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Risk Maturity Benchmark

Guide to the risk maturity model

Contents

A model for best practice in risk management

VMIA's risk maturity model identifies the factors involved in managing risk effectively in any agency, regardless of its size, resources, risk profile or industry.

The model weights those factors according to how much they contribute to effective risk management and gives a score for the agency's maturity when it comes to managing risk.

This score is the key. It gives you a sound indicator of performance and a reliable way of comparing your results from year to year as you continuously improve your business practices. You can also use it to compare your agency with others like yours.

The risk maturity model sits behind the Risk Maturity Benchmark, the tool you use to assess the maturity of your risk management practices.

Working with you to deliver excellent services

VMIA enables clients to deliver programs and services for the Victorian community through helping them to better understand and manage risk. Having effective risk management in place helps organisations make better decisions and improve performance– which is essential for developing and delivering quality services.

Our risk services and tools are informed by the Victorian Government Risk Management Framework (VGRMF) based on the current risk standard: AS ISO 31000:2018 Risk Management Guidelines. The tools are aimed at building skills in managing risk and quickly repairing services in the face of an event.

The risk maturity model which sits behind The Risk Maturity Benchmark was developed after research into risk maturity assessment practices, risk management frameworks and quality assurance practices in a number of industries. We have undertaken analysis in the public sector and learned from the experience of previous risk cycles. The model has been reviewed by independent peers and The Risk Maturity Benchmark has been tested by clients as well as VMIA staff. A review cycle and user forum will ensure that the risk maturity model and The Risk Maturity Benchmark are useful for improving your risk management practices.

What is the Risk Maturity Benchmark?

Risk Maturity Benchmark turns the model into action. You can use it as part of your annual continuous improvement cycle to:

- assess how well your current risk management practices are working for your agency
- find opportunities to improve your risk management practices
- compare your agency's results from year to year
- benchmark your agency against similar agencies

You can also use the Risk Maturity Benchmark to get a confidence level which will indicate how well your risk management framework is aligned against the Victorian Government Risk Management Framework (VGRMF). This can help you with your agency's VGRMF attestation but we need to emphasise that using the tool to get the confidence level does not meet your compliance requirements.

We encourage you to use the Risk Maturity Benchmark as part of your continuous improvement cycle and to support your agency's efforts to meet the mandatory requirements of the VGRMF. Use the results to guide rather than prescribe your risk management documents and activities—for example, while you are required to have a risk management framework in place, where and how you articulate that in your risk management documents is up to your agency.

VMIA will also use the results of the annual assessments to look for opportunities to assist particular agencies, industries or the whole public sector, either with one-on-one consultation and site visits or training programs, workshops and forums available to all.

Key concepts in the risk maturity model

The model consists of three broad **topics** with 12 **maturity statements** for each. There are four maturity statements for each topic under each stage of **maturity**. Each statement is underpinned by a number of **questions**. Points are assigned to each maturity statement according to a **system**.

Topics

Risk Management Framework

This topic is about your agency's approach to risk management, including documentation, review, governance and compliance with standards.

If your agency is mature in its practices it will have:

- a framework expressed in terms that are easy to understand and carry out
- well defined processes and policies, which are communicated to the whole agency and are easy for staff to access
- demonstrated commitment from senior leaders

Evidence of these practices might include:

- documents which define your agency's risk management framework
- newsletters and memos showing that an endorsed risk management framework has been communicated to employees
- documents showing the participation of senior leaders in reviews of the effectiveness of risk management practices
- training and development records

Figure 1. The risk maturity model
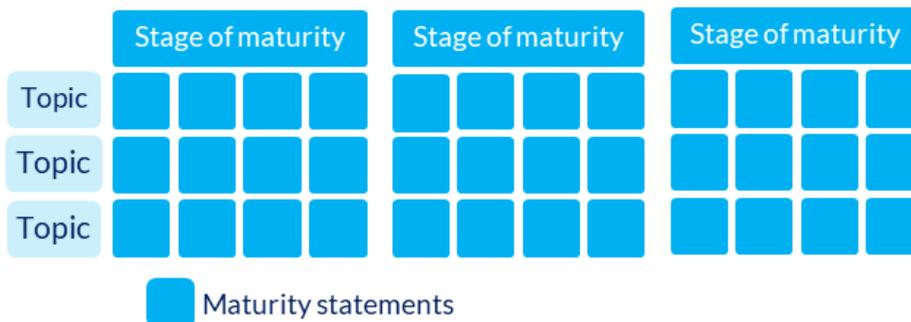
Risk Culture

This topic is about how the culture of your agency supports risk management, from clear commitment of the leaders through to reward and recognition programs.

