



## Developing an Enterprise Critical Risk Register

### Purpose

The aim of this information sheet is to assist Commonwealth officials at the Specialist and Executive levels. It outlines the:

- benefits of developing of an enterprise critical risk register;
- process and practical tips to establish an enterprise critical risk register; and
- importance of obtaining Senior Executive Service (SES) officer endorsement and involvement in the development of and enterprise critical risk register.

### At a glance

This information sheet provides guidance and a framework for entities seeking to develop a critical risk register at an enterprise level.

Benefits of developing a critical risk register include:

- alignment of a risk profile to entity strategies and group level objectives
- more use of risk management controls in business planning discussions
- achievement of corporate objectives
- more emphasis on risk-based judgements as part of decision making processes, for matters such as priority setting, resource allocation and performance measures
- increased understanding of critical enterprise risks in connection to business group risks.

## Background and objectives

An enterprise critical risk register is an entity wide view of significant risks (as mapped against the corporate plan priorities and objectives), as well as critical, common and shared risks.

There are four key elements needed for developing and maintaining an enterprise critical risk register:

1. Entities should construct a **risk toolkit** such as a framework with guidance on the risk management process to frame the discussion when developing the Register of risks.
2. Entities should develop a **communication campaign**. The campaign should target the people to be involved with developing the Register, and focus on raising awareness of the framework and the organisational benefits of enterprise risk management. The campaign should also outline the process of developing the register.
3. A **risk working group** should be established to report results to SES and periodically update the Register.
4. Having a **Deputy Secretary** as a sponsor for the work to raise awareness of it and encourage participation in workshops.

## Process

The Establishment of an enterprise critical risk register can include the following steps. However as operating environments and the objectives of each entity are different, the below framework should be adjusted to fit specific needs:

### Preparation stage

Implement the communication campaign by:

1. Engaging with each business group SES to confirm attendance at a pre-workshop. Explain the workshop will establish objectives to manage each business group's strategic risk priorities and how it will feed into the enterprise critical risk register.
2. Identify and liaise with select non-SES staff that will attend the workshops and communicate what an enterprise critical risk register is, the process to develop it, and the role they will play (providing an operational perspective) at the workshops.
3. Develop a pre-workshop information pack. This includes an agenda outlining workshop activities, pre-reading, and timeframes and intended outcomes.
4. Distribute the information pack to participants prior to the workshop to raise awareness of risk terminology and the entity's risk framework.
5. Contact workshop participants and advise them to compile a list of business objectives and statements to be prepared and brought to the workshop. These should describe, "what must go right" statements (WMGRS), in order to achieve particular objectives linked to the strategic priorities.

## Workshops stage

Ideally, workshops should have 12–15 people including SES, risk working group representatives, a facilitator and subject matter experts. Each workshop can be structured as follows:

1. The workshop begins with a discussion raising key business group objectives and critical priorities, with a Deputy Secretary (the sponsor) to set the context for the conversation (approximately 15 minutes).
2. There is then a brainstorming session that requires participants to identify their views on post-its about the WMGRS to achieve the business group's objectives that were prepared prior to the workshop.  
This involves discussing the drivers to achieving the WMGRS and documenting the uncertainties that could jeopardise the achievement of those drivers – these uncertainties can affect each business group's objectives and critical priorities (approximately 30 minutes).
3. The facilitator then groups the post-its containing the uncertainties for each WMGRS in common themes on the whiteboard. Risk events are then distilled into broad risk statements comprising of the source, risk and consequence (approximately 90 minutes).
4. The group then discusses how to record and prioritise these risks (approximately 5 minutes).
5. There is then a discussion to agree post-workshop timeframes and activities (approximately 10 minutes).

## Outcome – Output phase

Information from the workshop will be used to develop an enterprise critical risk register. The process used to create the register is outlined below.

1. Each risk identified at the workshop is assessed and recorded in the Register. It is important to accurately record the risks, their sources, consequences, controls and ratings to help with ongoing monitoring and review of the Register.
2. Once all risks are compiled by a risk working group representative, a risk owner is then agreed upon for each risk. The owner has overall accountability of the risk and is responsible keeping an eye on the internal external environments to ensure the risk remains relevant, works with control owners to manage the risk within the agreed tolerance, and manages the update of the Register with the Working Group as necessary.
3. Much like risk owners are agreed upon, control owners are also agreed upon. The control owners have overall accountability in implementing, managing and monitoring the controls to manage the risk. All control owners should work in coordination with each other to ensure their respective control activities are not duplicating or compromising the activities of other control owners.
4. Once all the relevant information has been recorded to develop the Register, it is then validated and signed off by the Deputy Secretaries and reviewed and discussed on an ongoing basis at Executive Board meetings.

## Next steps

Following establishment, the register can be utilised to undertake the following:

- Establish a statement of the entity's risk profile in order to achieve entity objectives.
- Enhanced risk based decision making to assist with the design and delivery policy and programs.
- Inform the corporate planning process and priority setting.
- Facilitate reporting to the Executive, risk audit committees and other stakeholders on key risk themes, exposures, opportunities and activities.
- Design training programs to better equip staff to interact with common and shared risks.

## Practical tips

### SES engagement

- Deputy Secretary engagement and SES involvement is important to demonstrate the importance of the Register, and to instill a shared understanding around risk in the entity. A Deputy Secretary sponsor can be useful in raising awareness and participation in the workshops.

### Planning

- Dedicated brainstorming sessions and workshops provide directed discussion. They also provide a means to align leadership perspectives with entity risk priorities.
- Ensuring the right people are in the brainstorming sessions is essential to form perspective in the development of the register. This also helps to ensure relevant discussions around entity risk at the operational level, with focus on alignment to strategic business priorities.

### Collaboration

- Coordination with the Risk Working Group representatives facilitates proper functioning of risk management in alignment with the Register.
- It is critical to agree on risk and control ownership during the output stage and to clearly delegate work, in order to populate risk records within reasonable timeframes.
- The Corporate Risk Team must be involved in all steps to support the process and to incorporate feedback into the development of supporting risk artefacts. It also allows them to establish relationships with risk and control owners and obtain an understanding of future training requirements.
- The creation of a risk assessment to capture risk information helps to create a shared understanding of the risk, its drivers, and possible treatments.

## Related resources

- [Information Sheet: Building Risk Management Capability](#)
- [Information Sheet: Embedding Risk Management](#)
- [Information Sheet: Understanding and Managing Shared Risk](#)
- [Information Sheet: Communicating Risk](#)
- [Information Sheet: Maintaining an Entity's Risk Profile](#)
- [Information Sheet: Undertaking Risk Management Processes](#)

## Contact

If you have any questions or feedback in relation to this case study, please contact Comcover Member Services at [comcover@comcover.com.au](mailto:comcover@comcover.com.au).

## Use of this information sheet

Comcover's series of Risk Management Case Studies are learning resources and are not mandatory.

It is important that entities develop risk management frameworks and systems that are tailored to the needs of their entity. Entities may choose to adopt some or all of the concepts contained in this information sheet to suit their specific needs or use alternative methodologies.