**Purpose**

This risk management framework is for the purposes of the (insert program name) and is required to prevent/minimise the realisation of risks that may threaten the successful implementation of the program objectives.

The (insert program name) risk management framework will provide a structure for the program to understand risk management and provide a consistent approach to identification, evaluation and mitigation of risks. It will also identify and clarify roles and responsibilities for risk management.

**Principles**

The (insert program name) risk management framework will be based on the following:

* All program team members are responsible for identifying risks
* Determine the system tool to capture, identify, assess and monitor risks
* All risks that are identified are to be assessed for probability and impact
* Based on the information collated during the risk identification and assessment, risks will be categorised and evaluated
* Where appropriate, mitigation strategies are defined and implemented
* All risks to be reviewed/monitored on a regular basis
* The Project Manager has the responsibility for monitoring risks and ensuring mitigation strategies are implemented

**Overview of the Process**

Assess risks

**Communicate and consult**

**Monitor and review**

**Identify risks**

**Establish the context**

**Analyse risks**

**Evaluate risks**

**Treat risks**

**Accept**

**risks**

Yes

No

*Based on AS/NZS4360:1999 – Risk Management, Standards Australia/Standards New Zealand, ISBN 0 7337 2647 X.*

1. **Establish the context**
   * The strategic context
   * The organisational context
   * The risk management context
   * Develop criteria
   * Decide the structure
   * Define roles and responsibilities
2. **Identify risks**

* What can happen?
* How can it happen?

1. **Analyse risks**

* Determine existing controls
* Determine likelihood (probability)
* Determine consequences
* Estimate level of risk

***Step 1: Defining Likelihood Ratings -*** The likelihood for each Risk Event occurring is considered and one Likelihood Descriptor is selected for each from the table below.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Probability** | | | | | | | | | |
| Low | Moderate | | High | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 10% or less | 11% - 20% | 21% - 30% | 31%- 40% | 41% - 50% | 51% - 60% | 61% - 70% | 71% - 80% | 81% - 90% | 91% - 100% |

***Step 2: Defining Consequence Ratings -*** The consequence of a Risk Event being realised is considered and one Consequence Descriptor is selected for each form the table below.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Consequence** | **Project Consequence**   |  |  |  | | --- | --- | --- | | **Exposure Level** | | **Total** | | Concern | <= 3 | **1** | | Minor | <= 7 | **0** | | Significant | <= 10 | **0** | | Critical | <= 15 | **0** | | Unacceptable | > 15 | **0** | | **Total Number of Risks** | | **1** | |
| ***Catastrophic*** | Unacceptable effect on project deliverables. |
| ***Major*** | Major effects on project deliverables or process, that is likely to require significant effort to rectify. |
| ***Moderate*** | Moderate effects on project deliverables or process, that is likely to require intervention to resolve. |
| ***Minor*** | Some difficulties experienced, but these are likely to be easily resolved. |
| ***Insignificant*** | No noticeable effect on project deliverables or process. |

***Step 3 - Defining Risk Exposure -*** The following table outlines the definition of the Risk Factor by combining the likelihood and consequence of each risk event.

|  |  |
| --- | --- |
| **Exposure Level** | |
| Concern | <= 3 |
| Minor | <= 7 |
| Significant | <= 10 |
| Critical | <= 15 |
| Unacceptable | > 15 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Probability** | | | | | | | | | |
| **Impact** | | Low | Moderate | | High | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 10% or less | 11% - 20% | 21% - 30% | 31%- 40% | 41% - 50% | 51% - 60% | 61% - 70% | 71% - 80% | 81% - 90% | 91% - 100% |
| Critical | 4 |  |  |  |  |  |  |  |  |  |  |
| Severe | 3 |  |  |  |  |  |  |  |  |  |  |
| Moderate | 2 |  |  |  |  |  |  |  |  |  |  |
| Limited | 1 |  |  |  |  |  |  |  |  |  |  |

1. **Evaluate risks**

* Compare against criteria
* Set risk priorities

| **Risk Description** | **Prob** | **Imp** | **Score** | **Exposure** | **Mitigation** | **Owner** |
| --- | --- | --- | --- | --- | --- | --- |
| Risk described |  |  |  |  |  |  |

1. **Manage risks**

* Identify options – avoid, accept or retain, reduce, insure or transfer
* Evaluate options
* Select options
* Prepare plans
* Implement plans

1. **Communicate and consult**

* Must occur throughout the various stages of the process
* Within the program and externally with all relevant stakeholders

1. **Monitor and review**

* Ensure changes are captured and reflected

|  |  |  |
| --- | --- | --- |
| **Step** | **Process** | **Responsibility** |
| 1 | Coordinate risk assessment assessing all major categories of risk and rating each risk identified |  |
| 2 | Sign off on risk register and risk management action plan |  |
| 3 | Approve risk management plan |  |
| 4 | Monitor performance on actions identified through formal reporting to (insert program name) Board |  |

**Roles & Responsibilities**

(insert program name) Management Group

* Approves risk management framework
* Approves risk limits
* Approves risk tolerance
* Provides oversight

Program Manager

* Monitor – coordinate – teach
* Measure – benchmark
* Report to (insert program name) management group

Project Manager (where applicable). If no project manager, the following are the responsibility of the program manager.

* Identify risks
* Propose risk limits
* Control - analyse & evaluate risks
* Implement treatment of risks (where required)
* Report

Program Team

* Identify risks
* Analyse risks