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PQ18-000039

Joint Committee on Public Accounts and Audit

Defence Major Projects Report 2016-17 – 23 March 2018

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: JCPAA – Defence Major Projects Report 2016-17 – 23 March 18 – Q2 – Hart

Question reference number: 2

Member: Ross Hart

Type of question: Spoken, Hansard Page 6

Date set by the committee for the return of answer: 16 April 2018

Question:

Mr HART: I understand that, and I'm particularly interested in your evidence with respect to the quality of reporting. Was Defence concerned that the consultant found the truth was not clearly represented or documented in risk reports, and what steps have you taken to address this issue? In other words, using your evidence, it's not the methodology; it's the step before there—that is, the actual representation of truth.

Mr Gillis: We have a systemic process of independent assurance reviews, where predominantly eminent people experienced in projects, not from inside the department, go through. One of the things they do is assess, check and validate the risk matrices or assessments made, and then provide independent advice to me. On a couple of occasions I've had to ask for more work on the risk assessments, but that's the process we go through.

Mr HART: Following on from that, at a conceptual level can Defence provide an update on the status of the first phase of the implementation of a risk management model within your risk management framework?

Mr Gillis: I can take that on notice and provide you with a copy of that. I can provide you with the model. We wouldn't want to make the actual risk assessments too public, especially on a group level, because they talk about some of the broader risks to our capability.

Answer:

Capability Acquisition and Sustainment Group of Defence commenced a two-year reform program in July 2017 to remodel risk management that integrates with the Defence Enterprise Risk Management Framework.

In November 2017, the initial version of CASG's Risk Management Model was released; this is included at Attachment A.

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QUESTION ON NOTICE

Question Number: 2

Date due with Committee: 16 April 2018

Additional comments

Nil

Previous answers

This question has not been asked previously at a Senate Estimates hearing.

Verification of data used in answer

Source: N/A

Data checked by: N/A

Departmental Approval:

Cleared by:

Gregory Divall, General Business Manager, CASG

Contact Officer

Name: Mr Brendhan Egan

Position Title: Assistant Secretary Governance and Management

Tel: 612 6265 5761

Consultation: N/A

Ministerial Approval:

Marise Payne

20/6 / 2018

MEGAN LEES
Chief of Staff to the
Minister for Defence

CASG RISK MANAGEMENT GROUP MODEL AND RISK REFORM PROGRAM



Australian Government
Department of Defence
Capability Acquisition and
Sustainment Group

VERSION: 1.0
RELEASE DATE: 30 November 2017



From the Future Submarine and Future Frigate programs to the next generation of armoured fighting vehicles, from Joint Strike Fighter to sustaining our helicopter systems, and from acquiring and sustaining communications to ensuring maritime capability, identifying and managing risk will be vital to all that we seek to deliver as a Group.

FOREWORD

As Deputy Secretary (DEPSEC) Capability Acquisition and Sustainment Group (CASG), I have responsibility for strategic oversight of CASG's portfolio of acquisition projects and sustainment products. Managing risk and ensuring effective process and practice is fundamental to delivering capability and acquisition for the Australian Defence Force.

In December 2016, I initiated a review of risk management across CASG. This review was not only an opportunity to assess the current state of risk practice across the Group, it was and remains an opportunity to remodel the approach to the management of risk at one of the most significant times of change for CASG and more broadly for Defence. Expectation on CASG to deliver enhanced capability and ensure effective sustainment has never been greater or more challenging.

In response to the review findings and recommendations, I announced the commitment to establish the CASG Risk Management Reform Program in May 2017. Commencing in July 2017, the Program provides a timely opportunity to drive a strategic and cultural shift in how risk management and more importantly risk based decision-making is undertaken by CASG and our Industry Partners.

The way in which CASG leadership and staff engage in this program will determine the extent to which CASG can deliver its business and commercial responsibilities to Government, Defence and the Australian people. From the Future Submarine and Future Frigate programs to the next generation of armoured fighting vehicles, from Joint Strike Fighter to sustaining our helicopter systems, and from acquiring and sustaining communications to ensuring maritime capability, identifying and managing risk will be vital to all that we seek to deliver as a Group. From program, project and product, from Enterprise to Division and our Centres of Expertise, and from strategic to tactical, the ability to see, manage and report risk and its mitigation will ensure that we can deliver our platforms and services to Defence and the country, in alignment with expectations.

This document has been prepared as a quick reference guide to assist you in understanding the CASG Risk Management Group Model and the scope and structure of the supporting Risk Reform Program supporting Risk Reform Program. In the coming months, there will be numerous opportunities to engage with the Program both directly and indirectly. I urge you all to embrace the commitment to remodel our risk management philosophy, processes and practices with the aim of building the type of culture that embraces effective risk management. Collectively as a Group, we have a responsibility to deliver acquisition and sustainment to support the delivery of Defence capability.

A handwritten signature in black ink, appearing to read 'Kim Gillis'.

