considerable** appetite for activities that improve university success and will be viewed as national best practices.
- **Protecting our reputation:** DFA seeks to **avoid** negative press to the university that will question the university's integrity and credibility.

DFA Risk Appetite Statements

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Financial: Events that lead to a loss of resources needed to run operations, serve students, or conduct research.

- **Balancing cost and loss:** DFA has a **considerable** appetite related to balancing administrative costs and potential losses.
- **Generating new revenue streams:** DFA has a **considerable** appetite for generating and pursuing new revenue streams.
- **Avoiding financial crime:** DFA seeks to **avoid** inadvertent and overt fraud, collusion or theft.
- **Enhancing and protecting external funding:** DFA seeks to **avoid** outcomes that have a significant negative impact on funding from external sources.

Compliance: Events that violate laws, rules and regulations restricting our ability to conduct business processes, serve students, or conduct research.

- **Creating policies, guidance and training for compliance:** DFA has a **considerable** appetite to create broad policies supported by guidance and training that reinforce compliance of legal, statutory, regulatory and financial requirements.
- **Mitigating non-compliance:** DFA seeks to **avoid** actions that may place the university in non-compliance with legal, statutory, regulatory and financial requirements.

DFA Risk Appetite Statements

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Operational: Events that impact our ability to conduct business processes, serve students, and conduct research.

- **Conducting due diligence on third party contracts:** DFA has a **considerable** appetite for conducting due diligence on the development, execution and maintenance of third party contracts.
- **Improving efficiency:** DFA has a **considerable** appetite for improved efficiency of operations.
- **Providing customer service and meeting commitments:** DFA has a **considerable** appetite for meeting the commitments to and needs of internal and external customers, stakeholders and/or partners.
- **Training employees:** DFA seeks to **avoid** risk arising out of inadequately trained employees.

Life Safety: Events that lead to injury or loss of life.

- **Enhancing health, safety and well-being:** DFA has **considerable** appetite for opportunities that enhance health, safety, and well-being.
- **Protecting our community:** DFA seeks to **avoid** behavior or misconduct threatening the safety, physical and mental health, and well-being of its employees, students or visitors.

Tools-Risk Assessment Tools

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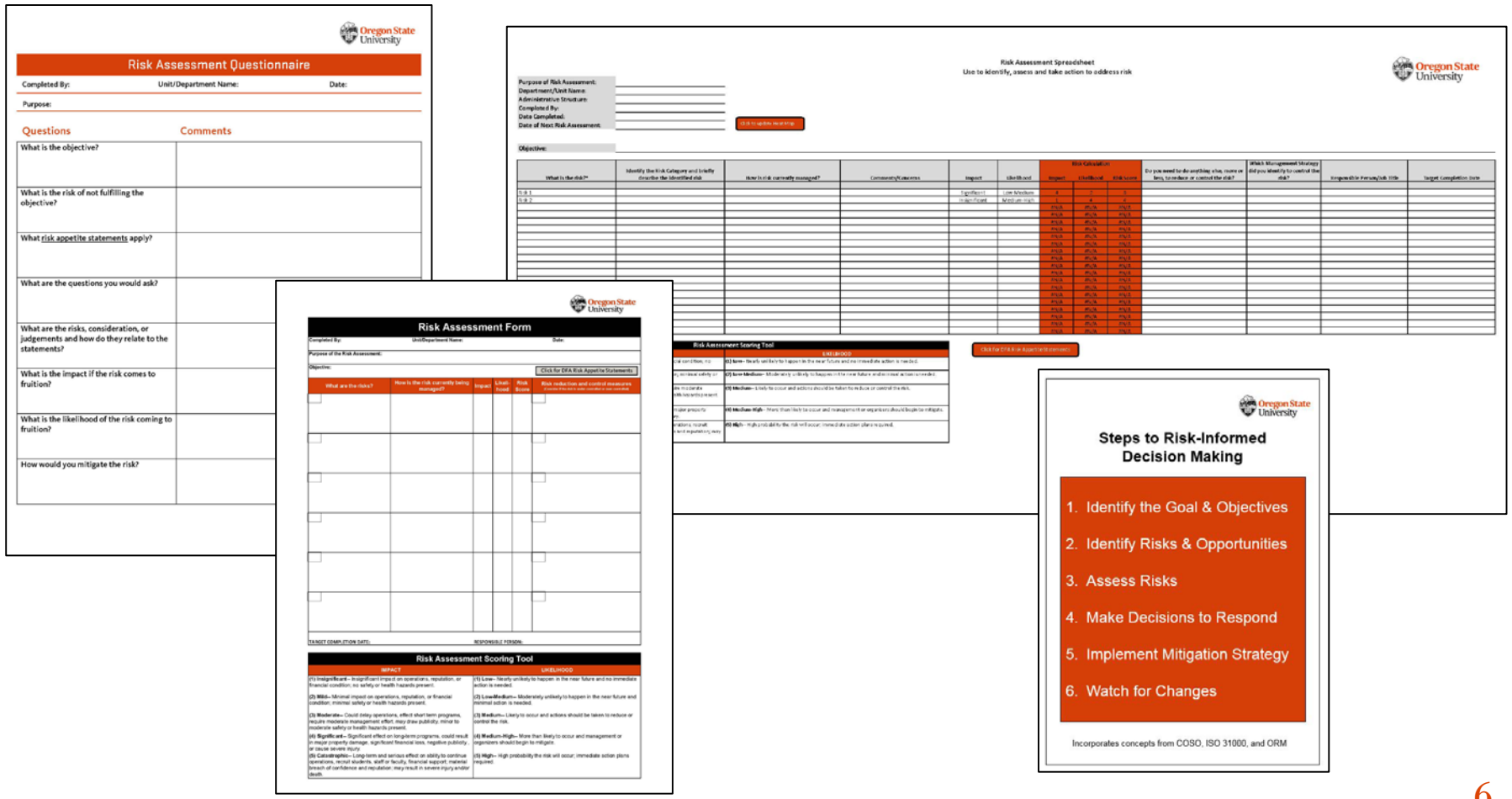
- Website - https://risk.oregonstate.edu/risk-assessment-tools

