



GOVERNMENT OF THE  
**VIRGIN ISLANDS**  
Premier's Office



*VIRGIN ISLANDS*  
**RECOVERY AND  
DEVELOPMENT AGENCY**

# Risk Management

Reference: RMPOL-2018

Date: 17/9/2019 – V2

Email: [feedback@bvirecovery.com](mailto:feedback@bvirecovery.com)

Website: [www.bvirecovery.vg](http://www.bvirecovery.vg)

Third Floor, Ritter House,  
Wickham's Cay II, Tortola VG1110, Virgin Islands

## Table of Acronyms

<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CTO</b>	Chief Technical Officer
<b>EWI</b>	Early Warning Indicator
<b>KPI</b>	Key Performance Indicator
<b>MoR</b>	Management of Risk
<b>RDA</b>	Recovery and Development Agency
<b>RDP</b>	Recovery to Development Plan

## Glossary of Terms

**Accept:** A risk response that means that the organisation takes the chance that the risk will occur, with full impact on objectives if it does.

**Avoid:** A risk response that seeks to eliminate a threat by making the situation certain.

**Benefits:** The measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders.

**Business case:** The justification for an organisation activity (strategic, programme, project or operational) that typically contains costs, benefits, risks and timescales and against which continuing viability is tested (see reference B).

**Business change manager:** The role responsible for benefits management, from identification through to realisation and ensuring the implementation and embedding of the new capabilities delivered by the projects. Typically allocated to more than one individual. Alternative title: Change agent.

**Communications plan:** A plan of the communications activities during the organisation activity (strategic, programme, project or operational) that will be established and maintained. Typically contains when, what, how and with whom information flows.

**Contingency planning:** The process of identifying and planning appropriate responses to be taken when a risk occurs.

**Contingent plan:** Plans intended for use, only if required, e.g. if a risk response is not successful. Often called fall-back plans.

**Early warning indicator:** Abbreviated to EWI. A leading indicator for an organisational objective measured ultimately by a key performance indicator (KPI).

**Enhance:** A risk response for an opportunity that seeks to increase the probability and/or impact to make it more certain.

**Exploit:** A risk response for an opportunity that seeks to make the uncertain situation certain.

**Impact:** Impact is the result of a threat or opportunity occurring.

**Inherent risk:** The exposure arising from a specific risk before any action has been taken to manage it.

**Issue:** A relevant event that has happened, was not planned and requires management action. It could be a problem, benefit, concern, change request or risk that has occurred.

**Issue actionee:** A role or individual responsible for the management and control of all aspects of individual issues, including the implementation of measures taken in respect of each issue.

**Key performance indicator:** Abbreviated to KPI. A measure of performance that is used to help and organisation define and evaluate how successful it is in making progress towards its organisation's objectives.

**Management of risk:** Systematic application of policies, procedures, methods and practices to the tasks of identifying and assessing risks, and then planning and implementing risk responses. This provides a disciplined environment for proactive decision-making.

**Operational risk:** Failure to achieve business/organisation objectives due to human error, system failures and/or inadequate procedure and controls.

**Opportunity:** An uncertain event that would have a favourable impact on objectives or benefits if it occurred.

**Outcome:** The result of change, normally effecting real world behaviour or circumstances. Outcomes are desired when a change as a result of the activities undertaken to effect the change.

**Output:** The tangible or intangible artefact produced, constructed or created as a result of a planned activity.

**Probability:** This is the evaluated likelihood of a threat or opportunity actually happening, including a consideration of the frequency with which this may arise.

**Product:** An input or output, whether tangible or intangible, that can be described in advance, created and tested. Also known as an output or deliverable.

**Programme:** A temporary, flexible organisation structure created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organisation's strategic objectives. A programme is likely to have a life that spans several years.

**Programme risk:** Risk concerned with transforming high-level strategy in new ways of working to deliver benefits to the organisation.

**Project:** A temporary organisation that is created for the purpose of delivering one or more business products according to the specified business case.

**Project risk:** Project risks are those concerned with the successful completion of the project. Typically, these risks include personal, technical, cost, schedule, resource, operational support, quality and supplier issues.

**Proximity:** (of risk) The time factor of risk, i.e. the occurrence of risks will be due at a particular time, and the severity of their impact will vary depending on when they occur.

**Quality assurance:** Assurance that products will be fit for purpose or meet requirements.

**Reduce:** A risk response for a threat that seeks to reduce probably and/or impact.

**Residual risk:** The risk remaining after the risk response has been successfully applied.

**Risk:** An uncertain event or set of events that, should it occur, will have an effect of the achievement of objectives. A risk is measured by a combination of the probability and magnitude of its impact on objectives.

**Risk actionee:** Some actions may not be within the remit of the risk owner to control explicitly; in that situation there should be a nominated owner of the action to address the risk. He or she will need to keep the risk owner apprised of the situation.

**Risk appetite:** The amount of risk the organisation, or subset of it, is willing to accept.

**Risk capacity:** The maximum amount of risk that an organisation or subset of it, can bear, linked to factors such as its reputation, capital, assets and ability to raise additional funds.

**Risk cause:** A description of the source of the risk, i.e. the event or situation that gives rise to the risk.

**Risk committee:** A body of independent directors who are responsible for reviewing the units' internal control and risk management systems.

**Risk effect:** A description of the impact the risk would have on the organisational activity should the risk materialise.

**Risk estimation:** The estimation of probability and impact of an individual risk, considering predetermined standards, target risk levels, independencies and other relevant factors.

**Risk evaluation:** The process of understanding the net effect of the identified threats and opportunities on an activity when aggregated together.

**Risk event:** A description of the area of uncertainty in terms of the threat or the opportunity.

**Risk exposure:** The extent of risk borne by the organisation at that time.

**Risk identification:** Determination of what could pose a risk; a process to describe and list sources of risk (threats and opportunities).

**Risk log:** See risk register.

**Risk management:** Systematic application of principles, approach and processes to the tasks of identifying and assessing risks, and then planning and implementing risk responses.

**Risk management policy:** Describes the series of steps (from identity through to implement) and their respective associate activities, necessary to implement risk management.

**Risk management strategy:** Describes the goals of applying risk management to the activity, the process that will be adopted, the roles and responsibilities, risk thresholds, the timing of risk management interventions, the deliverables, the tools and techniques that will be used, and the reporting requirements. It may also describe how the process will be co-ordinated with other management activities.

**Risk manager:** A role or individual responsible for the implementation of risk management for each activity at each of the organisational tasks.

**Risk owner:** A role or individual responsible for the management and control of all aspects of individual risks, including the implementation of the measures taken in respect of each risk.

