



Building Risk Management Capability

Audience

This information sheet is intended to assist Commonwealth officials at the following levels:

- **Specialist level:** Job role specialists, who are required to design, implement and embed an entity's risk management framework. Specialists facilitate generalists and executives to fulfil their risk management responsibilities.
- **Executive level:** Senior executive service officials (SES) whose role requires them to identify and determine the acceptable levels of risk that are appropriate to their entity's profile, allocate resources and lead the adoption of risk management policies, strategies and best practices.

At a glance

Effective risk management requires an entity to think holistically about the capabilities they need in order to effectively manage risk and determine if there are any capability gaps that should be prioritised to improve the management of risk across the entity.

This information sheet provides high level guidance to support element eight of the [Commonwealth Risk Management policy](#); *Maintaining risk management capability*. Topics covered include:

- an overview of the core aspects of risk management capability
- different areas to consider when determining a target level of risk management capability
- practical tips on how to build risk management capability.

How do we build risk management capability?

Building risk management capability requires developing a vision for risk management and tailoring resources to areas that will have the biggest impact. Consider each of the areas outlined below to determine where improvements may be made to the risk capability of your entity.

Risk systems and tools – Ranging in complexity, risk systems and tools are designed to provide storage and accessibility of risk information that will complement the risk management process. The complexity of risk systems and tools often range from simple spreadsheets to complex risk management software and are most effective when they are appropriate and adaptive to the needs of the entity.

The availability of data for analytics and monitoring, risk registers and profiles, and dashboards and reporting will assist in building risk capability, provided the systems and tools are well maintained, information is rich and up to date and training and support is provided.

Considerations:

- Are your current set of risk management tools and systems effective in storing the required data to make informed business decisions?
- Are your current set of risk management tools and systems too complex for the risk exposure of your business?
- Are there opportunities to redesign, redevelop or rebuild the risk management tools and systems used in your entity to improve utilisation and functionality that will assist in building risk capability?

- How effective are your risk systems in providing timely and accurate information for communication to stakeholders?

People capability – A consistent and effective approach to risk management is a result of well skilled, trained and adequately resourced staff. All staff have a role to play in the management of risk. Therefore, it is important that staff at all levels of the entity have clearly articulated and well communicated roles and responsibilities, access to relevant and up-to-date risk information, and the opportunity to build competency through formal and informal learning and development programs.

Building the risk capability of staff is an ongoing process. With the right information and learning and development, an entity can build a risk aware culture among its staff and improve the understanding and management of risk across the entity.

Considerations:

- Are risk roles and responsibilities explicitly detailed in job descriptions.
- Have you determined the current risk management competency levels and completed a needs analysis to identify gaps and learning needs?
- Do induction programs incorporate an introduction to risk management for all levels of staff?
- Is there a learning and development program that incorporates ongoing risk management training tailored to different roles and levels of the entity?
- Do you have risk champions and risk professionals within the entity who could take on a risk mentor role?

Managing risk information – Successfully assessing, monitoring and treating risks across the entity is dependent on the quality, accuracy and availability of risk information and supporting documentation.

Driving a consistent approach to the sourcing, recording, and storage of information will improve the reliability and availability of required information to different audiences. The provision of information that is tailored to the different audiences and levels throughout the entity is important in ensuring that risk is effectively measured and managed and informed decisions are made that will support the entity's strategic objectives. Using risk information available both internally and externally to the entity will provide a greater opportunity to identify risks before they arise.

Considerations:

- Have you identified those data sources that will provide you with the required information to have a complete view of risk across the entity?
- What external data sources are available to you to provide a forward looking, proactive approach to risk management?
- Have you considered how external data sources may assist in the identification of emerging risks?
- How can you use the external environment to inform you of potential risk events, for example, changes in Government, the economic environment, unemployment rates etc?
- Is there an opportunity to subscribe to databases that provide detail on external incidents that could provide insight into the scale and assessment of your risk?
- What is the frequency of collating risk information for delivery to different committees and audiences across the entity? Is this frequency enough to satisfy the effective management of risk exposure?
- Do you have readily available risk information accessible to all staff that will assist in building capability and information sharing?
- How would you rate the integrity and accuracy of the available data?