  - Questionnaire
  - Form
  - Spreadsheet
  - Pocket Card



Next Steps

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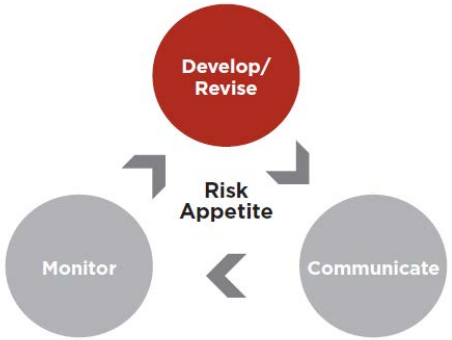	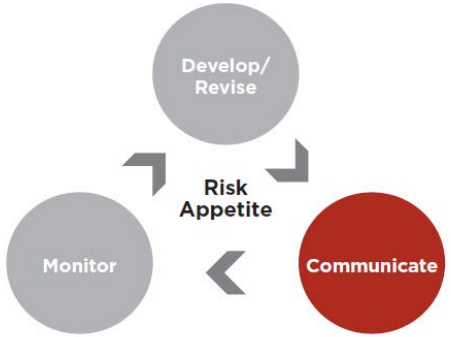	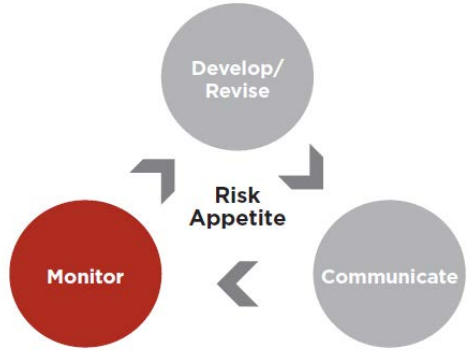
Complete • Articulates attitudes of senior leadership as relates to the amount of risk the university is willing to accept • Purpose: change and encourage the discussion around risk and whether risks are property identified and managed within the risk appetite • Provides a basis for further discussion on risk appetite as strategies and objectives change	**September 2019 – January 2020** **Communication and Implementation Plan** • Communicate the DFA Risk Appetite Statements within DFA, and assist unit leaders in understanding in the context of managing day-to-day business and the specific risks they face, so they can relay to their units. • Operationalize through the use of Risk Assessment Tools	**January 2021** • Revisit and reinforce; this is an iterative process about managing risk within the division • Consistent understanding of the DFA Risk Appetite Statements across the units? • Consistent implementation across DFA units? • Is there adherence to the DFA Risk Appetite Statements? • Do we need to make variations or updates to the DFA Risk Appetite Statements?