**Risk perception:** The way in which a stakeholder views a risk, based on a set of values or concerns.

**Risk potential assessment:** A standard set of high-level criteria against which the intrinsic characteristics and degree of difficulty of a proposed project are assessed.

**Risk profile:** Describes the types of risk faced by an organisation and its exposure to those risks.

**Risk register:** A record of all identified risks relating to an initiative, including their status and history. Also called a risk log.

**Risk response:** Actions that may be taken bring the situation to a level where the exposure to risk to the organisation. These responses fall into one of a number of risk response options.

**Risk tolerance:** The threshold levels of risk exposure that, with appropriate approvals, can be exceeded, but which when exceeded will trigger some form of response (e.g. reporting the situation to senior management for action).

**Risk tolerance line:** A line drawn on the summary risk profile. Risks that appear above this line cannot be accepted (lived with) without referring them to a higher authority (escalation). For a project, the project manager would refer these risks to the senior responsible owner.

**Senior responsible owner:** The single individual with overall responsibility for ensuring that a project or programme meets its objectives and delivers the projected benefits.

**Severity of risk:** The degree to which the risk could affect the situation.

**Share:** A risk response. Modern procurement methods commonly entail a form of risk-sharing through the application of a pain/gain formula: both parties share the gain (with pre-agreed limits) if the cost is less than the cost plan; and share the pain (again within pre-agreed limits) if the cost plan is exceeded.

**Sponsor:** The main / financial driving force behind a programme or project.

**Sponsoring group:** The main driving force behind a programme investment decision and top level endorsement of the rationale and objectives of the programme.

**Stakeholder:** Any individual, group or organisation that can affect, be affected by, or perceive itself to be affected by, an initiative (programme, project, activity or risk).

**Stakeholder map:** A diagrammatic representation of the stakeholders relevant to an organisational activity and their respective interests.

**Strategic risk:** Risk concerned with where the organisation wants to go, how it plans to get there and how it can ensure survival.

**Summary risk profile:** A simple mechanism to increase the visibility of risks. It is a graphical representation of information normally found on an existing risk register.

**Threat:** An uncertain event that could have a negative impact on objectives or benefits.

**Transfer:** A risk whereby a third party takes on responsibility for an aspect of the risk.



# Table of Contents

Table of Acronyms .....	1
Glossary of Terms .....	2
POLICY .....	1
1.0 Purpose .....	1
2.0 Introduction .....	1
2.1 Risk Tolerance.....	2
2.2 Procedure for escalation and delegation.....	3
2.2.1 Escalation.....	3
2.2.2 Delegation .....	4
2.3 Roles and Responsibilities .....	4
PROCESS.....	9
3.0 Introduction .....	9
3.1 Management structure for risk management strategies .....	9
3.2 Steps in the Process.....	10
3.2.1 Identify.....	10
3.2.2 Assess.....	11
3.2.3 Plan. ....	11
3.2.4 Implement. ....	11
3.3 Tasks, inputs and outputs.....	11
3.4 Tools and techniques.....	15
3.4.1 Key performance indicators and early warning indicators.....	16
TEMPLATES .....	16
4.1 Risk Management Strategy (Template) .....	16
4.1.1 Introduction.....	16
4.1.2 Summary of the risk management process applicable to the activity.....	16
4.1.3 Records .....	16
4.1.4 Reporting .....	17
4.1.5 Roles and Responsibilities .....	17
4.1.6 Scales for Estimating Probability and Impact .....	17
4.1.7 Risk Tolerance Thresholds.....	17
4.1.8 Budget Required.....	17
4.1.9 Risk Categories .....	17
4.1.10 Templates .....	17

4.1.11	Early Warning Indicators for KPIs.....	17
4.1.12	Timing of Risk Management Activities.....	17
	RISK ASSESSMENT CRITERIA .....	18
5.1	Likelihood Criteria.....	18
5.2	Impact Criteria .....	18
	PROGRAMME MANAGER RISK THRESHOLDS (TEMPLATE) .....	22
6.1	Likelihood Criteria.....	22
6.2	Impact Criteria .....	22
	PROJECT MANAGER RISK THRESHOLDS (TEMPLATE) .....	25
7.1	Likelihood Criteria.....	25
7.2	Impact Criteria .....	25

# POLICY

## 1.0 Purpose

The purpose of this Risk Management Policy is to communicate why and how risk management will be implemented throughout the Recovery and Development Agency (RDA) to support the realisation of its objectives.

The Risk Management Policy is the responsibility of the Chief Executive Officer (CEO).

## 2.0 Introduction

This policy has been written in conjunction with the AXELOS Management of Risk (MoR) process. In addition, this policy should be reviewed and updated accordingly to comply with any other Risk Management Policy of the Board.

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. The objective of risk management is to secure the assets and reputation of the Agency and to ensure the continued financial and organisational well-being.

Good risk management is about identifying what might go wrong, what the consequences might be of something going wrong and finally, deciding what can be done to reduce the possibility of something going wrong. If it does go wrong, as some things inevitably will, making sure that the impact is kept to a minimum.

Risk management should ensure that the Agency makes cost effective use of a risk framework that has a series of well-defined steps. The aim is to support better decision-making through a good understanding of risks and their likely impact.

Risk management should be a continuous and developing process that runs throughout the Agency's strategies and policies and reflected in implementation, methodically addressing all risks surrounding the organisations activities past, present and future. This document, as with all documents within the portfolio of risk management, must be formally reviewed at regular intervals and amendments recorded.

This policy must be read in conjunction with the Glossary of Terms, Risk Management Process Guide and the Risk Management Strategies. The hierarchy of these documents is as detailed in Figure 1.