Kim Gillis
Deputy Secretary
Capability Acquisition and Sustainment Group

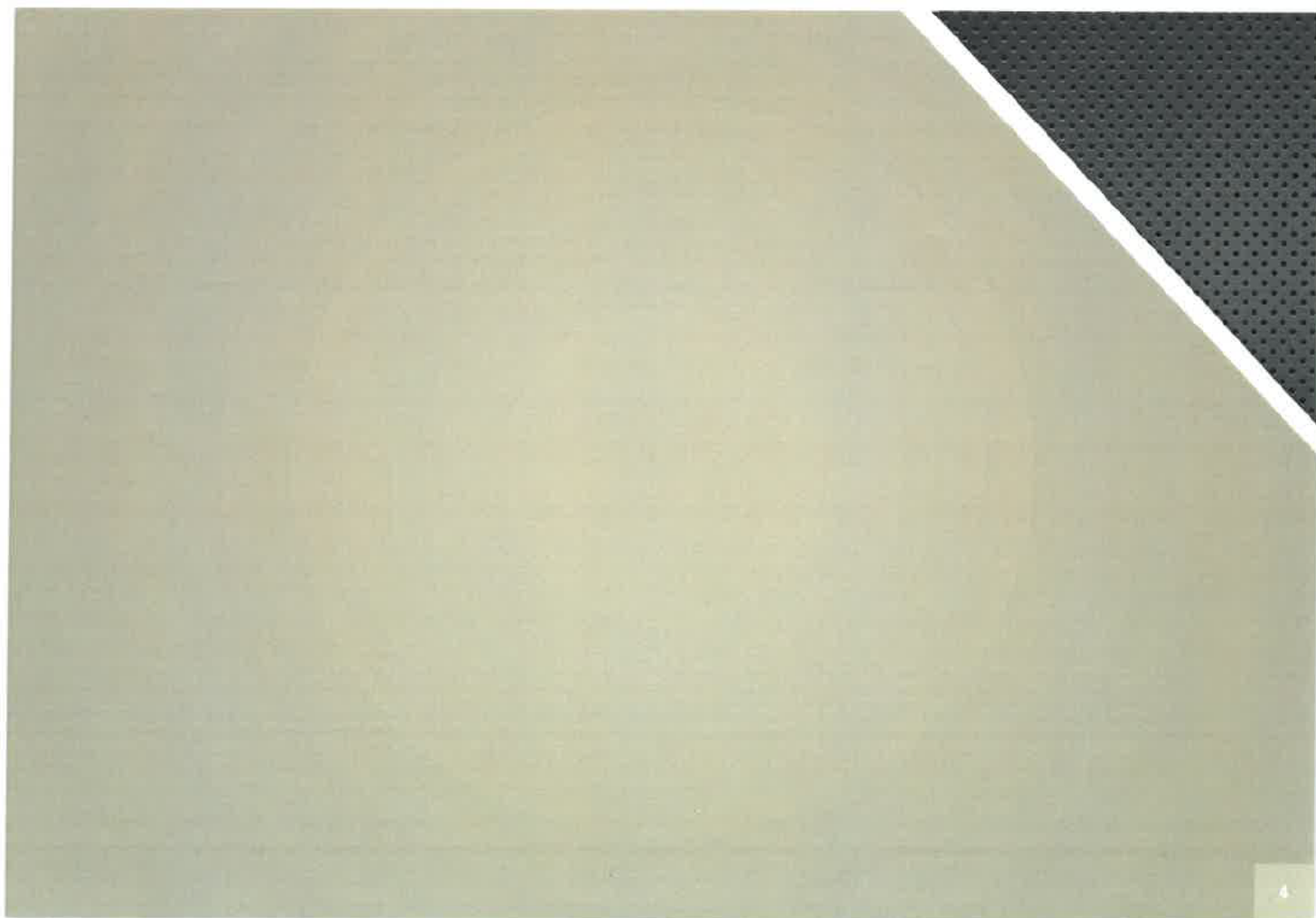
30 November 2017

TABLE OF CONTENTS

FOREWORD	2
CHAPTER 1: INTRODUCTION TO THE CASG RISK MANAGEMENT GROUP MODEL AND RISK REFORM PROGRAM	4
1.1 Background	5
1.2 CASG Business Management Framework	5
1.3 Objectives of the Risk Management Reform Program	6
1.4 Implementation Planning Overview	6
1.5 Delivering the CASG Risk Management Reform Program	7
CHAPTER 2: THE CASG RISK MANAGEMENT GROUP MODEL	8
2.1 Introduction	9
2.2 Initial Operating Capability (IOC) to Final Operating Capability (FOC)	9
2.3 The CASG Risk Management Group Model at IOC	9
2.4 The Journey Towards FOC	12
CHAPTER 3: CASG RISK MANAGEMENT REFORM PROGRAM PHASES OF WORK	13
3.1 Phase 1: REMODEL CASG Risk Management	14
3.2 Phase 2: ACTIVATE CASG Risk Management Reform Program	15
3.3 Phase 3: ALIGNMENT of Risk Management Practices	16
CHAPTER 4: RISK MANAGEMENT REFORM PROGRAM OFFICE	17
4.1 CASG Risk Management Reform Program Overview	18
4.2 Program Governance	18
4.3 CASG Reform Program Office Location and Team	18
4.4 Key Timeline of Activities	20
4.5 Further Information	20
SUPPORTING ANNEX	21
Annex A: CASG Risk Management Group Model	22

CHAPTER 1

INTRODUCTION TO THE CASG RISK MANAGEMENT GROUP MODEL AND RISK REFORM PROGRAM



CHAPTER 1

INTRODUCTION TO THE CASG RISK MANAGEMENT GROUP MODEL AND RISK REFORM PROGRAM

The Capability Acquisition and Sustainment Group Risk Management Reform Program was established by the CASG Deputy Secretary (DEPSEC) and outlined in the DEPSEC Directive 01/17 on 23 May, 2017 following acceptance and endorsement of the findings and recommendations of the CASG Risk Management Review, delivered in February 2017. The Program will embed risk management into CASG strategic and business planning, program oversight, management and project planning processes, so that CASG can deliver the highest possible level of assurance to Government, Defence leadership and Capability Managers that risks are known and are being effectively managed and communicated. This document describes the core components and sequencing of the CASG Risk Reform Program and introduces the CASG Risk Management Group Model.

1.1 BACKGROUND

As a fundamental component of good governance and management, risk management practice has been applied in CASG and its forerunners for over two decades. Following the organisational reform triggered by the First Principles Review (FPR) and the historic increase in Defence spending announced in the 2016 Defence White Paper, the need for modern risk management practice has increased significantly. With its relevance to capability acquisition and sustainment, as well as business practice and enterprise effectiveness, the introduction of an interdependent and consistent approach to risk management across the Group has always been a strategic objective.

In late 2016, CASG commissioned an independent review into the Group's Risk Management Framework, reporting, practices and professionalisation. Conducted between December 2016 and January 2017, the CASG Risk Management Review focused on assessing the effectiveness of CASG's risk management framework, practices, systems and processes. A key outcome of the review has been the identification of key frameworks influencing the management of risks that affect the delivery of CASG's core business and in turn, the delivery of capability. The findings and recommendations of the CASG Risk Management Review were accepted and endorsed by the CASG DEPSEC on 27 February 2017, and the Associate Secretary of Defence on 31 March 2017.

The CASG Risk Management Review report, titled *Strategy to Remodel the Management of Risk in Acquisition and Sustainment in Defence*, presents the background, context, key findings and recommendations of the Review. The Strategy identifies eleven key findings spanning the themes of risk management framework, risk management practices, risk reporting, and professionalisation. The Review identifies 14 key recommendations that are supported by 70 nominated activities. When implemented, these recommendations will deliver a modern, risk-based model, program, and system capable of underpinning CASG's primary business practice, which is, to deliver defence programs, projects and products in support of the Capability Managers' delivery of capability.

1.2 CASG BUSINESS MANAGEMENT FRAMEWORK

When defining the governance arrangements and structures of CASG, there are various frameworks and management systems that are interdependent. The CASG Risk Management Group Model is one of these and has a strong interface with governance, business management, assurance and the various planning processes. There are often questions around how these concepts, frameworks, programs, systems and requirement for specific practices relate.

Across CASG, risk management is part of the Business Management Framework. The specific risk management guidance material that outlines how the various risk practices are to be undertaken will link to the Business Management Framework. The CASG Application Map shows the various application or practices areas.

Risk management is part of the full spectrum of planning processes across CASG from business strategy and planning, through to delivering the core business of acquisition, integration and sustainment activities. Risk management is also a process that is applied at the corporate level down to the operational levels of the Group.

1.3 OBJECTIVES OF THE RISK MANAGEMENT REFORM PROGRAM

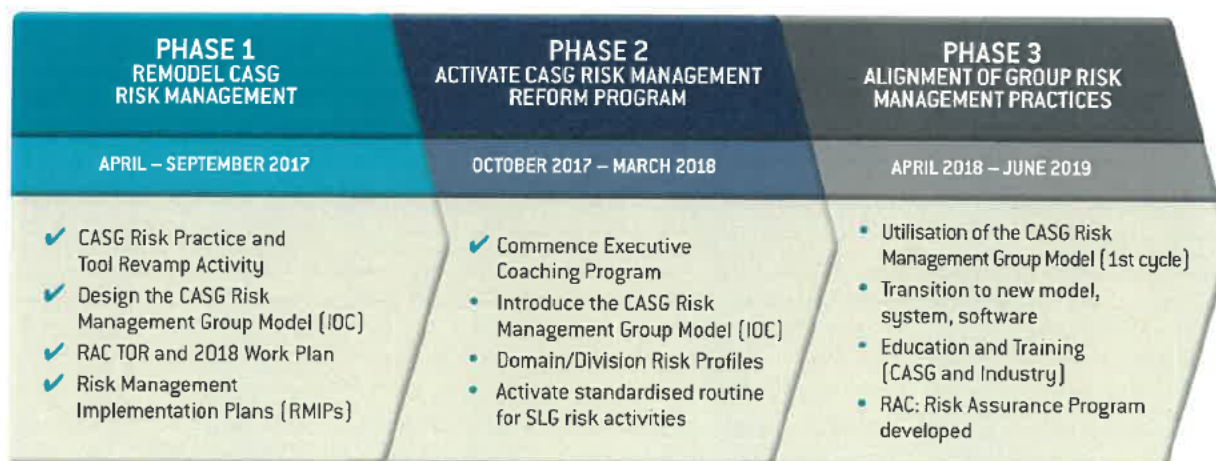
The Risk Management Reform Program has a number of strategic as well as operational objectives as they relate to CASG and broader defence capability. These include:

- Delivering a single CASG Risk Management Group Model that is consistent with the requirements directed in the Defence Enterprise Risk Management Framework and Joint Directive
- Provide an approach to risk management that is standardised yet scalable and able to be tailored to meet the individual needs of the Domain/Divisions, Centres of Expertise and Specialist Risk Areas
- Standardising the approach to risk management across CASG to provide a greater level of assurance to DEPSEC CASG that risks are known and are being effectively managed
- Harnessing modern risk based decision making across CASG's Systems Program Offices (SPOs), Programs and Projects
- Utilising principles such as Smart Buyer as part of Defence's Capability Life Cycle (CLC) to support decision making processes
- Advancing the risk culture to a point where the understanding, assessment, communication and action towards risk is valued and has a high level of integrity
- Positioning CASG and Defence more broadly to effectively prioritise resources across the CLC based on risk.

1.4 IMPLEMENTATION PLANNING OVERVIEW

IMPLEMENTATION PATHWAY

The remodelling of risk management across CASG will be undertaken in three phases and is expected to take a concerted effort over the course of the next 24-36 months. The three phases of work align well with the broader CASG Reform Program and is one of the dedicated reform areas.