If your agency is mature in its practices it will have:

- desired values and behaviours defined in key documents and communicated to staff
- senior managers acting in line with the values and behaviour and modelling the culture
- practices that encourage learning and innovation

Evidence of these practices might include:

- a reward and recognition program that provides incentives for behaviours in line with the agency's values and culture
- forums and lines of communication which staff know about and can use to escalate effort on risk or issue management
- a mentor program

Risk Management Process

This topic is about how your agency systematically deploys policies, processes and procedures to manage risk.

If your agency is mature in its practices it will have:

- transparent risk management processes, which are communicated to the agency as a whole and can be easily accessed
- risk response planning
- a continuous improvement process that captures lessons learned and makes them available for future projects

Evidence of these practices might include:

- a risk register
- endorsed Risk RACI
- risk workshops
- new staff on-boarding that includes induction into risk management processes

Maturity

There are three stages of maturity: Evolving, Embedding and Optimising. Each stage is divided into four areas of focus. Maturity statements are distributed equally across the whole maturity range in all areas of focus to make sure we are capturing information about your risk management practices, whatever stage of maturity your agency is at.

Maturity statements

Maturity statements identify what needs to be done to manage risk effectively. An example of one is "Leadership team demonstrates leadership and commitment to risk management processes." There are 36 maturity statements, which you can 'view' according to their topic or stage of maturity. See Appendix C.

Questions

Each maturity statement is underpinned by a number of questions about the specific risk management activities you do in your agency. For all of them you answer 'yes' or 'no'.

Questions have also been mapped to the ten mandatory requirements of the VGRMF, in order to calculate VGRMF confidence levels for your organisation. You can find these mandatory requirements listed in table 1 in Appendix. A description of the confidence levels is in the next section.

Figure 2. Example of Risk Maturity Benchmark question format		
Question:	What approaches does your agency use to implement the risk management framework?	
Response options:	Communication and consultation across different levels and functions of the agency.	VGRMF 1
	Documented plans for implementation activities agreed with senior leaders.	VGRMF 1
	Tools and resources developed to assist people in fulfilling their risk management responsibilities.	VGRMF 9
	Risk management is incorporated into different operating procedures and systems of work.	VGRMF 8

The points system

Points are assigned according to how you answer the questions under each maturity statement. These are added up to give an overall maturity score for your agency.

Each topic has the same weight— 300 points—because all topics play an equal role into your risk management practices. The different stages of maturity are weighted with a different number of points for each topic as shown in the table below. The Evolving stage of maturity has the most points because it's the foundation of risk management for every agency.

Figure 3. The points system

Risk management framework
- Maturity statements
- Questions

% Overall maturity score

Risk culture
- Maturity statements
- Questions

Risk management process
- Maturity statements
- Questions
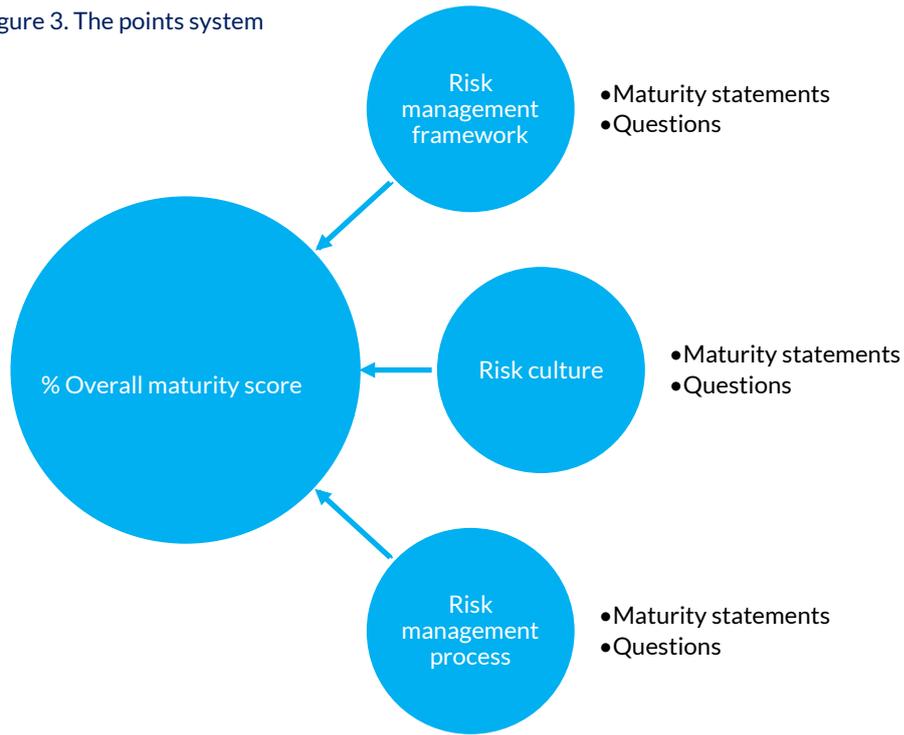
For each topic	
Evolving	180
Embedding	80
Optimising	40
Total points for the topic	300