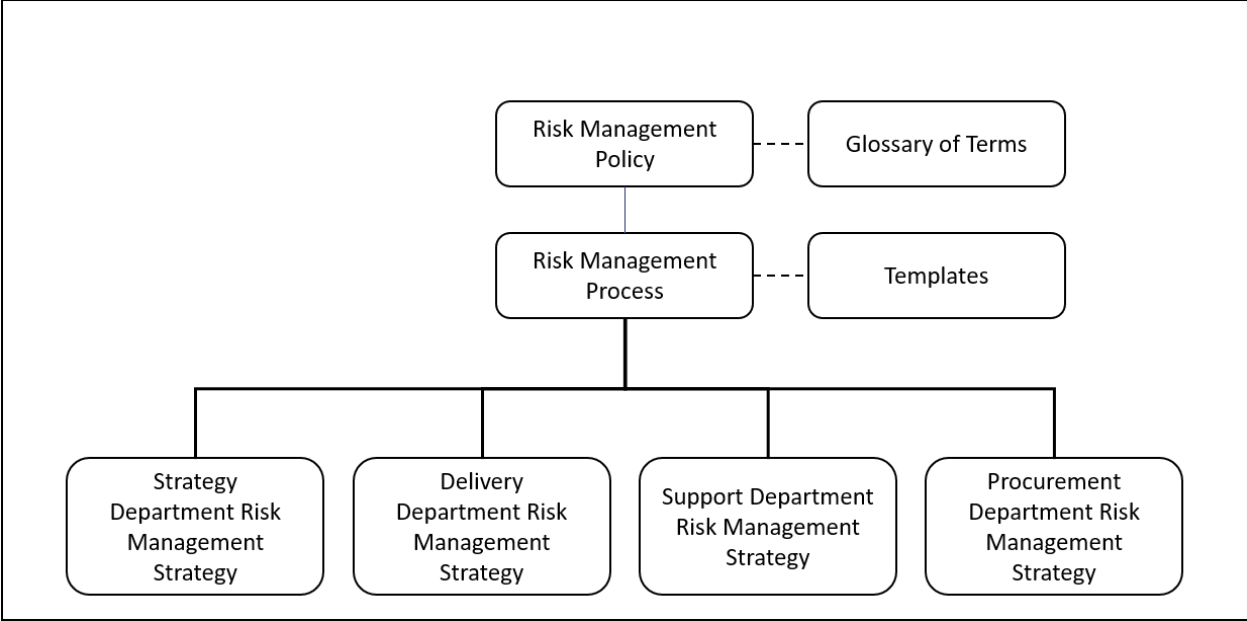
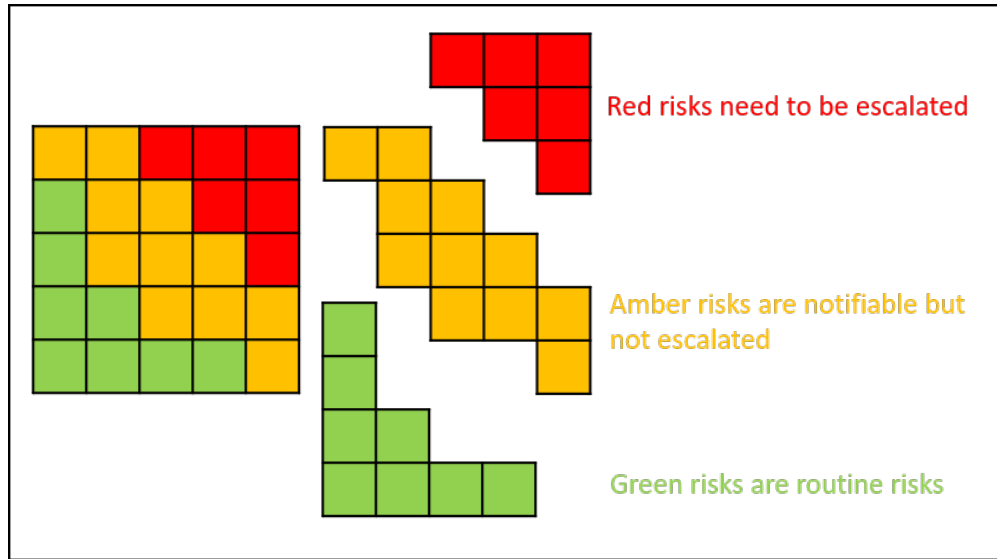


FIGURE 1: RISK MANAGEMENT DOCUMENT HIERARCHY

2.1 Risk Tolerance

Risk appetite is the amount of risk an organisation is willing to accept. Risk appetite plays a vital role in supporting the Agency’s objectives in orchestrating risk management activities and is the basis for establishing risk tolerances. Risk appetite should not be greater than capacity. Risk capacity is the amount of risk an organisation is willing to take and the associated amount of risk management that is carried out must align to its objectives.

Thresholds for risk management are critical to ensure that delegated individuals are empowered to make decisions and for management to have the confidence in those decisions. The RDA has a standard mosaic for risk that provides clear guidance on the acceptable thresholds each tier of risk management can accept. This standard mosaic is detailed below:



**Red.** A Red risk is one that must be escalated up the Risk Management Structure as it is beyond the manageable threshold of the current risk matrix owner. Upon escalation, and where agreed, the risk ownership will transfer.

**Amber.** This is a level of risk that requires the current risk owner to notify up the risk management structure. The ownership remains with risk matrix owner however the individual providing oversight must be made aware of all amber risks.

**Green.** These risks are within the acceptable levels of risk to be managed by the risk matrix owner.

## 2.2 Procedure for escalation and delegation

For all changes in risk ownership there must be a receiver and a donor. Both parties must formally agree that the risk should change ownership. Risks can move up the management structure (escalation) or down (delegation). Equally a potential receiver may refuse to accept a risk choosing to provide additional support to the potential donor for them to continue to manage the risk.

### 2.2.1 Escalation

The procedure is as follows:

**The risk is identified as needing to be escalated.** This situation may be because the threshold has been exceeded or that the current risk owner does not control the mechanisms for appropriate management of the risk.

**Request to transfer.** The current risk owner requests that the risk is escalated up the risk management structure. This request will include the following information:

- Assessment of the risk profile detailing likelihood and impact analysis.

- Risk proximity expressed as a date category.
- Management activity to date.
- Previous owner.

Upon agreement of both parties the risk will transfer onto the senior risk matrix.

### 2.2.2 Delegation

The procedure for delegation of risk is the same as escalation. A risk can only be delegated if it is accepted by the receiver; positions of authority must not be leveraged to force individuals to manage risks that they are not comfortable owning. A risk can only be delegated if the receiver has the tools available to manage the risk and it fits within their acceptable tolerance category.

## 2.3 Roles and Responsibilities

Details the roles and responsibilities for risk management within the RDA is show below and it is displayed pictorially at Figure 2.

Ser	MoR Role	Agency Role	Responsibilities	Remarks
1	<b>Senior Team</b> <i>(Board, Audit and Risk Sub-Committee, Agency Senior Managers)</i>	<b>CEO to lead</b>	Writes owns and assures adherence to the risk management policy.  Defines the overall risk appetite.  Reviews the risk management strategy.  Approves funding for risk management.  Monitors the risk profile.  Assures clarity of role and responsibility of other stakeholders.  Assists with assessing the risk context.  Monitors and acts on escalated risks.  Establishes governance.	
2	<b>Senior Manager appointed to represent the Senior Team</b>	<b>CFO</b>	Ensures that appropriate governance and internal controls are in place	

