

RISK MANAGEMENT PLAN

Instructions

1. Determine the objective of your project (what does your project have to achieve?).
2. Consider what could happen that would hinder or prevent the achievement of the objective. These are the risks and they should be recorded in the Risk Identification and Assessment Template (the template).
3. Consider the circumstances or situation that could cause each of the risks to occur. Record this information in the appropriate column of the template against each risk.
4. Consider how the occurrence of each risk would affect the objective (ie. what would the consequences be?). Record this information in the 'Potential Impacts' column of the template against each risk.
5. Using the information shown in Table 1, determine the likelihood of each risk occurring and record this in the appropriate column of the template.
6. Using the information shown in Table 2, determine the consequence level of each risk occurring, noting that each risk might have a number of potential areas of impact. Use the consequence definition that best describes the major impact area for each risk and record this in the appropriate column of the template.
7. Using the matrix in Table 3, combine the likelihood measure and consequence measure to obtain an overall risk level for each risk and record this in the template.
8. Consider whether anything can be done to minimise the effect of this risk. Can the likelihood be reduced? Can the impact/consequence be lessened?
9. If there is action that can be taken to minimise the risk, record this in the Risk Treatment section of the template, including details of who will be responsible for implementing the treatment action and the date it will be completed.
10. Reassess the risk and estimate the revised likelihood, consequence and risk level following successful implementation of the treatment.

Table 1. Likelihood definitions

Description	Likelihood of Occurrence
Almost certain	The event is expected to occur in most circumstances
Likely	The event will probably occur in most circumstances
Possible	The event could occur at some time
Unlikely	The likelihood of the event occurring is low
Rare	The event may occur only in exceptional circumstances

Table 3. Risk Level Matrix

LIKELIHOOD	CONSEQUENCE				
	Insignificant	Minor	Moderate	Major	Critical
Almost certain	Low	Medium	High	Extreme	Extreme
Likely	Low	Medium	Medium	High	Extreme
Possible	Low	Low	Medium	High	Extreme
Unlikely	Low	Low	Low	Medium	High
Rare	Low	Low	Low	Medium	High

Table 2. Consequence definitions

Rating	Outcomes	Time/Schedule	Cost/Budget	Environmental & Sustainability
Critical	Quality of outputs is severely compromised, threatening viability of the project. Project will be abandoned.	Project cancelled - cannot be completed within the required timeframe.	Potential project cost increase of project >50% of forecast. Resource costs exceed the project benefits.	Major widespread loss of environmental amenity & progressive irrecoverable environmental damage
Major	Quality of outputs is compromised threatening viability of the project. Consider abandoning project.	Significant additional effort will be required to finish the project within the required timeframe.	Cost increase of project by more than 10% of forecast.	Severe loss of environmental amenity and danger of continuing environmental damage
Moderate	Quality of outputs is compromised threatening viability of the project. Achievement of project outcomes may be compromised.	Additional resources need to be invested in the project in order to achieve agreed deadlines.	Cost increase of project by less than 10% of forecast.	Isolated but significant instances of environmental damage that might be reversed with intensive efforts
Minor	Quality of outputs is compromised but able to be remedied.	Resources stretched – need to relocate additional resources to keep the project schedule viable.	Minor cost increase, able to be managed within existing budget.	Minor instances of environmental damage that could be reversed
Insignificant	No effect on quality of outputs.	No effect on time/schedule.	No effect on cost/budget.	No environmental damage

Risk Assessment Template

Risk Identification and Assessment

Risk No	The risk (What could happen that would hinder or prevent achievement of project objective?)	Potential causes/sources (What are the circumstances or situation that could cause this risk to occur?)	Potential impacts (What impacts would be noticed if this risk occurred?)	Likelihood	Consequence	Current Risk Level	Treatment? Yes/No (Can anything be done to minimise this risk?)

RISK TREATMENT TEMPLATE

Risk Treatment	Reassessment, Monitoring and Review
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Risk No (from previous table)	The Risk	Current Risk Level	Treatment to be taken (What can be done to minimise the effect of this risk? Reduce the likelihood? Lessen the impact?)	Responsibility (Who is responsible for implementing this treatment action?)	Date Treatment due for completion	Expected Risk levels after treatments			Review
						Likelihood	Consequence	Expected Risk Level After Treatment	Progress in Implementing treatment