The outputs of the model

The model has several outputs designed to help you continuously improve your practices and support your mandatory VGRMF attestation requirements.

Maturity score

Once you have completed the assessment in the Risk Maturity Benchmark the model calculates an overall maturity score. This appears as a percentage on your dashboard dial.

Risk Maturity Benchmark will also show how your agency's maturity scores are distributed across each topic and stages of maturity, called 'Maturity Sub-levels' in the dashboard. This will help you home in on the areas where you can improve.

Maturity rating

Your result is also represented as one of three maturity ratings: Evolving, Embedding and Optimising.

Evolving	Embedding	Optimising
Your agency has the essential risk management framework and documentation in place.	Risk management is integrated into business processes throughout your agency. You can demonstrate that your risk management framework is being used and you are beginning to realise benefits.	Your agency has advanced risk management practices in place and is continuously improving. You assess what is working well and make changes where appropriate. You could be considered as a leader in risk management.

Figure 4. Maturity score

Overall Maturity Performance

You have achieved Maturity Rating: **Optimising**

Overall Score: **88.65%**

You should think of the scores as a point on a spectrum rather than a scale. This is about finding the right point on the spectrum for your agency, depending on its resources, risk profile and industry—a point that will still give you opportunities for continuous improvement. It's not about climbing a ladder.

Improvement opportunities

The questions are linked to corresponding improvement opportunities aimed at helping your agency improve the maturity of its risk management practices.

If you answer 'No' to a question, then an improvement opportunity will automatically appear on the Improvement Plan tab in your Risk Maturity Benchmark dashboard.

Improvement opportunities are tagged according to their importance, the effort required, and the maturity statement or VGRMF requirement they belong to. You can filter the opportunities according to any of those criteria and select improvement opportunities to add to an action plan. You can use this action plan to set out clear, practical steps which will improve your agency's risk maturity.

Make the most of the filters to tailor the action plan to suit where your agency is at—for example, you could choose improvement opportunities with high importance and low effort to get some fast improvements in your agency's risk management practices. Or you can target those improvement opportunities that will help your agency meet the mandatory VGRMF requirements.

Benchmarks

Benchmarking reports in the dashboard will show you where your agency stands compared to other organisations. You can filter by organisational level, sector or department. Results are de-identified so that your agency's corporate information is not seen by other users of the Risk Maturity Benchmark. Benchmarking results will appear at the end of the campaign period.

VGRMF confidence levels

Based on your responses to questions in the Risk Maturity Benchmark, the model calculates confidence levels which indicate how well your agency satisfies the ten VGRMF mandatory requirements. These levels are expressed as a percentage, one for each of these requirements as shown in Figure 5.

These levels should be interpreted as an indication only of how well your organisation is satisfying the mandatory requirements of the VGRMF. Use the result to guide your agency's decision making rather than determine whether you comply or not. This table shows how you should interpret the level.

	Low Confidence	Medium Confidence	High Confidence
Score	0-50%	51%-79%	80%+
Description	Results indicate a low level of confidence in meeting the mandatory requirements of the VGRMF	Results indicate a medium level of confidence in meeting the mandatory requirements of the VGRMF	Results indicate a high level of confidence in meeting the mandatory requirements of the VGRMF

Figure 5. VGRMF confidence levels
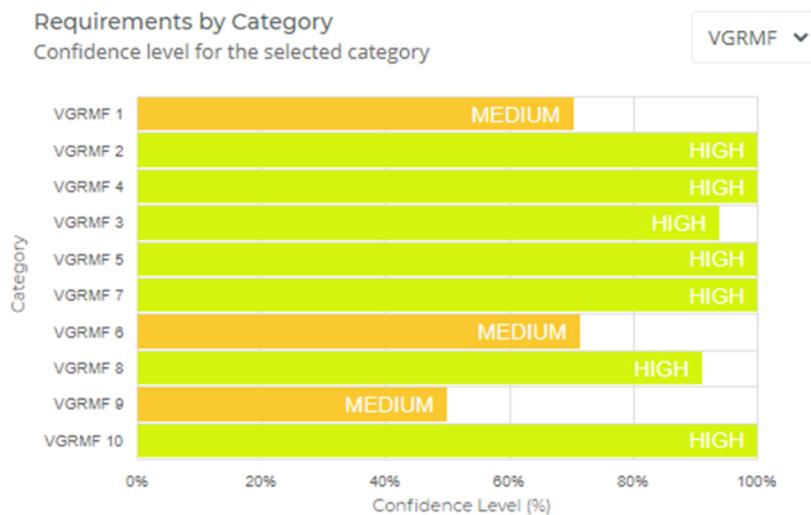
Reports