Ser	MoR Role	Agency Role	Responsibilities	Remarks
			<p>Ensures risk management strategy exists</p> <p>Reviews risk strategy for RDA</p> <p>Defines and monitors risk tolerances</p> <p>Ensures risk management policy is implemented</p> <p>Monitors and assesses the balance within the set of risks</p> <p>Owns and manages escalated risks as appropriate</p> <p>Ensures that adequate resources are available to implement the risk management strategy</p> <p>Agrees on the information that will be reported to more senior stakeholders</p> <p>Assists the Senior Team in embedding the necessary risk management practices</p> <p>Contributes to identification of key risk areas and assures that risk registers are in place</p> <p>Responsible to the CEO for effective management of risk.</p> <p>Organises risk management reviews and meetings.</p>	
3	<p><b>Manager</b></p> <p><i>(could be a specific risk manager, project</i></p>	<p><b>Department Directors or</b></p>	<p>Ensures that risk registers, a risk review process and</p>	

Ser	MoR Role	Agency Role	Responsibilities	Remarks
	<i>manager, operations manager or other line manager)</i>	<b>Delegated Individuals</b>	<p>an escalation process are in place</p> <p>Validates risk assessments</p> <p>Identifies the need for investment to fund tasks</p> <p>Owens individual risks (including those delegated by the senior manager)</p> <p>Escalates or delegates risks to higher or lower levels in the organisation as required.</p> <p>Ensures participation in the delivery of risk management.</p> <p>Writes the relevant department risk strategy.</p> <p>Responsible for risk management at department level.</p>	
4	<b>Assurance</b>	<b>Internal Auditor</b>	<p>Assures the senior team that risk accountabilities exist</p> <p>Assures compliance with guidance on internal control</p> <p>Reviews progress and plans in developing and applying the risk management policy</p> <p>Reviews the results of the assessments of the management of risk</p> <p>Makes formal assessments and reports of management of risk implementation</p>	



Ser	MoR Role	Agency Role	Responsibilities	Remarks
			<p>Ensures risk information is available to inform decision making</p> <p>Reviews the departments risk strategies</p>	
5	<b>Risk Specialist</b>	<b>CTO</b>	<p>Ensures the risk management policy is implemented</p> <p>Carries out on-going management of risk maturity assessments</p> <p>Develops plans to improve the management of risk</p> <p>Develops management of risk guidance and training</p> <p>Identifies lessons learned and disseminates learning</p> <p>Undertakes risk management training and holds seminars to embed risk management</p> <p>Prepares risk management strategies</p> <p>Prepares stakeholder analysis</p> <p>Prepares a risk breakdown structure or similar</p> <p>Participates in option analysis</p> <p>Carries out risk management interventions</p> <p>Prepares meeting/workshop aids</p> <p>Facilitates risk meetings/workshops</p>	

Ser	MoR Role	Agency Role	Responsibilities	Remarks
			<p>Identifies risks</p> <p>Undertakes qualitative and quantitative assessment of risks</p> <p>Prepares risk management reports</p>	
6	<b>Team</b>	<b>All members of the risk management process</b>	<p>Participates (as appropriate in the identification, assessment, planning and management of threats and opportunities.</p> <p>Understands the risk management policy and how it affects them.</p> <p>Implements the risk management policy within their areas of responsibility.</p> <p>Escalates risk as necessary as defined by the risk management policy.</p>	

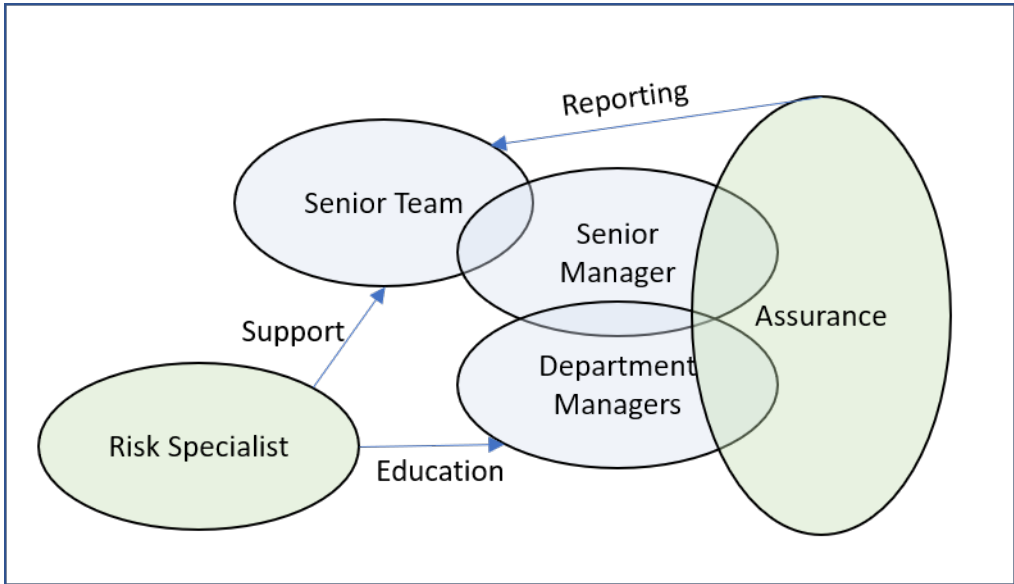


FIGURE 2: ROLES AND RESPONSIBILITIES

# PROCESS

## 3.0 Introduction

The process is divided into four main steps: **identify, assess, plan** and **implement**. Each step describes the outputs, tasks and techniques involved to ensure that the overall process is effective. Risk management should be applied continuously with information made available when critical decisions are being made. Decisions about risk will vary depending on whether the risk relates to long, medium or short-term organisational objectives in conjunction with the organisational perspectives (see Figure 3).

The Risk Management Process is the responsibility of the Agency risk specialist.

The activities that this document intendeds to support are:

- a. Agency general functions.
- b. Activities relating to the delivery of the Recovery and Development Plan (RDP).
- c. Capacity Building.
- d. Transparency.
- e. Communications.
- f. Private sector engagement.

This document must be read in conjunction with the Risk Management Policy and provides guidance for the individual Risk Management Strategies.

### 3.1 Management structure for risk management strategies

The diagram below identifies the management structure for the individual Risk Management Strategies.