The Implementation Pathway identifies the various service offerings that will be delivered as the CASG Risk Management Reform Program is implemented through to June 2019. The Implementation Pathway will be updated periodically and serves as a living tool that will be updated and released as new service offerings are agreed to as part of the CASG Risk Management Reform Program.

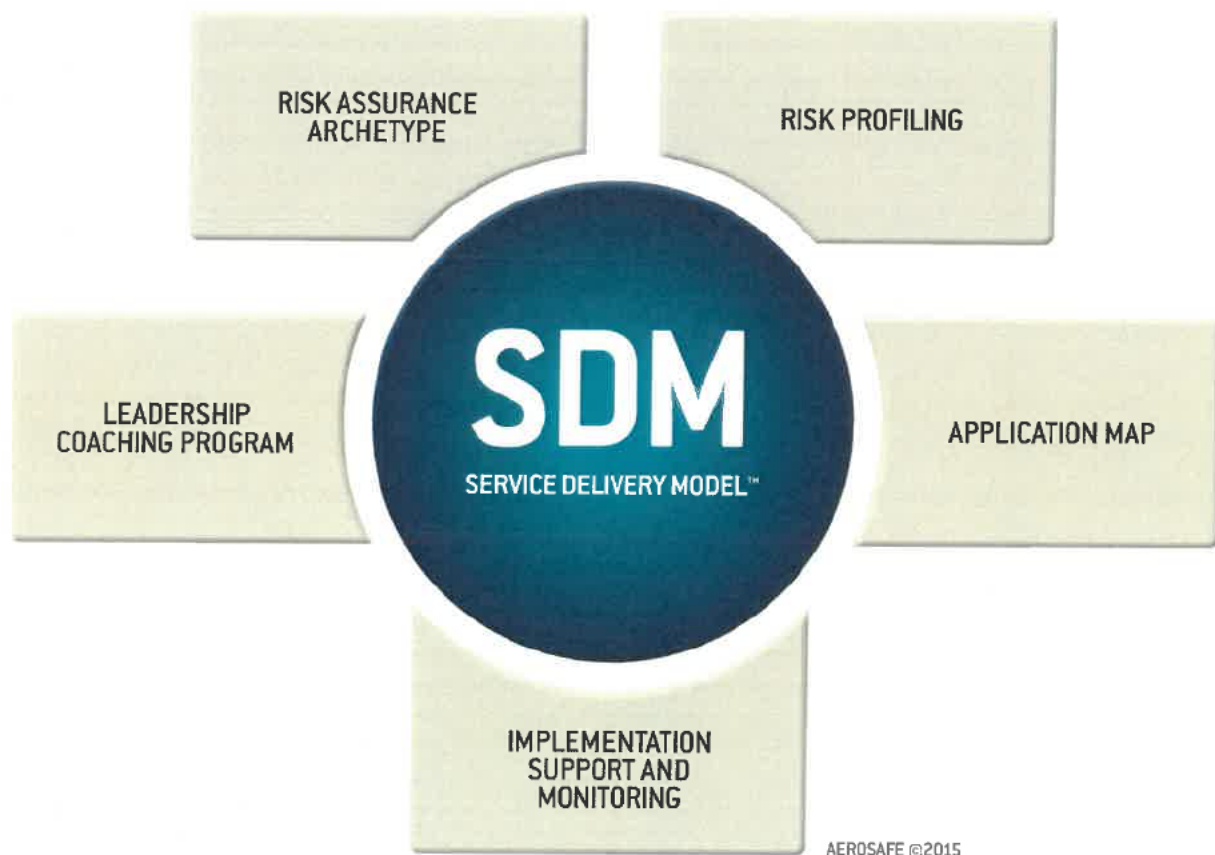
IMPLEMENTATION PLANNING

This document serves as the overarching communication and planning document that details the way in which the implementation of CASG Risk Management Group Model will be overseen, managed and coordinated. It lists the main features of each offering incorporated into the Risk Reform Program as well as the role, contribution and purpose of each activity in contributing to a remodelling of risk management across CASG as the program evolves from a risk management reform program to a state of 'business as usual' (BAU) across CASG.

1.5 DELIVERING THE CASG RISK MANAGEMENT REFORM PROGRAM

In order to deliver the strategy, activities and implementation support that underpins the Reform effort, CASG has engaged a strategy industry partner to work with CASG to facilitate program roll out.

The Service Delivery Model (SDM™) of Aerosafe Risk Management has been licenced as the model for implementation across CASG. The elements of the SDM™ are incorporated across the three phases of the program and are the fundamental elements of the model that has been selected, endorsed and resourced by CASG's DEPSEC.

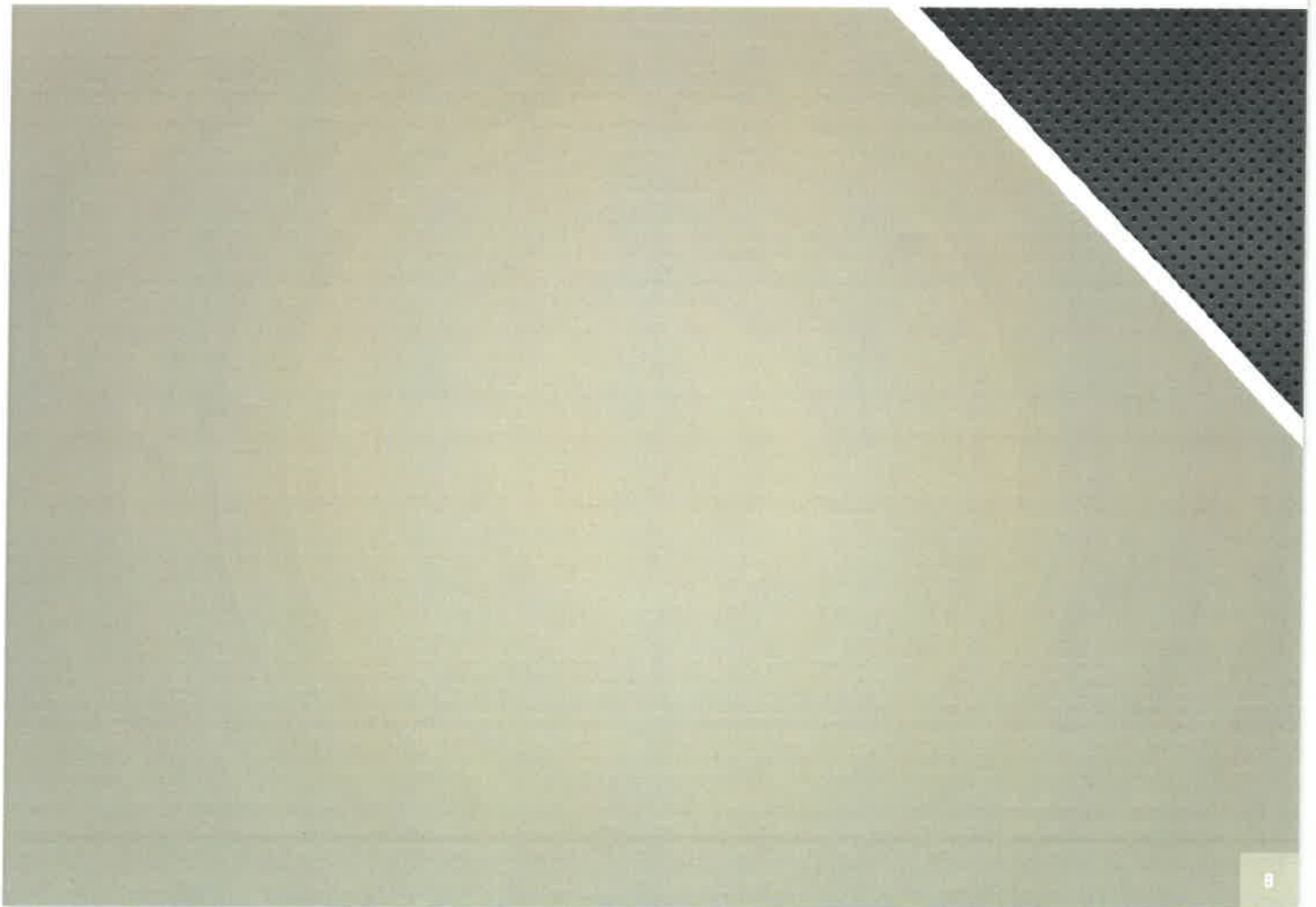


With Industry as one of the Fundamental Inputs to Capability and the desire to leverage industry to deliver parts of the Groups functions and activities, CASG has chosen to utilise an existing model under licence. This existing model has a proven track record in delivering risk management outcomes. There are terms and conditions around the use of the SDM™ to ensure its success. The SDM™ allows for the customisation of the work by the CASG Risk Management Reform Program under the management of the Reform Lead.