Risk Maturity Benchmark presents a set of assessment reports on detailed results, flagged questions and responses, which will give you a detailed picture of how you fared in your assessment across questions, statements, topics and stages of maturity. It also gives you a report on your action plan including insights, an actions register and status of progress on your actions. Use these reports to build agency-wide understanding of your risk maturity, improvement opportunities and action plans. You can also use them to inform discussions with your VMIA Risk Adviser.

Set achievable goals and measure progress

The risk maturity model has been designed to give you a reliable indication of the maturity of your agency's risk management practices and opportunities for improvement, which you can tailor to suit your priorities.

Risk Maturity Benchmark is how you apply that model to your agency's needs. We encourage you to make it a key tool in your reporting and continuous improvement cycle. Use it to:

1. assess your risk maturity and identify improvement opportunities as early as possible in the campaign period
2. develop a tailored action plan that's right for your agency
3. track progress against your action plan and update it through the year
4. report to management about risk management activities

Figure 6. How to get the most out of the Risk maturity benchmark

Risk Maturity Benchmark will also help you have more targeted conversations with your VMIA Risk Adviser about the assessment results. Whatever approach you take, aim to improve at a rate that is right for your agency.

Need assistance?

Contact us by email contact@vmia.vic.gov.au or phone (03) 9270 6990.

Appendices

A.   Victorian Government Risk Management Framework (VGRMF) requirements

B.   Viewing the VMIA risk maturity model

C.   VMIA risk maturity model

Appendix A
Victorian Government Risk Management Framework (VGRMF) requirements

The results from the Risk Maturity Benchmark can be used to inform attestation against the ten VGRMF requirements listed here.

Table 1: Victorian Government Risk Management Framework (VGRMF)	
VGRMF 1	The responsible body must be satisfied that the agency has a risk management framework in place consistent with AS ISO 31000:2018 Risk Management – Guidelines;
VGRMF 2	The responsible body must be satisfied that the risk management framework is reviewed annually to ensure it remains current and is enhanced, as required;
VGRMF 3	The responsible body must be satisfied that a positive risk culture in the agency is able to be demonstrated;
VGRMF 4	The responsible body must be satisfied that the agency defines its risk appetite;
VGRMF 5	The responsible body must be satisfied that it is clear who is responsible for managing each risk;
VGRMF 6	The responsible body must be satisfied that 'shared risks are identified and managed through communication, collaboration and/or coordination by the impacted agencies;
VGRMF 7	The responsible body must be satisfied that the agency contributes to the identification and management of state significant risks, as appropriate;
VGRMF 8	The responsible body must be satisfied that strategic and business planning and decision-making processes embed risk management and demonstrate consideration of the agency's material risks;
VGRMF 9	The responsible body must be satisfied that adequate resources are assigned to risk management;
VGRMF 10	The responsible body must be satisfied that the agency risk profile and risk appetite must be reviewed at least annually.

Use the results as a guide to your decision making rather than a substitute for it. Refer to the Attesting to VGRMF requirements page for more information.

Appendix B
Viewing the VMIA risk maturity model

a. Look across the rows to see the maturity statements for each topic.
b. Look down the columns to see maturity statements for each stage of maturity.

	EVOLVING				EMBEDDING				OPTIMISING			
	1	2	3	4	5	6	7	8	9	10	11	12
	1	2	3	4	5	6	7	8	9	10	11	12
				A		**B**						
	1	2	3	4	5	6	7	8	9	10	11	12

A

Risk Culture	EVOLVING			
	1	2	3	4
Key Attribute	Foundations	Foundations	Foundations	Foundations
Key Focus	Documented	Tailored	Reviewed	Demonstrate
Maturity Statement	Approach to develop a positive risk culture documented	Approach to develop a positive risk culture tailored for the agency's context	Approach to develop a positive risk culture reviewed	Leadership team demonstrate mandate and commitment to reinforce a positive risk culture