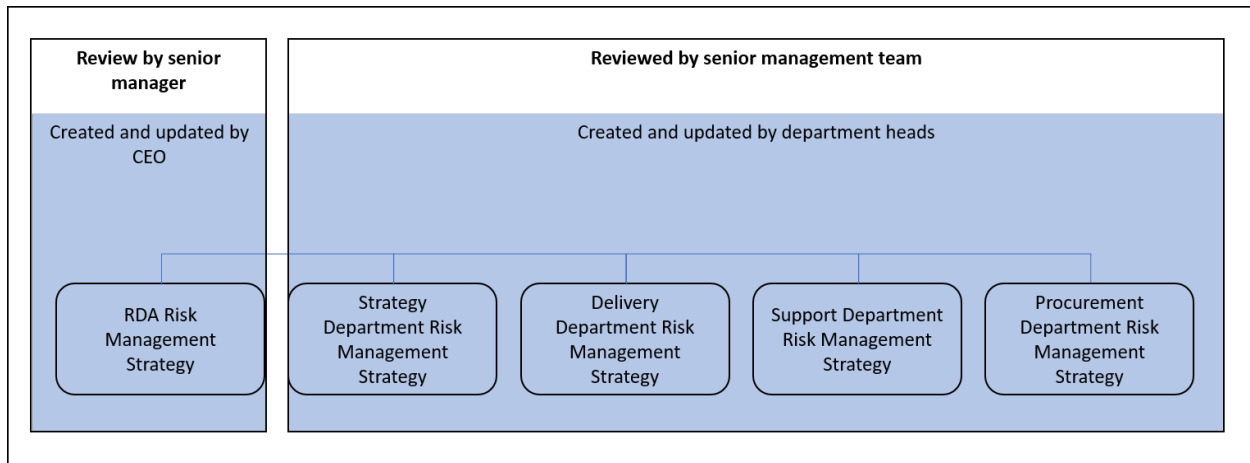


FIGURE 3: RISK MANAGEMENT STRATEGY – MANAGEMENT STRUCTURE

## 3.2 Steps in the Process

The four primary steps of the MoR process. Collectively these steps form a logical sequence necessary for robust implementation of risk management. They are carried out in sequence as any one step cannot be undertaken until the preceding step has been completed.

They are iterative in nature in that when additional information becomes available, it is often necessary to revisit earlier steps and carry them out again, to achieve a complete picture of the risks to the activity at that time.

### 3.2.1 Identify

**Context.** This is to obtain information about the planned activity and how it fits into the wider organisation and society. This will include an understanding of:

- a. What are the activity objectives?
- b. What is the scope of the activity?
- c. What assumptions have been made?
- d. What constraints are relevant to the activity?
- e. How complete is the information?
- f. Who are the stakeholders and what are their objectives?
- g. Where the activity fits in relation to the organisational structure?
- h. What is the organisation's own environment?
- i. What is the organisation's approach to risk management?

**Identify the risks.** This is to identify risks to the activity objectives with the aim of minimising threats while maximising opportunities. This will include:

- a. Identifying the threats and opportunities to the activity.
- b. Preparing a risk register.
- c. Preparing KPIs and EWIs.
- d. Understanding the stakeholders' view of the risks.

### 3.2.2 *Assess*

**Estimate.** This needs to prioritise individual risks so that it is clear which risks are most important and most urgent. This will require an understanding of:

- a. The probability of each threat and opportunity – how is it likely to occur?
- b. The impact of each threat and opportunity – what would be the effect on activity objectives if it occurred?
- c. The proximity of each threat and opportunity – when would the risk occur if it did?

**Evaluate.** Evaluation should facilitate an understanding of the risk exposure faced by activity by looking at the net effect of the identified threats and opportunities on an activity when aggregated together.

### 3.2.3 *Plan.*

The goal of Plan is to prepare specific management responses to the threats and opportunities identified, ideally to remove or reduce the threats and to maximise the opportunities. The intention of this step is to reduce the possibility of the Agency being taken by surprise if a risk materialises.

### 3.2.4 *Implement.*

The goal of Implement is to ensure that the planned risk management actions are implemented and monitored. It is critical that through monitoring learning is undertaken to ensure that effective and corrective action is taken where responses do not match expectations.

## 3.3 Tasks, inputs and outputs

The table below details the tasks, inputs and outputs of each step within the MoR process.

MoR process step	Tasks	Input	Output
<p><b>Identify – Context</b></p> <p>The inputs for this step are the documents that are examined to gain understanding of the activity being undertaken.</p> <p>The results of this step form the inputs to the following step, identify the risks.</p>	<p>Establish activity objectives</p> <p>Establish activity scope</p> <p>Clarify assumptions</p> <p>Discover completeness of information</p> <p>Carry out stakeholder analysis</p> <p>Clarify risk management approach (policy, process guide and strategy)</p>	<p>Regulatory framework and corporate governance requirements</p> <p>Risk management policy</p> <p>Risk management process guide</p> <p>Activity documents</p> <p>Lessons learned</p>	<p>Activity analysis</p> <p>Risk management strategy</p> <p>Stakeholder map</p> <p>Lessons learned</p>
<p><b>Identify – Risks</b></p> <p>The inputs for this step are the documents that are examined to gain understanding of the potential threats and opportunities and their individual characteristics.</p> <p>The outputs are the documents necessary to carry out the subsequent steps in the process.</p> <p>The key document is the risk register populated with the threats and opportunities.</p>	<p>Identify the threats and opportunities</p> <p>Gain agreement (where possible)</p> <p>Review clarity</p> <p>Record the information of a risk register</p> <p>Structure the risk register</p> <p>Identify EWIs for KPIs</p>	<p>Activity analysis</p> <p>Risk management strategy</p> <p>Stakeholder map</p> <p>Lessons learned</p> <p>Issues</p>	<p>Risk register</p> <p>EWIs for KPIs</p>

MoR process step	Tasks	Input	Output
<p><b>Assess – Estimate</b></p> <p>The inputs to the estimate step are the documents that will provide the information needed to allow probability, impact and proximity to be assessed as accurately as possible.</p> <p>The outputs are the documents necessary to carry out the subsequent steps in the process, to complete the evaluate step of the assess process if it is appropriate to aggregate the risks and their impacts and continue into the plan step.</p>	<p>Confirm descriptions are clear</p> <p>Assess probability, impact and proximity and expected value if this is required by the risk management strategy</p> <p>Update the risk register</p>	<p>Risk register</p> <p>EWIs for KPIs</p>	<p>Risk register</p>
<p><b>Assess – Evaluate</b></p> <p>The inputs to this step are the documents that are examined to gain and understanding of the activity being undertaken, principally generated in the estimate step.</p> <p>The outputs are the documents and other information necessary to carry out the subsequent steps in the process.</p>	<p>Build risk model (if using probabilistic analysis)</p>	<p>Risk register</p>	<p>Summary risk profile</p> <p>Relationships and interdependencies</p>
<p><b>Plan</b></p> <p>The inputs to the plan step are the documents and other information from the previous process steps that will enable effective decision-making in planning responses to risks, whether they are threats to be removed or</p>	<p>Plan responses</p> <p>Record residual risk</p> <p>Cost justify responses</p> <p>Identify organisational ownership</p> <p>Identify risk owners</p>	<p>Summary risk profile</p> <p>Relationships and interdependencies</p> <p>Risk register</p> <p>Existing insurance policies</p> <p>Lessons learned</p>	<p>Risk owner</p> <p>Risk actionee</p> <p>Risk register (including risk responses and secondary risks)</p> <p>Risk response plan</p>