Adopting this approach by CASG and more broadly Defence is new and innovative and is expected to deliver the desired outcomes within a timeframe set by the DEPSEC. As CASG's strategy industry partner, Aerosafe Risk Management provides this suite of concepts and models which are used by the Defence, Aviation, Regulatory and Transport industries around the globe. CASG is confident in the applicability of the model.

CHAPTER 2

THE CASG RISK MANAGEMENT GROUP MODEL



CHAPTER 2 THE CASG RISK MANAGEMENT GROUP MODEL

2.1 INTRODUCTION

DEPSEC Directive 01/17 details the requirement to implement a remodelled approach to the management of risk within acquisition and sustainment in Defence. Specifically, it defines the core components of the CASG Risk Management Group Model which is a collective term used for a range of structures, processes and practices which will reshape the direction and application of risk management throughout CASG. Annex A provides an explanation of the each of the elements of the CASG Risk Management Model.

2.2 INITIAL OPERATING CAPABILITY (IOC) TO FINAL OPERATING CAPABILITY (FOC)






It was recognised that in order to effectively remodel a running risk management framework, a choice needed to be made as to the sequencing of the elements to be developed, updated or recast. Through the Risk Reform Program, the development and implementation of the CASG Risk Management Group Model will be sequenced in three phases which are outlined in Chapter 3.

The remodel of CASG's approach to risk management has deliberately been approved to be a top-down approach. IOC will see the key higher level components of the CASG Risk Management Group Model put in place. While this takes place, other risk management practices will continue with no change.

FOC will be realised when every element listed in Annex A is up and running and considered part of business as usual. The CASG Risk Management Reform Program Management Office will plan, coordinate and facilitate this transition process. Once FOC is achieved, the full extent of the risk management service offer provided by the Corporate Performance CoE for risk management will be in effect.

2.3 THE CASG RISK MANAGEMENT GROUP MODEL AT IOC

The following elements constitute CASG's Risk Management Group Model at IOC. These elements have been the first things developed and promulgated post the CASG Risk Management Review. The set of foundational elements give clear direction regarding what the model is, what is required of personnel at all levels across CASG, the detailed plan for implementation and transition and the associated timelines and resources. The items below reflect the achievements of the IOC.

1	DEPSEC Directive 01/17	
2	CASG Risk Management Reform Program	
3	Risk Management Implementation Plans (RMIPs)	
4	CASG Application Map	
5	DEPSEC Annual Risk Review	

DEPSEC DIRECTIVE 01/2017

This Directive is the extant and authoritative CASG risk management policy. This Directive has been purposefully written to outline the approach, expectations and responsibilities for effective implementation. It is expected that this Directive will remain in effect until CASG reaches FOC. This Directive links to the Defence Enterprise Risk Management Framework and outlines how the Group is achieving the requirements and intent of the Secretary and CDF's Directive on risk management at a Group level.

CASG RISK MANAGEMENT REFORM PROGRAM

The CASG Risk Management Reform Program is one of the endorsed initiatives under the broader CASG Reform Program. A dedicated team is in place to facilitate the transition and the required development activities. A partnership model has been selected to team with industry under a Service Delivery Model™. The scope of the Risk Management Reform Program is detailed in Chapter 4.

RISK MANAGEMENT IMPLEMENTATION PLANS (RMIPs)

The CASG Risk Management Group Model leverages past and existing practices in risk management while the new way is being developed. In order to coordinate the transition from old or current practices to the new, a set of RMIPs have been developed for Divisions and CoEs and are a key element of the CASG Risk Management Group Model. These tailored plans provide each Division and CoE with their individual approach to align with the CASG Risk Management Group Model as it becomes available. Implementation support for each RMIP is provided by the Risk Management Reform Program Management Office.

The RMIPs map out an initial pathway and a series of program activities as part of the Risk Management Reform Program. Developed by each of the Division Heads and CoE Leads with the support of the Risk Reform Program Office, these RMIPs provide context and direction to Division and CoE efforts during the first twelve months of the change process. The RMIPs will be updated annually until FOC is achieved. RMIPs include details of newly formed RMIP Working Groups charged with shaping Reform Program efforts in respective Divisions and CoEs. Division and CoE RMIPs are available to view at: <http://dmet.defence.gov.au/DMO/riskmanagement/RMRP/Pages/RMIP.aspx>



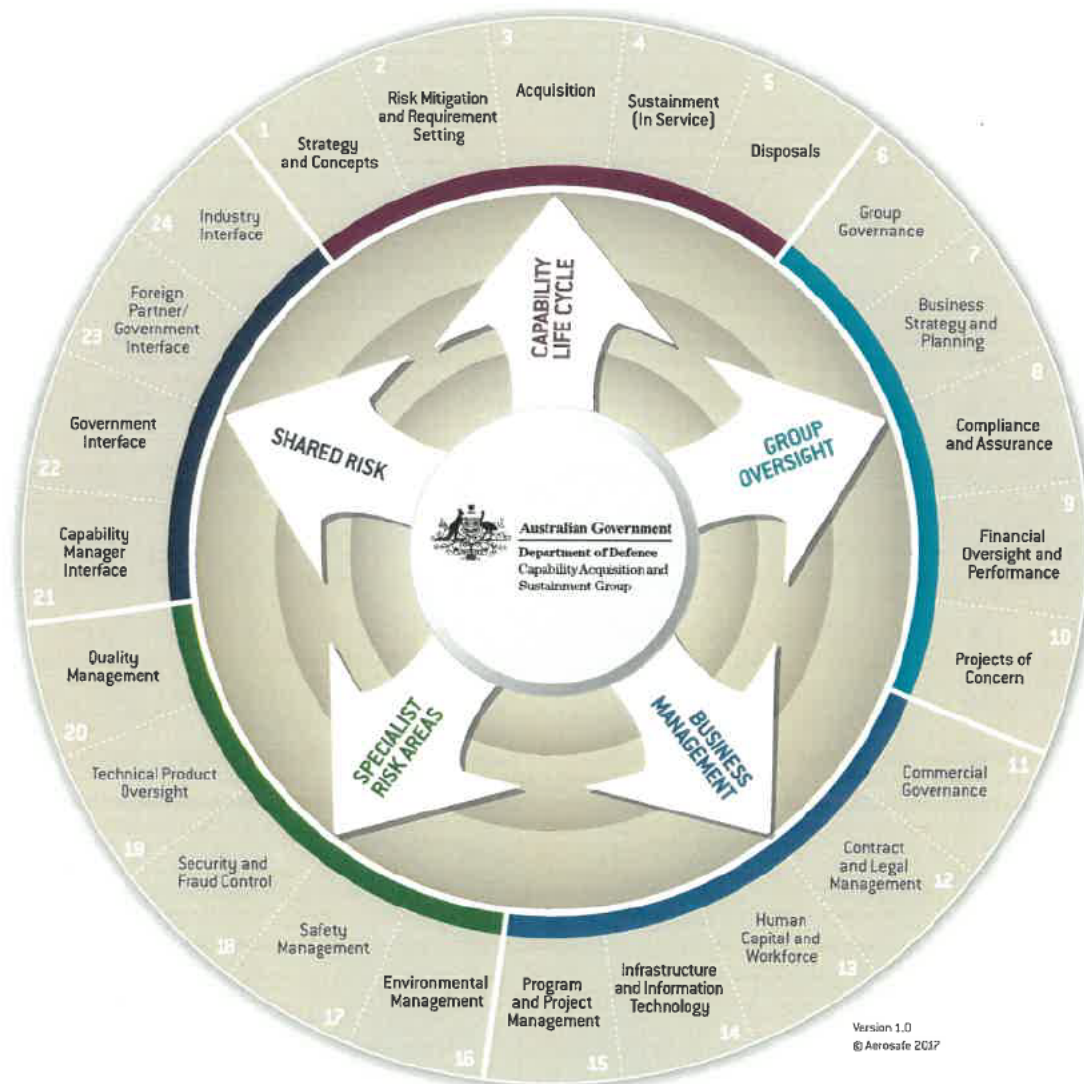
CASG APPLICATION MAP

The CASG Application Map sits at the heart of the CASG Risk Management Group Model, providing the structure for the application of risk management across CASG. Formally known as the internal risk structure of an enterprise risk management framework, the CASG Application Map communicates the endorsed scope of oversight for risk at the Group level. The CASG Application Map is hosted on the CASG website.

