



Communicating Risk

Audience

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

- **Foundation level:** All officials, regardless of level or role, who are required to understand basic risk management concepts and how risk is managed in the Commonwealth.
- **Generalist level:** Officials, regardless of level, whose role requires them to engage with and apply their entity's risk management framework to successfully deliver outcomes.
- **Specialist level:** Job role specialists who are required to design, implement and embed an entity's risk management framework.
- **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 agency's profile, allocate resources and lead the adoption of risk management policies, strategies and best practices.

At a glance

A positive risk culture is one where staff at every level appropriately manage risk as an intrinsic part of their day-to-day work. Such a culture supports an open discussion about uncertainties and opportunities, encourages staff to express concerns, and maintains processes to elevate concerns to appropriate levels.

This information sheet provides guidance in relation to element six of the [Commonwealth Risk Management Policy](#). Topics covered include:

- risk reporting and its role in good management and decision-making
- formalising risk communication requirements in a risk communication plan
- practical steps for developing a risk communication plan.

Risk reporting

Risk reporting is a key method of communicating risk across business units and between multiple layers of an entity. There are many different approaches to reporting risk, which generally inform stakeholders of the following:

- **Risk events which have occurred and near misses.** This can include an analysis of the cause of risk events and near misses and, where appropriate, identify expected versus unexpected risk events or losses.
- **The current status of the risk profile.** This type of reporting is the most common and includes information about the entity's risks and how they are being managed. It is important to consider who this information will be reported to (i.e. who needs to know).

- **The current risk exposure.** This is a succinct analysis of how much risk you are exposed to. Reporting risk exposure generally involves Key Risk Indicators (KRIs) across all categories of risk. KRIs are a mix of qualitative and quantitative measures that provide insight into how the underlying risk profile of the organisation might be changing before the risk occurs. More information on KRI's is provided in Comcover's information sheet Understanding Risk Appetite and Tolerance.
- **Emerging and future risks.** This type of reporting is forward looking and often involves scanning the external environment. Scenarios may also be used to demonstrate the potential impact should emerging risks occur and drive discussion about the entity's strategic options. This reporting may also include existing risks which are potentially impacted by emerging or future risks.

These approaches to communicating risk will enable the entity to understand if it is operating within its risk appetite and tolerances as well as providing a greater understanding of potential threats and opportunities.

Risk reporting will be most effective where it is embedded in management level discussions and linked to broader management reporting. However, formal risk reporting regimes are only one form of risk communication and, while they are important, they cannot be relied upon alone. It is also important to continually communicate what you're doing in relationship to risk management and why you're doing it.

Communication channels for risk

There are a number of channels to communicate risk in your entity, both formal and informal. Some common channels are outlined below.

Risk forums and committees

Risk forums provide oversight of risk through discussion of key issues by a group with appropriate representation. Whilst multiple risk committees can exist, most commonly there is a primary risk and/or audit committee which has oversight of risk, compliance and audit matters. The nature and type of forums and committees will depend on the underlying nature of an entity's responsibilities and operations.

When considering additional risk forums, consider whether internal communication is required to more effectively manage shared risk. Additionally, where the entity is exposed to specialised risks, consider establishing a separate risk forum or committee to enable a more robust discussion on that particular area of risk. Common specialised risk forums include:

- project and program risk
- safety and environmental risk
- security risk management
- technology risk

Face-to-face meetings

Where possible, meeting with key officials is the best way to start the risk management process and to communicate key risks. Informal meetings can also give officials the opportunity to ask questions and can make them feel more involved in the risk management process.

Internal reporting channels

Where sensible, consider embedding the risk conversation into your entity's existing communication channels. This can be through newsletters, intranet pages, emails or even flyers and posters. This can help to inform officials about the risk management program as well as communicating key risks.

Practical steps for developing a risk communication plan

Risk communication and consultation plans are a way of identifying and formalising the approach the entity will take to communicate risk issues both internally and externally. It details the key stakeholders involved and the approach to be taken to communicate risk information, changes and concerns with each party.

When developing a risk communication plan, consider the stakeholders involved, communication method, purpose, content, timing and required frequency of communication.

Step 1 - Identify and understand stakeholders

Consider the 'RACI' approach – Responsible, Accountable, Consulted and Informed – to identify key stakeholders and what their roles will be throughout the process. Once established, these may be incorporated into the risk management plans of the entity, division and/or specific risk owner, as appropriate. This discipline is particularly useful for shared and complex risk where stakeholders may be distributed and not immediately apparent.

The RACI concept is highlighted below.

	R Responsible	A Accountable	C Consulted	I Informed
Who is it?	The person assigned to deliver/execute a particular activity	The ultimate decision-maker and owner of the activity and its associated outcomes	The party/parties who expertise and/or opinions must be sought and clarified prior to undertaking the activity of making decisions	The party/parties who are required to know that the particular activity or decision has been undertaken.
Example	Program/policy risk management <ul style="list-style-type: none"> Program/policy owner 	<ul style="list-style-type: none"> Accountable Authority Audit or Risk Committee 	<ul style="list-style-type: none"> Authority Audit or Risk Committee Senior Executive Committee(s) Staff Functional management 	<ul style="list-style-type: none"> Parliament/relevant minister(s) Other Commonwealth departments/entities/cross-jurisdictional departments Media/Community interest groups/general public

Step 2 - Determine communication type and method

Once stakeholders have been identified, their expectations and information needs can be determined. Think about what each stakeholder needs to know in order to assist with implementing decisions, and what is the best method to communicate this with them?

The manner in which risk information is exchanged will vary depending on the role of stakeholders in managing risk.

Step 3 - Establish a common language

It is common for large entities to operate multiple risk activities or programs, each tailored for specialist types of risk within different areas of the organisation. However, a single overarching risk framework provides the basis for a common risk management approach, language and terminology to encourage consistency in the understanding and communication of risk.

Step 4 - Define the specific purpose of the communication

Stakeholder consultation can be used to raise the awareness and perceptions of risk management. Engagement with stakeholders allows for a greater understanding of the diversity of stakeholder needs as well as perceived gaps in existing communications approach. This will enable communication to be increasingly targeted and increase the value of risk discussions.

Step 5 - Determine the frequency of communication

For each stakeholder and type of communication, an appropriate frequency needs to be determined depending on the nature and impact of the content. This should take into consideration the status of the risk in the context of risk appetite, threat to objectives, the severity of risk and when the risk is expected to occur.

Consider the availability of relevant information when determining the appropriate frequency of communication. Ideally, information communicated will raise awareness and provide sufficient time to drive both proactive and corrective actions.

Step 6 - Assign responsibility for communication

For each stakeholder and communication channel, consider who the most suitable person(s) is for providing the communication in a timely manner, as per the risk communication plan. An example of the structure of a basic communication plan can be found below.

Stakeholder	Communication type and method	Communication purpose	Communication frequency	Preparer/owner
Internal				
External				

When developing a risk communication plan, it is important that subject matter experts are engaged. They may bring expertise in the risk being considered, the stakeholders and environment concerned, or in the discipline of risk management itself. Relevant risk management subject matter experts may include enterprise governance, risk and compliance specialists but also experts within specialised areas of risk e.g. technology, security, privacy, safety etc.

Contact

If you have any questions or feedback in relation to this information sheet please contact Comcover 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.