MoR process step	Tasks	Input	Output
<p>reduced, or opportunities to realise additional benefits.</p> <p>The outputs from the plan step is to provide the information needed to take appropriate action in implementing the effective management of the risks identified in the previous steps of the MoR process.</p> <p>One of the most significant outputs is the identification of the individuals responsible for the response action and overall ownership of each risk.</p>	<p>Identify risk actionees</p> <p>Identify and assess any secondary risks</p> <p>Check residual risk is within the risk tolerances for the activity</p>		
<p><b>Implement</b></p> <p>The inputs to the implement step are the documents and other information from the previous process steps that will enable effective action to be taken to address the risks should they materialise, to realise the opportunities, or to prevent threats occurring.</p> <p>The outputs of the implement step are implemented responses and the documents and other information that enable effective monitoring and evaluation of the MoR activities, including financial impacts and new risks that may emerge as a result of</p>	<p>Executing</p> <p>Monitoring</p> <p>Controlling</p> <p>Update risk register</p> <p>Amend EWIs for KPIs</p> <p>Close risks</p> <p>Reporting</p>	<p>Risk owner</p> <p>Risk actionee</p> <p>Risk register</p> <p>Risk response plan</p>	<p>Risk progress reports</p>



<b>MoR process step</b>	<b>Tasks</b>	<b>Input</b>	<b>Output</b>
actions taken or other factors.			

### 3.4 Tools and techniques

The table below lists several tools and techniques that can be used to support each of the primary steps of the management of risk process. Use of these tools and techniques should be covered in more detail within the individual activity risk management strategies.

<b>Identify</b>	
<b>Context</b>	<b>Risks</b>
Stakeholder analysis PESTLE analysis SWOT analysis Horizon scanning. Define the probability and impact grid.	Checklists Prompt lists Cause and effect diagrams Group techniques – brainstorming, nominal group technique and Delphi technique Questionnaires Individual interviews Assumptions analysis Constraints analysis Risk descriptions
<b>Assess</b>	
<b>Estimate</b>	<b>Evaluate</b>
Probability assessment Impact assessment Proximity assessment Expected value assessment	Summary risk profiles Summary expected value assessment Probabilistic risk models Probability trees Sensitivity analysis
<b>Plan</b>	
Risk response planning Cost benefit analysis Decision trees	

Implement
Update summary risk profiles
Risk exposure trends
Update probabilistic models

### 3.4.1 Key performance indicators and early warning indicators

These will need to be developed by the Agency. Early Warning Indicators need to be measurable and must be related to events and activities that will change the RDA critical business areas, based on our KPIs. This is a team activity but the responsibility for approval remains with the CEO.

## TEMPLATES

### 4.1 Risk Management Strategy (Template)

#### 4.1.1 Introduction

*Provide a summary description of the activity to which risk management will be applied.*

*The outline typically describes the objectives, budget (if applicable), timeframe, scope, sponsor stakeholders, approval process and primary tasks.*

*It may refer to the location of the detailed documents.*

*It will state the purpose and the owner of the document, the activity to which it relates, where questions should be referred, why the document must be followed and any other documents that should be read in conjunction with the strategy.*

#### 4.1.2 Summary of the risk management process applicable to the activity

*This section will describe the risk management process that will be adopted and will refer to the risk management process guide.*

*It will state what departures (if any) have been made from the steps described in the process guide and why they were necessary.*

#### 4.1.3 Records

*Describe the preferred technique(s) to be used for each step in the process.*

*It should describe the tool(s) to be used and the software to be adopted. This is particularly important where a risk database will be used, and a number of individuals will be inputting data. It may go as far as to describe which fields are to be populated, how and by whom.*

#### *4.1.4 Reporting*

*Outline the records that should be produced, including the format of the risk register and issue register (if different from the process guide).*

#### *4.1.5 Roles and Responsibilities*

*Include an organisational chart describing the roles (and the individuals carrying out those roles) for the activity to which this strategy relates.*

#### *4.1.6 Scales for Estimating Probability and Impact*

*Probably impact grids should be developed for each activity. The probability scale matches the standard within the RDA policy. Impact scales should be developed for each objective with the scales representing the risk appetite for the activity.*

#### *4.1.7 Risk Tolerance Thresholds*

*The scales developed for the probability impact grid are typically the way that the risk tolerance thresholds for the activity are represented.*

#### *4.1.8 Budget Required*

*Describe either a risk budget or an allocation of resources (work-days for risk management support for the activity).*

#### *4.1.9 Risk Categories*

*Outlines the categories that will be used to group risks, for example, by type of cause or area of impact. Risk categories may reflect a risk breakdown structure or other type of prompt list to be used within the activity.*

#### *4.1.10 Templates*

*This should link to any specific templates that need to be used by those within the Risk Management framework as well as detailing acceptable deviance.*

#### *4.1.11 Early Warning Indicators for KPIs*

*EWIs should be selected for their relevancy to the activity that this strategy supports and will be included in the reports.*

#### *4.1.12 Timing of Risk Management Activities*

*Record lifecycle of the activity including the individual stages, review points and overall duration.*

## RISK ASSESSMENT CRITERIA

This is the RDA high level risk criteria and is managed at the Board level.

### 5.1 Likelihood Criteria

	Likelihood	Probability	Approximate Frequency	Description
5	Very High	>90%	Occurs at least once every 1 year	Is a common occurrence
4	High	51-90%	Occurs once every 2 to 6 years	Has occurred many times
3	Medium	26-50%	Occurs once every 6 – 12 years	Has occurred several times
2	Low	11-25%	Occurs once every 12 – 20 years	Has occurred on a small number of occasions
1	Very Low	Less than 11%	Occurs less than once every 20 years	Has occurred once/never.