The CASG Application Map is shown in Figure 1 and consists of five core areas (centre arrows) across 24 applications (shown on circumference). CASG application of risk management spans:

01. Capability Life Cycle
02. Group Oversight
03. Business Management
04. Specialist Risk Areas
05. Shared Risk.

FIGURE 1: CASG Application Map



The CASG Application Map is used to build and align risk practices across CASG. It is also used as the structure to build the supporting material, guides, instructions and tools for risk management. Finally the competencies, professionalisation and training modules that will be offered to support implementation will be selected based on the CASG Application Map. Communication around the release of the expanded CASG Application Map information will be a key activity of the CASG Risk Reform Program Management Office over the coming months.

DEPSEC ANNUAL RISK REVIEW

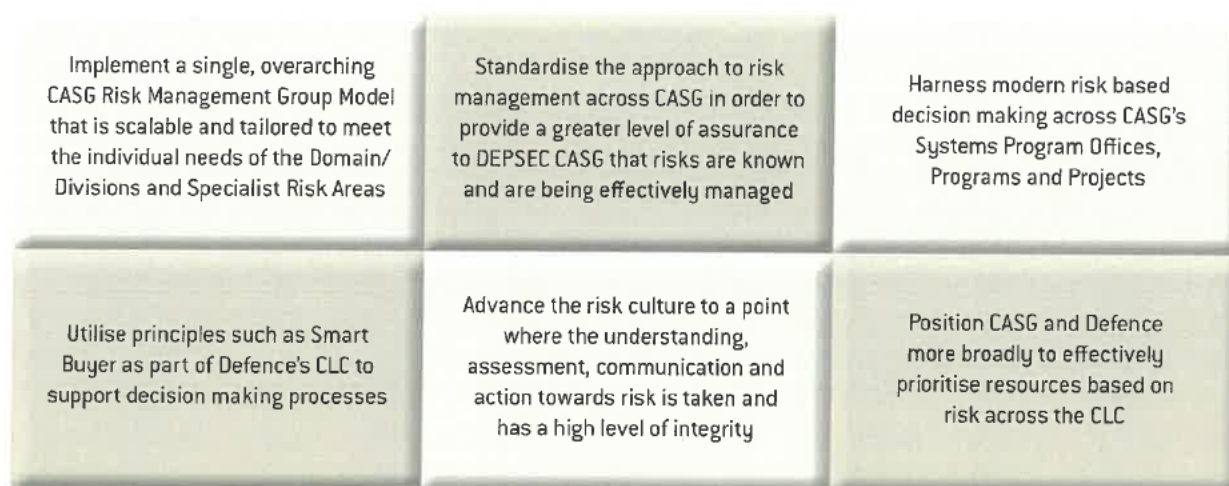
Generating valuable risk discussions is one of the key indicators of a mature risk culture. As part of the CASG Risk Management Group Model, the CASG Senior Leadership Group will participate in the DEPSEC Annual Risk Review. This annual activity enables the DEPSEC CASG to have insight and oversight of the risks across the Group. There are two parts to this review as follows:

- 01. LEADERSHIP RISK DIALOGUE.** This is an annual offsite session with the Senior Leadership Group; and
- 02. DEPSEC/DIVISION HEAD PROFILE REVIEW.** The DEPSEC will review each Division Risk Profile with the relevant Division Head in order to make appropriate risk decisions on the Risk Profile. The work will inform the following year's Group and Division Business Plans and any discussion by DEPSEC CASG with the Capability Managers in regard to shared risk or capability, risk, resource trade-offs.

2.4 THE JOURNEY TOWARDS FOC

The CASG Risk Management Reform Program has an Implementation Pathway that is sponsored by the Risk Management Technical Authority, monitored by the RAC and accountable to the DEPSEC CASG. Between IOC and FOC there are a range of activities that need to take place. Many of these activities are about identifying existing practices, reviewing these practices against the revised model and undertaking the developmental, support or implementation activities to align with the new structure.

CASG is committed to change and improve its approach to risk management to achieve the following outcomes:



CASG RISK BASED ASSURANCE

One of the key aspects of the remodelled risk management approach is that the new CASG Risk Management Group Model will include the components needed to implement risk based assurance. The provision of assurance is one of the key delivery areas of all CoEs. Via the CASG Risk Management Reform Program, a CASG wide assurance program will be developed in consultation with all CoE Leads. The design of the CASG Assurance Model (another component of the Business Management Framework) will come from the Corporate Performance CoE in consultation with all other CoEs.

As part of meeting their first level of maturity, each CoE was assigned an activity to define an assurance construct covering their respective CoE functional areas. In consultation with the CoE Leads and the CASG Risk Management Reform Program, it has been agreed that a single CASG Assurance Model will be developed that interfaces with the CASG Risk Management Group Model. This will link governance, assurance and risk management through the CASG Business Framework and promote more integrated CoE Service Delivery. The CASG Assurance Model will leverage the following elements:

- A. RISK MANAGEMENT:** The CASG Risk Management Group Model contains a set of risk profiles at the Domain/Division and the Group level. Risk profiling underpins the risk based assurance. The CASG Application Map is also a fundamental component of the CASG Assurance Model architecture.
- B. COMPLIANCE:** Focuses on adherence to legislation, technical regulation standards, policies, procedures and other authorities.
- C. PERFORMANCE:** Focuses on customer satisfaction (e.g. Domains), outcomes/effects of policies/processes, and efficiency (e.g. ratio of benefit to overhead). Essentially, is the work of the CoE fit for purpose.

At IOC, the development activity for the CASG Assurance Model has produced an agreed approach regarding the scope and sequence of how CASG's risk based Assurance Program will be designed. This scoping activity is being led by the Risk Reform Program under the coordination of the CASG Reform Program, in full collaboration with the CoE Leads.

The development of a risk based assurance program in a complex and diverse context such as CASG is a 24-36 month program. The development and delivery of an effective assurance program is dependent on the development and integration of multiple supporting frameworks, processes and practices.

CHAPTER 3

CASG RISK MANAGEMENT REFORM PROGRAM PHASES OF WORK

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CASG RISK MANAGEMENT REFORM PROGRAM PHASES OF WORK

The CASG Risk Management Reform Program comprises three phases. Each phase has a dedicated priority and focus that when combined will rebuild the foundation for a modern approach to risk management and practice across the Group.

3.1 PHASE 1: REMODEL CASG RISK MANAGEMENT



Operating from July 2017 to September 2017, Phase 1 has developed the foundational elements of the remodelled approach risk management in CASG through targeted support to Domain/Divisions, CoEs and Specialist Risk Areas. Tailored RMIPs are a key feature of this phase and have been developed to cater for the variations in acquisition and sustainment activities currently undertaken by each Domain. These RMIPs inform and align strategic thinking on risk management and its application across CASG.

Division-level Risk Profiles for all delivery Divisions commenced development in Phase 1 and when activated provide a comprehensive review of all aspects of risk analysis and management at the level of Domain, Division, and Specialist Risk Areas. These profiles will present the strategic risk picture on the Domain/Division at a given point in time. These profiles will allow for a consistent approach to be used across the Group at the group-wide level and allow for a risk comparison of real, perceived and systemic risks to capability delivery. Risk profiling at this level is a key component of the Business Framework and the CASG Risk Management Group Model.

A dedicated CASG Risk Management Help Desk has been established by the Corporate Performance CoE to co-ordinate the delivery of corporate risk management support across CASG. Staff across CASG will be able to request and receive help in relation to understanding CASG's evolving approach to risk management, the resources that are available, and where requests for access to panel or pool resources can be made.

To facilitate learning and open access to tools and resources being developed as part of the Program, a CASG Risk Management website has been developed to serve as a central depository for CASG risk management information, communication and documentation.

