
 **Organizational Risk Assessment**


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GOAL

- ✦ Explore Risk Assessment processes / tools
- ✦ Identify Risks
- ✦ Measure, Monitor and Mitigate
- ✦ Reporting



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What is a Risk Assessment

- ✦ You do it every day
- ✦ Doesn't have to be complicated
- ✦ We are all seasoned Risk Managers

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Organizational Risk

✦ **Organizational Risk** is the business, treasury, and pure risks of an organization (i.e., all exposures, hazards, and perils, whether traditionally covered by insurance or not), which collectively create uncertainty as to the financial outcome of an enterprise.”



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4 Step Process

- ✦ Collect Data
- ✦ Analyze / Quantify
- ✦ Monitor / Mitigate
- ✦ Report / Track


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1. Collect Data

- ✦ Appropriate Staff
- ✦ Risk Identification
- ✦ Can group into types (operational, environmental, financial, etc.)


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Identify Risks - HR


- ✦ Following regulatory pay laws
- ✦ Manager Training
- ✦ Taco Tuesday

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Compensation and benefits	Financial abuse Who has signing authority? Regulatory requirements
Hiring	Discriminatory practices Hiring unsuitable or unsafe candidates Were laws observed? Did the employee sign off on policies
Occupational Health and Safety	Environmental Personal injury or death Do we provide safe working conditions? Do we provide adequate training for staff? Do we ensure the use of safety equipment?
Employee supervision	Abuse Reputation in the community Release of personal information Sufficient orientation and training? Performance management system in place?
Employee conduct	Reputation in the community Written position descriptions for all positions Orientation and training Written records of performance issues Do we have adequate harassment policies?
Exiting employee	Company Property Reputation in the community Final Compensation Access codes, passwords, etc. de-activated? Did we record time and vacation balances?

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2. Analyze / Quantify

- ✦ Develop Assessment Criteria
- ✦ Assess Risks
- ✦ Prioritize / Rate Risks

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Grid Rating – Likelihood / Impact

		Risk Score							
		5	4	3	2	1			
Impact	5	5	10	15	20	25	Key	1-3 Low Risk	
	4	4	8	12	16	20			
	3	3	6	9	12	15			4-6 Moderate Risk
	2	2	4	6	8	10			8-12 High Risk
	1	1	2	3	4	5			15-25 Extreme Risk
		likelihood							
		1	2	3	4	5			

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3. Monitor / Mitigate

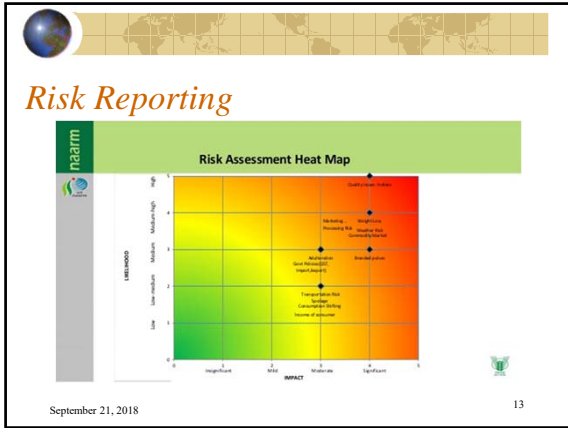
- ✦ Risk Appetite / Threshold
- ✦ Subjective Criteria
 - ▣ Health / Safety
 - ▣ Reputational
 - ▣ Vulnerability
- ✦ Focused on Monitoring and Mitigation

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4. Report / Track

- ✦ Importance of Reporting / Tracking
- ✦ Audience / Distribution
- ✦ Continually Update

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Risk Reporting

BUSINESS RISKS

ID	Description	Impact	Likelihood	Overall Risk	Owner	Start Date	End Date	Status	Notes	Priority
1
2
3
4
5

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- ### 4. Report / Track
- ✦ Importance of Reporting / Tracking
 - ✦ Audience / Distribution
 - ✦ Continually Update
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Culture

- ✦ Promote a Healthy Risk Culture
- ✦ Common Understanding of Purpose
- ✦ Managing Risk is Everyone's Job
- ✦ Top -> Down


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***ALL OF LIFE IS THE
MANAGEMENT OF RISK,
NOT ITS ELIMINATION.***

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QUESTIONS / COMMENTS?


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A little risk management saves a lot of fan cleaning.


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APPENDIX

ASSIGNING RISK LIKELIHOOD VALUES			
Score	Title	Likelihood	% Chance
1	Rare	Rare: A very unlikely event. It could happen, but probably never will.	Below 5%
2	Unlikely	Not expected. Slight possibility. An improbable sequence of events.	5% - 25%
3	Possible	Moderate likelihood. Foreseeable. May have occurred in projects like this before.	25% - 50%
4	Likely	Strong possibility. High likelihood. An easily foreseeable event.	50% - 75%
5	Almost Certain	Very likely. Almost certain without any intervention.	Above 75%

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APPENDIX

ASSIGNING RISK SEVERITY VALUES			
Score	Title	Outcome / Impact / Consequence	Cost / Time / Scope Implications
1	Insignificant	The project will have to make some minor changes to scope. Resolvable by management team.	Can be managed. Acceptable.
2	Minor	Some changes to deliverables. Outside of Project Tolerances or Contingency.	Adjustment to scope with some impact.
3	Moderate	One or more areas likely not to deliver as planned. Descoping required.	Significant impact.
4	High	Significant descoping required.	Major impact.
5	Extreme	Serious failure of business / project objectives.	Disastrous impact.

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