### 5.2 Impact Criteria

	Financial	Reputational	Outputs	H&S, Environmental
<b>VH</b>  <b>Very High</b>	>£5M	<ul style="list-style-type: none"> <li>Significant damage to relationships with HoA and Cabinet. Leading to a significant loss of trust in RDA or possible closure.</li> <li>Launch of a Public Inquiry into the operation of the RDA.</li> <li>Activity which may result in the submission of parliamentary question or negative national media interest.</li> </ul>	<ul style="list-style-type: none"> <li>A significant reduction in GOVI capability possibly the cancellation of major Business Case or reduction in funding.</li> <li>Damage to critical national infrastructure requiring shutdown for remediation resulting in a loss of service nation wide.</li> <li>Long term (more than 2 years) damage to Government funding mechanism or industry.</li> <li>Damage to a ministry asset / service creating long term (more than 2 years) loss of capability.</li> </ul>	<ul style="list-style-type: none"> <li>Death or severe permanent injury of more than one individual.</li> <li>Permanent damage beyond remediation to an important natural resource.</li> <li>Permanent environmental damage to a SSSI (or similar).</li> </ul>

	Financial	Reputational	Outputs	H&S, Environmental
			<ul style="list-style-type: none"> <li>RDA becomes unable to deliver more than one outcome.</li> </ul>	
<b>H</b>  <b>High</b>	>£1M	<ul style="list-style-type: none"> <li>Significant short-term damage (lasting less than 1 year) or long-term moderate damage to relationships with HoA or Cabinet. Leading to a significant loss of public trust in RDA.</li> <li>Long term loss of trust between Ministries and the RDA.</li> <li>Activity that may result in the criminal conviction of a member of the RDA.</li> <li>Activity that will result in negative national media interest.</li> <li>Activity which will call into question the sustainability of the RDA.</li> <li>Activity that could call in to question the transparent nature of the RDA.</li> </ul>	<ul style="list-style-type: none"> <li>A reduction in capability resulting in a decrease in budget availability.</li> <li>Damage to critical national infrastructure resulting in a loss of some service across the BVI.</li> <li>Damage to a Ministry asset or service which will result in medium term (more than 1 year less than 2 years) loss of capability.</li> <li>Loss of long term (more than 2 years) capability of RDA to deliver the RDP.</li> <li>RDA becomes unable to deliver a specific outcome.</li> </ul>	<ul style="list-style-type: none"> <li>Single death or multiple severe injuries to individuals.</li> <li>Single injury to a member of the public resulting in hospitalisation.</li> <li>Significant damage requiring long term remediation to an important natural resource</li> <li>Long-term environmental damage to a SSSI (or similar).</li> <li>Permanent environmental damage.</li> </ul>
<b>M</b>  <b>Medium</b>	>500k	<ul style="list-style-type: none"> <li>Short term damage (lasting less than 1 year) to relationships with HoA or Cabinet. Leading to a loss of trust in RDA.</li> <li>Medium term loss of trust between Ministries and the RDA.</li> </ul>	<ul style="list-style-type: none"> <li>A significant reduction in ability to deliver a single outcome.</li> <li>A single instance of Medium term delay to a specific outcome (days/weeks).</li> <li>A loss of funding for a specific project.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple injuries requiring hospitalisation.</li> <li>Notifiable damage requiring remediation to an important natural resource.</li> <li>Environmental damage to a SSSI (or similar).</li> </ul>

	Financial	Reputational	Outputs	H&S, Environmental
		<ul style="list-style-type: none"> <li>• Damage caused to public reputation of the RDA resulting in political pressure being applied to the RDA.</li> <li>• Activity which may harm the medium term (between 1 and 2 years) relationships between sponsors and RDA.</li> <li>• Activity which may result in the arrest of an individual employed by the RDA.</li> <li>• Activity which will result in negative district interest.</li> <li>• Activity which could result in national media interest.</li> <li>• Activity which will create lasting (longer than 1 year) friction between RDA and key stakeholders.</li> <li>• Activity which would create friction between Board and Agency.</li> <li>• Activity which could result in the need to remove an individual from employment.</li> </ul>		<ul style="list-style-type: none"> <li>• Long term environmental damage.</li> </ul>
<b>L</b> <b>Low</b>	>200k	<ul style="list-style-type: none"> <li>• Short term damage (lasting less than 6 months) to relationships with key stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• The inability of RDA to deliver an activity.</li> <li>• A reduction in the ability of RDA to manage</li> </ul>	<ul style="list-style-type: none"> <li>• Single injury which requires hospitalisation.</li> <li>• Short term damage requiring minor</li> </ul>

	Financial	Reputational	Outputs	H&S, Environmental
		<ul style="list-style-type: none"> <li>• Loss of public credibility.</li> <li>• Activity which will result in negative political media directed at the RDA.</li> <li>• Activity which would create friction between Ministry and Agency.</li> </ul>	<p>running Business as Usual.</p> <ul style="list-style-type: none"> <li>• Activity which would in the long term (the next 2 years) could impact on Ministry outputs.</li> <li>• Activity which will provide a constraint on a supported customers' (Ministry) ability to conduct routine business.</li> </ul>	<p>remediation to an important natural resource.</p> <ul style="list-style-type: none"> <li>• Minor short-term environmental damage to a SSSI (or similar) requiring no remedial action.</li> <li>• Notifiable environmental damage.</li> </ul>
<p><b>VL</b></p> <p><b>Very Low</b></p>	>50k	<ul style="list-style-type: none"> <li>• Short term loss of public credibility.</li> <li>• Activity which could warrant complaints from the local community.</li> <li>• Activity which could strain relationships with Ministries.</li> </ul>	<ul style="list-style-type: none"> <li>• Activity which will provide a minor constraint on a supported customers' (Ministry) ability to conduct routine business.</li> <li>• Activity which could have a minor impact on RDA ability to carry out its function.</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple minor injuries which require first aid only.</li> <li>• Short term damage to an area of low environmental significance.</li> </ul>

## PROGRAMME MANAGER RISK THRESHOLDS (TEMPLATE)

### 6.1 Likelihood Criteria

	Likelihood	Probability	Approximate Frequency	Description
5	Very High	>90%	Occurs at least once every 1 year	Is a common occurrence
4	High	51-90%	Occurs once every 2 to 6 years	Has occurred many times
3	Medium	26-50%	Occurs once every 6 – 12 years	Has occurred several times
2	Low	11-25%	Occurs once every 12 – 20 years	Has occurred on a small number of occasions
1	Very Low	Less than 11%	Occurs less than once every 20 years	Has occurred once/never.

### 6.2 Impact Criteria

	Financial	Reputational	Outputs	H&S, Environmental
<b>VH</b>  <b>Very High</b>	>500k	<ul style="list-style-type: none"> <li>Short term damage (lasting less than 1 year) to relationships with HoA or Cabinet. Leading to a loss of trust in RDA.</li> <li>Medium term loss of trust between Ministries and the RDA.</li> <li>Damage caused to public reputation of the RDA resulting in political pressure being applied to the RDA.</li> <li>Activity which may harm the medium term (between 1 and 2 years) relationships between sponsors and RDA.</li> <li>Activity which may result in the arrest of an</li> </ul>	<ul style="list-style-type: none"> <li>A significant reduction in ability to deliver a single outcome.</li> <li>A single instance of Medium term delay to a specific outcome (days/weeks).</li> <li>A loss of funding for a specific project.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple injuries requiring hospitalisation.</li> <li>Notifiable damage requiring remediation to an important natural resource.</li> <li>Environmental damage to a SSSI (or similar).</li> <li>Long term environmental damage.</li> </ul>