A structured and targeted communications plan has been developed to identify the channels, messages, audience, timing, resourcing, and associated activities to implement the remodelled approach to risk management. A primary aim of the plan is to introduce the Group to risk management and to define and deliver a structured and deliberate risk management implementation process, providing clarity and understanding to all CASG personnel about specific roles and responsibilities in relation to risk management.

At the policy and practice level, and as part of the overall Program for improved risk management within CASG, the CASG DEPSEC Directive on Risk Management released on 23 May 2017 communicates the Group-wide approach for the management of risk. Within this construct, the Corporate Performance CoE will coordinate the activities required to support the alignment of risk practice in Domain/Division and Specialist risk practice areas. The CASG Risk Management Group Model will align with Commonwealth Guidelines, the Defence ERM and Joint Directive, and will detail the components required to effectively manage risk across CASG's corporate and delivery activities.

In building knowledge and capacity among CASG leadership and personnel, a CASG Executive Coaching Program commenced in September 2017 with the aim to deliver a targeted series of training courses to enhance leadership and capacity on the CASG Risk Management Group Model. CoEs will identify full-time risk management personnel as well as occasional and contractor personnel responsible for developing or implementing risk management and to serve as CoE members of a Risk Management Community of Practice.

3.2 PHASE 2: ACTIVATE CASG RISK MANAGEMENT REFORM PROGRAM



Phase 2, to be implemented between October 2017 and March 2018, focuses on the introduction of the core risk practices of the Program at the Group, Domain/Division and Specialist Risk Area level. Phase 2 includes the release of the CASG Risk Management Group Model to be used across CASG outlined at Annex A.

To support strengthened risk management practice and consistency across CASG, a focused education and training series will be delivered for staff requiring enhanced knowledge and skills in the application of risk management. Training will include instruction on the CASG Risk Management Group Model and will be aligned with complementary training activities delivered during Phase 1.

This series will be used to instil the new Risk Management Model and reinforce the direction and changing approach to managing and mitigating risk in CASG. A key aim of the education series is to implement and embed consistent business rules for risk reporting, establishing a standing business routine of relevant risk reviews at the Group, Domain and Division level, both with the CASG leadership and with Capability Managers.

A CASG Group Risk Profile will be developed as the primary risk management document to replace previously used formats including risk registers, plans and corporate assessments. This Group Risk Profile will present the strategic risk picture at a given point in time of the strategic, enterprise and delivery risks at the CASG level and is a key feature of this phase of the program.

A quarterly update will be provided by the Risk Reform Team to the DEPSEC CASG on the status and progress of CASG Risk Management Reform Program implementation, highlighting any roadblocks that require action. With support provided by a dedicated Risk Management Reform Program Office, CoEs will also develop Better Practice Guides outlining the new approach to managing risk across their respective areas against the Application Map.

A new CASG Risk Based Assurance Plan will be prepared that uses risk reporting to provide DEPSEC CASG with assurance that the Commonwealth is receiving a comprehensive and accurate picture of the capability of a platform, project or product, and a comprehensive and accurate view of CASG risks to delivering platforms, project or products on time and within budget.

To ensure the continuous professionalisation of CASG staff to manage risk and deliver on the risk management reform program, a Training Needs Analysis will be conducted to identify training needs and requirements. A dedicated training module on the CASG Risk Management Group Model will be developed, released and made available to all CASG personnel. In addition to this, a series of training modules will be made available to assist in building the risk management capability.

A range of learning tools and resources will also be developed to build capacity and knowledge for enhanced risk management within CASG over both phase two and three of the Reform Program.

3.3 PHASE 3: ALIGNMENT OF RISK MANAGEMENT PRACTICES



Phase 3 focuses on aligning the risk management approach across CASG, ensuring that Domains, Divisions, programs, projects and Specialist Risk Areas are in compliance and able to operate effectively using the Risk Management Model. CASG's risk-based Assurance Program will also commence in this phase and will further transition into a BAU activity.

In supporting service delivery to ensure alignment with the CASG Risk Management Group Model, implementation of the Risk Reform Program will occur through the provision of ongoing technical support services delivered to Domains, Divisions, programs, projects and Specialist Risk Areas, the application of risk management software support services, and risk-based assurance activities.

Periodic review of the Risk Reform Program will be conducted to ensure that consistency and momentum is being maintained across CASG in accordance with risk management and reporting systems and good practice developed during Phases 1 and 2.

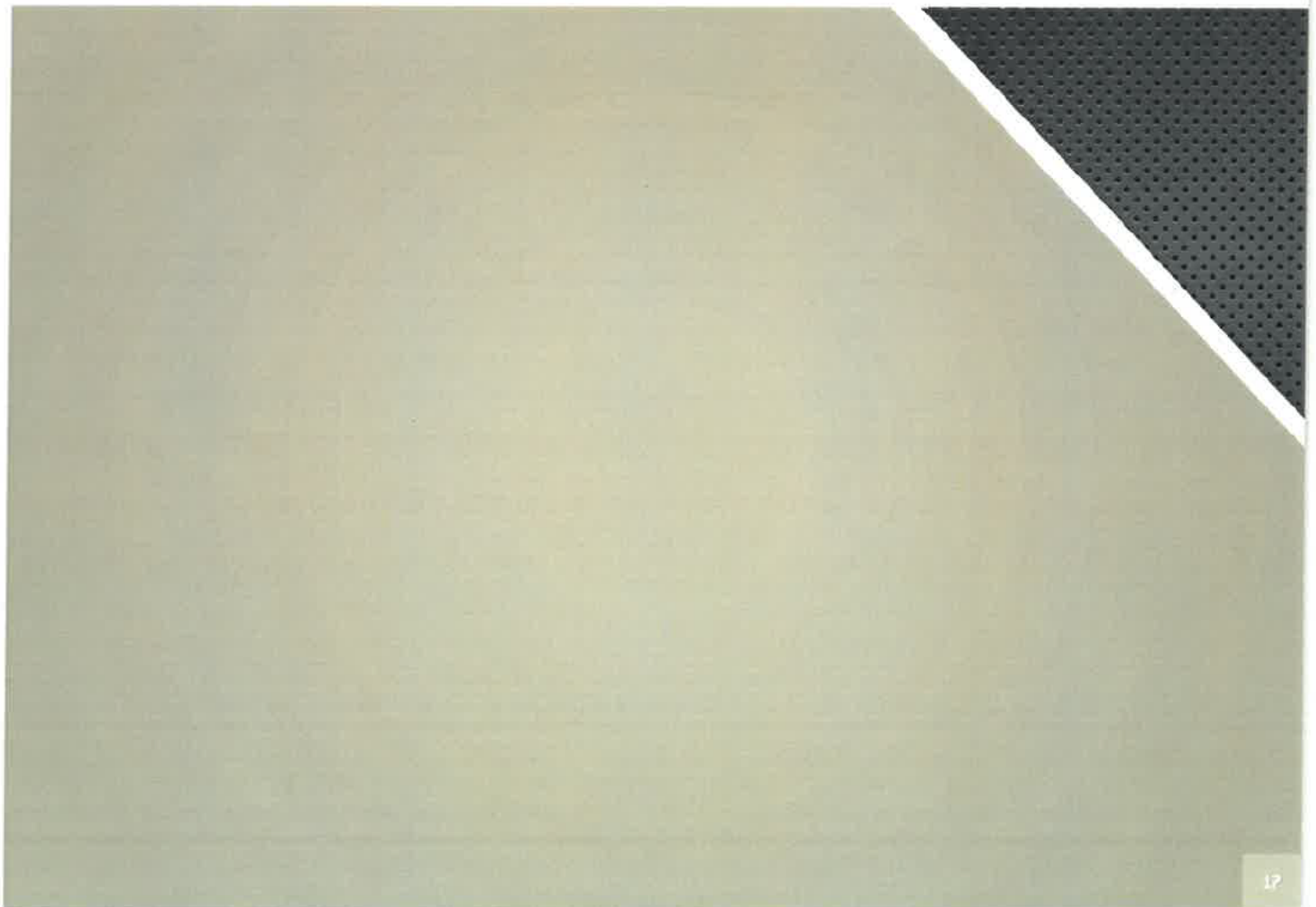
In support of policy and practice for risk management implementation, a series of Better Practice Guides will be developed to provide customised advice and recommendations for full alignment with the CASG Risk Management Group Model. Further activities in support of risk management professionalisation across CASG will be conducted including CoE sponsored risk management education programs, further risk management engagement with industry, and an industry risk management practice training kit.