Risk management processes – The effective documentation and communication of the risk management processes that support the entities approach to managing risk will provide a consistent approach to risk management and allow for clear, concise and frequent presentation of risk information to support decision making.

Considerations:

- When was the last time your risk processes were reviewed?
- Are your risk management processes well documented and available to all staff?
- Have you received any staff feedback on the effectiveness of implementation and the usage of risk processes across the entity?

- Do your processes support your Risk Management Policy?
- Do your risk management processes align to your risk management framework?
- Is there training available, tailored to different audiences, in the use of your risk processes?

Practical tips

- Consider the **capability needs** of the entity in terms of people, process, systems and information and do a needs analysis against each of these areas to determine gaps in risk management capability. For example; is your risk management information system/risk register fit for purpose? Does it capture all the relevant information required for you to make informed business decisions and in a timely manner? If the answer is no, what information do you require, and how do you build that capability into your information systems and decision making processes?
- Consider providing appropriate **risk awareness training** at all levels of the entity including during induction of new employees and contractors. Consider what staff 'must know' to be effective in managing risk in their role and try to avoid the 'nice to know'.
- **Determine the frequency** of risk awareness training for all levels of the entity, i.e. what should be completed during induction, what should be ongoing, what should be recertified on an agreed timeframe.
- Make risk information **engaging and readily accessible** on internal sites and keep this information current. The use of examples and eye catching graphics will draw staff to the content and often result in the information being better understood.
- **Share knowledge** in the form of case studies, war stories and lessons learnt. Consider establishing a portal that could store these stories, or informal information sessions that could cover the sharing of knowledge on a regular basis, perhaps quarterly for specialists. Sharing case studies etc. across business lines within an entity could reduce the likelihood of the same or similar risk events happening again.
- Keep risk management **policies and processes up-to-date**. If changes or updates are made to formal documents, consider publishing them on an internal site and communicate the changes. This is especially important if any changes have been made to roles and responsibilities.
- Provide the rigour to ensure your **risk management practices are applied consistently** across your organisation. Consistency in risk management practices will result in a simpler aggregation of risk across the entity and provide a more accurate view of the risk exposure.
- Identify **risk champions** across different business lines that can assist in building the capability of staff, champion the use of risk information systems, and apply the risk management process and framework within their business line. Once identified, your risk champions should be included in the distribution of any risk communications, risk training programs, and consulted for input and feedback on proposed changes to risk management processes. Involving risk champions in consultations and risk specialist activities will assist to build a positive risk culture across the entity.
- Use **language** on entity wide risk information and risk resources that all staff will resonate with. Risk jargon is often misunderstood. Keep it simple and relatable.
- **Be creative** with the channels you use to build the capability of your staff, for example, the use of posters, risk awareness weeks, postcards, newsletter articles etc. Consider using your Communications team to assist in creating posters on different risk categories, such as cyber risk, and place the posters in common areas to raise awareness. Another option is to consider taking part in national/global risk awareness weeks such as Privacy Awareness Week or Business Continuity Awareness Week. Through subscribing to these awareness weeks, you often will receive awareness collateral that will assist in building risk capability on the identified topic across your entity.
- **Identify opportunities to learn from others** by subscribing to professional body publications, joining communities of practice and other collaborative forums. These provide an opportunity to network with like-minded individuals across a number of different industries and organisations. Remember that capability building can be both formal, such as structured learning and assessments, and informal, for example, lunch & learn session.
- Leverage the **Comcover Learning Centre** for risk management training programs, seminars and educational resources. This centre is designed for fund members to deliver a blended learning approach to build risk management capability.

Contact

If you have any questions or feedback in relation to this information sheet please contact Comcover Member Services at comcover@comcover.com.au .

Use of this information sheet

Comcover's series of Risk Management Information Sheets are designed to be used as 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 organisation. Entities may choose to adapt some or all of the concepts contained in this information sheet to suit their specific needs or use alternative methodologies.