	Financial	Reputational	Outputs	H&S, Environmental
		<p>individual employed by the RDA.</p> <ul style="list-style-type: none"> <li>• Activity which will result in negative district interest.</li> <li>• Activity which could result in national media interest.</li> <li>• Activity which will create lasting (longer than 1 year) friction between RDA and key stakeholders.</li> <li>• Activity which would create friction between Board and Agency.</li> <li>• Activity which could result in the need to remove an individual from employment.</li> </ul>		
<p><b>H</b></p> <p><b>High</b></p>	>200k	<ul style="list-style-type: none"> <li>• Short term damage (lasting less than 6 months) to relationships with key stakeholders.</li> <li>• Loss of public credibility.</li> <li>• Activity which will result in negative political media directed at the RDA.</li> <li>• Activity which would create friction between Ministry and Agency.</li> </ul>	<ul style="list-style-type: none"> <li>• The inability of RDA to deliver an activity.</li> <li>• A reduction in the ability of RDA to manage running Business as Usual.</li> <li>• Activity which would in the long term (the next 2 years) could impact on Ministry outputs.</li> <li>• Activity which will provide a constraint on a supported customers' (Ministry) ability to conduct routine business.</li> </ul>	<ul style="list-style-type: none"> <li>• Single injury which requires hospitalisation.</li> <li>• Short term damage requiring minor remediation to an important natural resource.</li> <li>• Minor short-term environmental damage to a SSSI (or similar) requiring no remedial action.</li> <li>• Notifiable environmental damage.</li> </ul>

	Financial	Reputational	Outputs	H&S, Environmental
			<ul style="list-style-type: none"> <li>Activity which could result in a delay of a month.</li> </ul>	
<b>M</b> <b>Medium</b>	>100k	<ul style="list-style-type: none"> <li>Short term loss of public credibility.</li> <li>Activity which could warrant complaints from the local community.</li> <li>Activity which could strain relationships with Ministries.</li> </ul>	<ul style="list-style-type: none"> <li>Activity which will provide a minor constraint on a supported customers' (Ministry) ability to conduct routine business.</li> <li>Activity which could have a minor impact on RDA ability to carry out its function.</li> <li>Activity which could result in the delay of no more than 2 weeks.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple minor injuries which require first aid only.</li> <li>Short term damage to an area of low environmental significance.</li> </ul>
<b>L</b> <b>Low</b>	>50k	<ul style="list-style-type: none"> <li>Activity that may result in questions being raised by the Board.</li> <li>Activity which could warrant complaints from a single individual.</li> <li>Activity which may affect a relationship with a PS.</li> </ul>	<ul style="list-style-type: none"> <li>Activity which might bring the validity of the project to question.</li> <li>Activity which could result in a delay of no more than a week.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple minor injuries which require first aid only.</li> <li>Short term damage to an area of low environmental significance.</li> </ul>
<b>VL</b> <b>Very Low</b>	>20k	<ul style="list-style-type: none"> <li>Activity than may result in the accusation of unfair practices.</li> <li>Activity that may result in the threat of contractual challenge.</li> </ul>	<ul style="list-style-type: none"> <li>Activity which could result in the delay of no more than 3 days.</li> </ul>	<ul style="list-style-type: none"> <li>Single minor injury</li> <li>Medium term damage to land of no environmental significance.</li> </ul>

## PROJECT MANAGER RISK THRESHOLDS (TEMPLATE)

### 7.1 Likelihood Criteria

	Likelihood	Probability	Approximate Frequency	Description
5	Very High	>90%	Occurs at least once every 1 year	Is a common occurrence
4	High	51-90%	Occurs once every 2 to 6 years	Has occurred many times
3	Medium	26-50%	Occurs once every 6 – 12 years	Has occurred several times
2	Low	11-25%	Occurs once every 12 – 20 years	Has occurred on a small number of occasions
1	Very Low	Less than 11%	Occurs less than once every 20 years	Has occurred once/never.

### 7.2 Impact Criteria

	Financial	Reputational	Outputs	H&S, Environmental
<b>VH</b> <b>Very High</b>	>100k	<ul style="list-style-type: none"> <li>Short term loss of public credibility.</li> <li>Activity which could warrant complaints from the local community.</li> <li>Activity which could strain relationships with Ministries.</li> </ul>	<ul style="list-style-type: none"> <li>Activity which will provide a minor constraint on a supported customers' (Ministry) ability to conduct routine business.</li> <li>Activity which could have a minor impact on RDA ability to carry out its function.</li> <li>Activity which could result in the delay of no more than 2 weeks.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple minor injuries which require first aid only.</li> <li>Short term damage to an area of low environmental significance.</li> </ul>
<b>H</b> <b>High</b>	>50k	<ul style="list-style-type: none"> <li>Activity that may result in questions being raised by the Board.</li> <li>Activity which could warrant complaints from a single individual.</li> </ul>	<ul style="list-style-type: none"> <li>Activity which might bring the validity of the project to question.</li> <li>Activity which could result in a delay of no more than a week.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple minor injuries which require first aid only.</li> <li>Short term damage to an area of low environmental significance.</li> </ul>

	Financial	Reputational	Outputs	H&S, Environmental
		<ul style="list-style-type: none"> <li>Activity which may affect a relationship with a PS.</li> </ul>		
<b>M</b> <b>Medium</b>	>20k	<ul style="list-style-type: none"> <li>Activity than may result in the accusation of unfair practices.</li> <li>Activity that may result in the threat of contractual challenge.</li> </ul>	<ul style="list-style-type: none"> <li>Activity which could result in the delay of no more than 3 days.</li> </ul>	<ul style="list-style-type: none"> <li>Single minor injury</li> <li>Medium term damage to land of no environmental significance.</li> </ul>
<b>L</b> <b>Low</b>	>10k	<ul style="list-style-type: none"> <li>Activity that may result in Project Coordinator receiving complaints about the sub-project.</li> <li>Activity that may result in a challenge to a project VfM.</li> </ul>	<ul style="list-style-type: none"> <li>Activity that results in a delay of a day.</li> <li>Activity that may result in the contractor reducing performance or quality of product.</li> <li>Activity that may result in client disappointment in the quality of the product.</li> </ul>	<ul style="list-style-type: none"> <li>An activity that may result in a near miss.</li> <li>Short term damage to land of no environmental significance.</li> </ul>
<b>VL</b> <b>Very Low</b>	>5k	<ul style="list-style-type: none"> <li>Activity that may result in the Project Manager receiving complaints.</li> </ul>	<ul style="list-style-type: none"> <li>Activity that may result in the contractor asking for a variation.</li> </ul>	<ul style="list-style-type: none"> <li>Failure to use appropriate PPE.</li> <li>Contractor displaying only compliance attitude to H&amp;S.</li> </ul>