In leading risk management implementation and thought leadership, CoEs will be required to support service delivery across CASG by releasing tailored risk management service offerings, providing briefings to DEPSEC CASG on the status of the Risk Reform Program implementation, and delivering Domain and Division implementation support activity as needed.

Internal and industry level risk management skills fora will be held during Phase 3 and an industry engagement event will be organised where risk management professionals will engage directly with industry counterparts. The aim of this engagement is to align risk thinking, culture, decision making and practices between CASG and its industry partners. Other events will include risk management workshop facilitation services, risk management technical review services, Domain/Division implementation support activity and the development of an industry risk practice kit.

CHAPTER 4

RISK MANAGEMENT REFORM PROGRAM OFFICE



CHAPTER 4

RISK MANAGEMENT REFORM PROGRAM OFFICE

4.1 CASG RISK MANAGEMENT REFORM PROGRAM OVERVIEW

The Risk Reform Program is expected to take 24-36 months and has a clear set of goals, objectives and outcomes. The Risk Reform Program and the associated roles and responsibilities for implementation are outlined in the DEPSEC CASG Directive 01/17.

CASG's risk management approach cannot be undertaken in isolation and needs to be intertwined with the risk management framework and approach of the other Groups and Services within Defence. The coordination at the highest level for this activity is undertaken by the Directorate of Enterprise Risk Management.

At a working level, everything that is designed as part of the remodel will take into account the interdependencies, gaps and overlaps with the risk management approach of the Capability Managers. The interface points will be carefully identified and any changes facilitated by the appropriate sponsor.

The CASG Risk Management Reform Program is structured to purposefully include interface with other Groups and Services across Defence and CASG. These interdependencies will be co-ordinated by CASG in close consultation and alignment with the Enterprise Governance Branch. Organisational wide interdependences regarding the Defence Enterprise Risk Management Framework, Capability Life Cycle, Capability Manager interface and the interface with Defence Industry that extend beyond the level of coordination of the CASG Risk Management Reform Program, will be synchronised by the Group Business Manager (GBM) CASG, First Assistant Secretary Governance and Reform, and Head Force Design. The CASG Risk Management Reform Program activities are aligned with CASG's major reform priorities that are coordinated through Program Performance Division.

4.2 PROGRAM GOVERNANCE

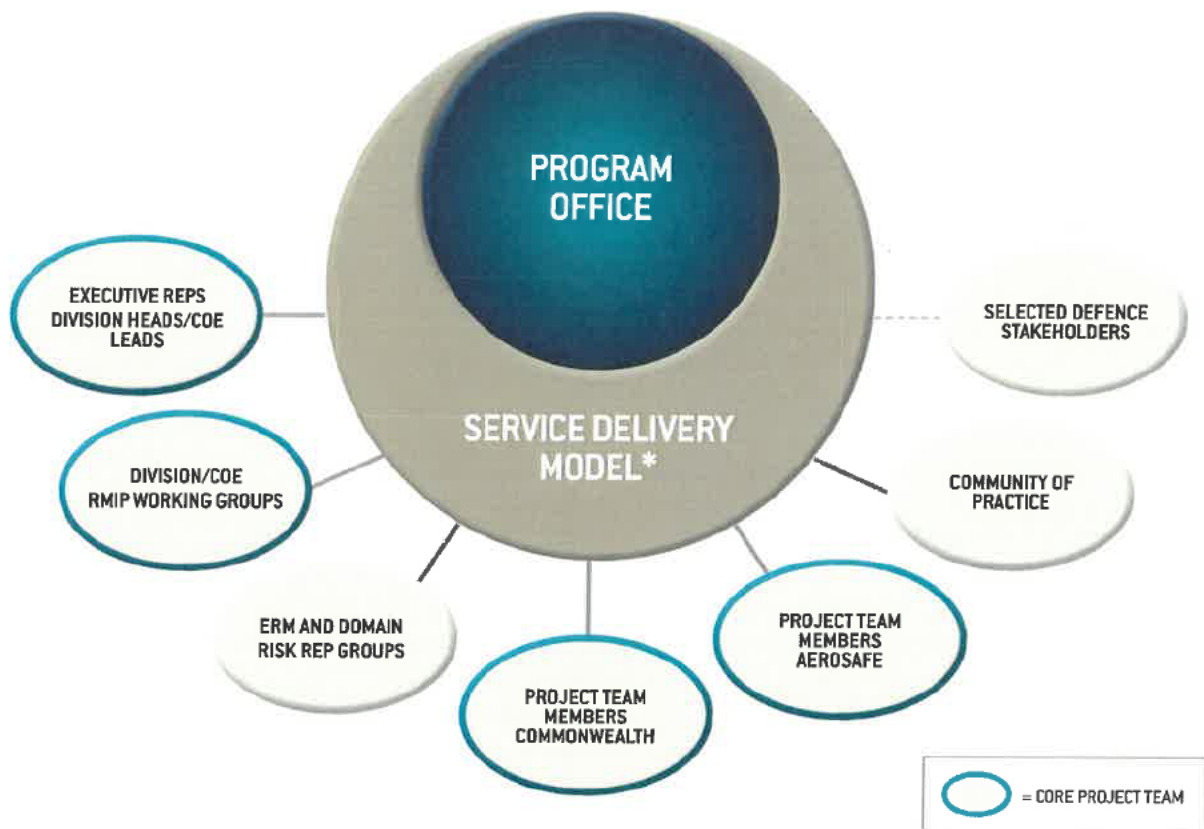
Delivered through the Corporate Performance CoE, the Risk Reform Program has a dedicated governance structure that ensures oversight, direction and strategic alignment with CASG and Defence programs. As a Leadership-driven reform program, oversight is provided by GBM CASG with sponsorship by Assistant Secretary Governance and Management. Areas requiring organisational approval will be sought from the EAC and the RAC will, where appropriate provide advice.

4.3 CASG REFORM PROGRAM OFFICE LOCATION AND TEAM

PROJECT TEAM

The CASG Risk Management Reform Program uses a composite team structure comprising a team from Aerosafe – CASG's Strategic Industry Partner, Department of Defence Australian Public Service positions, dedicated working group representatives drawn from CASG Divisions and CoEs, and Reservists. The Aerosafe team comprises risk management subject matter experts (SMEs) with strategic direction provided by Reform Lead Ms Kimberley Turner. The team also includes a dedicated Project Manager, a Project Coordinator and other subject matter experts who are experienced risk management professionals drawn from Government and Industry.

The Reform Lead, Project Manager and Project Coordinator comprise the core Program Management Team within the program office, and work closely with the Project Authority and Program Director to drive, lead and coordinate the Program. For the first six months of the CASG Risk Management Reform Program, a full time Project Officer has been placed on exchange from the Defence Enterprise Risk Management Team and is an instrumental part of the Program Office resource model.



PROGRAM REFORM OFFICE

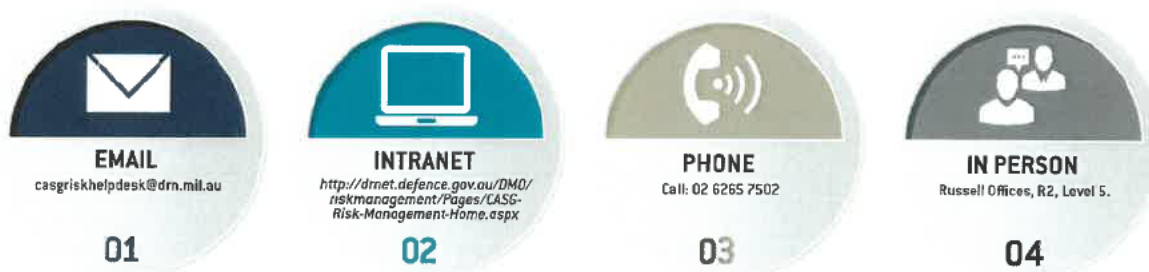
A Risk Management Reform Program Office has been established in Russell Offices in Canberra as a dedicated resource to drive and promote the Program across CASG and Defence. Located on the 5th Floor of R-2 Building, the Office operates from three rooms and serves as a central location from which to deliver program and technical assistance to change and delivery initiatives under the Risk Reform Program.