B

Risk Management Framework	Embedding
	6
	Integration Implemented
	Risk Management Framework implemented
Risk Culture	Embedding
	6
	Integration Implemented
	Approach to demonstrate a positive risk culture implemented
Risk Management Process	Embedding
	6
	Integration Implemented
	Risk management processes implemented

Appendix C
VMIA risk maturity model

Maturity Rating	EVOLVING			
Overall Risk Maturity statements	**Evolving represents having the foundations for risk management:**			
Risk Management Framework	EVOLVING			
	1	**2**	**3**	**4**
Key Attribute	**Foundations**	**Foundations**	**Foundations**	**Foundations**
Key Focus	Documented	Tailored	Reviewed	Demonstrate
Maturity Statement	Risk Management Framework documented and consistent with AS ISO 31000:2018 Risk Management – Guidelines	Risk Management Framework tailored for the agency's context	Risk Management Framework reviewed annually	Leadership team demonstrate leadership and commitment to the Risk Management Framework
Risk Culture	EVOLVING			
	1	**2**	**3**	**4**
Key Attribute	**Foundations**	**Foundations**	**Foundations**	**Foundations**
Key Focus	Documented	Tailored	Reviewed	Demonstrate
Maturity Statement	Approach to develop a positive risk culture documented	Approach to develop a positive risk culture tailored for the agency's context	Approach to develop a positive risk culture reviewed	Leadership team demonstrate leadership and commitment to reinforce a positive risk culture
Risk Management Process	EVOLVING			
	1	**2**	**3**	**4**
Key Attribute	**Foundations**	**Foundations**	**Foundations**	**Foundations**
Key Focus	Documented	Tailored	Reviewed	Demonstrate
Maturity Statement	Risk management processes documented and consistent with AS ISO 31000:2018 Risk Management – Guidelines	Risk management processes tailored for the agency's context	Risk management processes reviewed annually	Leadership team demonstrate leadership and commitment to risk management processes

Maturity Rating	EMBEDDING			
Overall Risk Maturity statements	Embedding represents integrating risk management into agency business structures and processes:			
Risk Management Framework	EMBEDDING			
	5	6	7	8
Key Attribute	**Integration**	**Integration**	**Integration**	**Integration**
Key Focus	Communicated	Implemented	Implementation Assessed	Integrated
Maturity Statement	Risk Management Framework communicated	Risk Management Framework implemented	Risk Management Framework implementation assessed	Risk Management Framework integrated
Risk Culture	EMBEDDING			
	5	6	7	8
Key Attribute	**Integration**	**Integration**	**Integration**	**Integration**
Key Focus	Communicated	Implemented	Implementation Assessed	Integrated
Maturity Statement	Approach to develop and demonstrate positive risk culture communicated	Approach to demonstrate a positive risk culture implemented	Approach to demonstrate a positive risk culture implementation assessed	Approach to demonstrate a positive risk culture integrated
Risk Management Process	EMBEDDING			
	5	6	7	8
Key Attribute	**Integration**	**Integration**	**Integration**	**Integration**
Key Focus	Communicated	Implemented	Implementation Assessed	Integrated
Maturity Statement	Risk management processes communicated	Risk management processes implemented	Risk management process implementation assessed	Risk management processes integrated

Maturity Rating	OPTIMISING			
Overall Risk Maturity statements	**Optimising represents demonstrating value and driving change**			
Risk Management Framework	OPTIMISING			
	9	10	11	12
Key Attribute	Value	Value	Value	Value
Key Focus	Effectiveness Reviewed	Effectiveness Improved	Continuously Improved	Innovate
Maturity Statement	Risk Management Framework effectiveness reviewed	Risk Management Framework effectiveness improved	Risk Management Framework continuously improved through consideration of better practices	Risk Management Framework innovation encouraged
Risk Culture	OPTIMISING			
	9	10	11	12
Key Attribute	Value	Value	Value	Value
Key Focus	Effectiveness Reviewed	Effectiveness Improved	Continuously Improved	Innovate
Maturity Statement	Approach to demonstrate a positive risk culture effectiveness reviewed	Approach to demonstrate a positive risk culture effectiveness improved	Positive risk culture continuously improved through the consideration of better practices	Innovation in risk culture encouraged
Risk Management Process	OPTIMISING			
	9	10	11	12
Key Attribute	Value	Value	Value	Value
Key Focus	Effectiveness reviewed	Effectiveness Improved	Continuously Improved	Innovate
Maturity Statement	Risk management process effectiveness reviewed	Risk management process effectiveness improved	Risk management process continuously improved through the consideration of better practices	Innovation in risk management processes encouraged