The Office is a focal point for Risk Reform activities and has a key role to play in supporting the coordination of program and activity planning at the Division and CoE level. Comprising desk space and meeting space suitable for briefings, coaching and training sessions, the Program Office operates from R2-05-A063, R2-05-A065 and R2-05-A153, and will be staffed Monday to Friday between 0830 and 1730. To contact the office call: (02) 6265 7502.

RISK MANAGEMENT HELP DESK

As a key resource to provide direction and advice on implementation of the Risk Reform Program, a Help Desk has been launched to provide a single point of contact for Defence staff to source information on the Risk Reform Program. The Help Desk will serve as a single continued point of contact for information and advice during the early phases of the Risk Reform Program through to business as usual. It will serve as a hotline and business process for the response and delivery on inquiries relating to the roll-out and delivery of the Risk Reform Program.

The Program Office and the Help Desk can be accessed by CASG or Defence personnel through four different methods:



WEBSITE

To inform CASG staff and personnel on implementation and progress of the CASG Risk Reform Program at the Group, Division, CoE, SPO and Branch levels, a dedicated website has been developed to promote the Program and disseminate information about the status and outputs of the program. Hosted as part of the Corporate Performance CoE website and available on the DRN, pages are intended to provide viewers with a comprehensive understanding of the CASG Risk Management Reform Program, activities and developments along with references to resources, announcements and timelines.

4.4 KEY TIMELINE OF ACTIVITIES

The CASG Risk Management Reform Program is a two-year program that commenced in July 2017 and will run through to June 2019.

To assist with understanding when key resources will be provided to the Group, a high level summary of key project activities and release dates for the Risk Reform Program is outlined on the website and will be kept up to date.

4.5 FURTHER INFORMATION

For further information regarding the reform program or how to access support, the team members below are available to assist:

RISK MANAGEMENT REFORM PROGRAM OFFICE KEY CONTACTS			
Brendhan Egan <i>Assistant Secretary Governance and Management</i>	Project Authority	Phone: 02 6265 4415	Email: brendhan.egan@defence.gov.au
Thea Huber <i>Director Strategic Planning and Risk Management</i>	Project Director	Mobile: 0439 487 984	Email: thea.huber@defence.gov.au
Kimberley Turner <i>Chief Executive Officer Aerosafe Risk Management</i>	Reform Lead	Phone: 02 6248 6777	Email: kturner@aerosafe.com.au
Fergus Murphy <i>Director Professional Services, Aerosafe Risk Management</i>	Project Manager	Phone: 02 6248 6777 Mobile: 0425 001 281	Email: fmurphy@aerosafe.com.au
Theeka Perera <i>Project Officer, CASG Risk Reform Program (Directorate Enterprise Risk Management exchange)</i>	Project Officer	Phone: 02 6265 7502	Email: theekshana.perera@defence.gov.au
Mitchell McKone <i>Project Officer, Aerosafe Risk Management</i>	Project Officer	Phone: 02 6248 6777 Mobile: 0477 477 576	Email: CASGRMProgram@aerosafe.com.au
HELP DESK		Email: casgriskhelpdesk@drn.mil.au	

SUPPORTING ANNEX

ANNEX A: CASG RISK MANAGEMENT GROUP MODEL

OVERVIEW

This Group model has been developed to assist CASG in understanding the elements that are required to meet the intent and expectations of the Defence Enterprise Risk Management Framework at the Group level. It should be noted that this information should be considered within the context of the review findings and recommendations. This model is not a risk management framework (in its entirety) but rather the key components of what the Group needs in order to have an effective and clearly defined approach to the management of risk.

FOUNDATION COMPONENTS

The foundation components of the CASG Risk Management Group Model are:

- Risk management framework (noting that the framework referred to here is the Defence Enterprise Risk Management Framework)
- Risk management program (Risk Reform Program)
- Risk management system (Risk practices and tools).

Each of these components outlined above have sub-elements that are defined in the Commonwealth Risk Management Guidelines.

CASG RISK MANAGEMENT GROUP MODEL ELEMENTS

The elements of the CASG Risk Management Group Model listed below are the elements that are currently missing or underdeveloped in the current approach used by CASG. This model is provided as a STRAWMAN for the development activities that are required in the CASG corporate risk management reform program.

RISK MANAGEMENT FRAMEWORK	Aligning with the Commonwealth Guidelines, the Defence ERM and Joint Directive, the Group will not develop a new framework but rather will use the Defence Enterprise Risk Management Framework as the foundation for the Model. This model will detail all the components required to effectively manage risk across the Group's corporate and delivery activities.
DEPSEC DIRECTIVE	The higher level policy that communicates the Group's risk management philosophy and explains the mandated requirements for applying the risk management process and practices.
GROUP RISK PROFILE	The Group Risk Profile is the DEPSEC CASG's oversight tool to articulate, communicate and facilitate the management of delivery risks. The DEPSEC will utilise the Group Risk Profile to steer the CASG Executive Advisory Committee's focus on making risk based decisions to govern the Group. External to CASG, the CASG Group Risk Profile will be presented annually by the DEPSEC CASG via the Defence Enterprise Risk Management Framework to the Enterprise Business Committee. The outcome of this presentation is to generate dialogue and decision making around risk, resource allocation and capability trade-offs.
DOMAIN/DIVISION RISK PROFILES	Utilising the same methodology as the Group Risk Profile, the Domain/Division Risk Profiles present the strategic risk picture at a given point in time on the Domain/Division's ability to deliver its corporate, program and capability outcomes. The Domain/Division Risk Profiles will allow for a consistent approach to be used across the Group and allow for a risk comparison of real, perceived and systemic risks to capability delivery. The custodian of the Domain/Division Risk Profile is the Domain/Division Head in consultation with the Capability Manager.
RISK ASSURANCE PROGRAM	A defined set of activities to ensure that assurance is provided and that risks are appropriately identified, assessed and managed.
RISK MANAGEMENT APPLICATION MAP	An Application Map lists the various areas where risk management is to be applied across the Group and indicates the level of depth and type of practice required. An application is any activity, task or function to which formal risk management planning should be applied.

APPLICATION INTERFACE DOCUMENT	The application interface document details the various planning processes, systems and practices that exist and will be used by Group personnel. The interface document will detail the relationship with the various elements and provide clarity on accountabilities and responsibilities for practice.
RISK MANAGEMENT PRACTICE GUIDES	The suite of risk management practice guides provide instruction on methodologies, tools, templates and techniques for the defined application or practice area. The Group risk management philosophy and process would not be replicated in these practice guides providing a streamlined approach for what people are to do in respect to risk management. The risk management practice guides would replace risk management manuals, instructions, procedures and templates.
LEADERSHIP COACHING PROGRAM	Targeted education and training via a coaching program is key to the CASG Risk Management Group Model. The leadership coaching program is for CASG Senior Leadership Team consisting of both military and APS personnel responsible for leading risk management.
EDUCATION AND TRAINING PROGRAM	The Group education and training program is for all other personnel across the Group needing knowledge and skill in the application of risk management. Education and training on the CASG Risk Management Group Model would also be included.
RISK MANAGEMENT REPRESENTATIVES – CORPORATE	This group is responsible for administering the policy and corporate resources of the CASG Risk Management Group Model. This group is the CASG enterprise risk management team.
RISK MANAGEMENT REPRESENTATIVES – SPECIALIST AREAS	Across the Group there are other key personnel that play a key role in coordinating and administering risk management activities. This group combined with the Risk Management Representative – Corporate, constitutes a Group level Community of Practice. For CASG, this representative group would include Domain/Division risk management personnel and personnel responsibility for developing or implementing the Risk Management Practice Guides. This group may include a panel or pooled resource of risk professionals who can be deployed to the various areas of the Group to provide risk management support.
ACCREDITATION PROGRAM – RISK PROFESSIONALS	The Group has a number of managers, leaders, suppliers and contractors who undertake or lead regular risk management planning activities. To drive the standardisation of risk practice, an accreditation program for these personnel will be administered by the Corporate Performance CoE.
RISK MANAGEMENT HELP DESK	A one-stop location where personnel across the Group can request and receive help in relation to understanding the Group's approach to risk management, the resources that are available or where request for access to panel/pool resources can be made.
RISK MANAGEMENT TOOL (SOFTWARE)	An approved corporate risk management tool (software) that aligns with the CASG Risk Management Group Model, the endorsed Group practices, performance monitoring (dashboards) and meets the specified requirements for collection, management and presentation of risk management information and records.