

[Project Title]

RISK MANAGEMENT PLAN

*[List Division Names]*

**[Date in Month and Year]**

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1. Purpose

The purpose of this Risk Management Plan is to describe how the [name of project] will conduct risk management activities to identify and address uncertain events or occurrences that could impact the project’s objectives. PMBOK defines a risk as an uncertain event or condition that, if it occurs, has a positive or negative effect on one or more project objectives. Risk management is a continuous process performed throughout the life cycle of a project. This plan is divided into 2 sections: 1) Risk Management Methodology describing the processes for risk management planning, identification, analysis, response planning, implementation and monitoring risks and 2) Project Risk Management Plan that defines the roles and responsibilities, schedule of risk activities, and risk communication. The objectives are to minimize the probability of the risk occurring, or minimize the impact of the risk occurrence for negative risks and maximizing the probability of occurrence and impact for positive risks.

1. Risk Management Methodology

The Risk Management Plan defines the risk management approach and activities on the project. Risk management planning ensures that the degree, type, and visibility of risk management is appropriate for the project and establishes agreed-upon basis for evaluating risks. The result of this planning will be the Risk Management Plan and risk register.

The Risk Management Methodology consists of continuous and iterative steps performed throughout the life of the project. The following chart depicts the risk management methodology at a high level.

Figure : Risk Management Methodology

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| What | The process of identifying which risks are likely to affect the project and documenting characteristics of those risks | The process of assessing the probability of the risk event occurring and the potential impact of the risk event | The process of developing and selecting the appropriate response strategy for each identified risk | The process of implementing the risk response plans | The process of identifying and analyzing new risks, monitoring implementation of risk response plans, monitoring the risk register and reanalyzing, monitoring risk triggers, and evaluating the risk process |
| Who | All Team Members | Assigned Risk Owner | Project Team Leads | Assigned Risk Owner | All Team Members |
| When | Ongoing  Planning Phase  Start of Project Phase  Before Go Live | As determined by project manager | As determined by project manager | Ongoing | Ongoing |
| Deliverable | Risk Register | Updates to Risk Register | Risk Response Plan | Change Requests and/or Project Plan updates | Updates to Risk Register |

* 1. Risk Identification

Risk identification is the process of identifying which risks are likely to affect the project and documenting characteristics of those risks. All Project team members including stakeholders, end users, subject matter experts, customers and sponsors are encouraged to identify and report potential risks to the project immediately upon detection. Upon initial review, the risk is documented into the project’s risk register. The Project Manager and/or Project Team Lead can assign a Risk Owner for each risk.

If the risk is determined to be an issue, then the risk follows the projects’ issue management process. An ‘issue’ is a situation that has either occurred or will definitely occur verses a risk which is an uncertain event or condition that if it occurs, has an adverse effect on at least one project objective.

* 1. Risk Analysis

Risk Analysis is the process of assessing the probability of the risk event occurring and the potential impact of the risk event to determine probability, impact, risk exposure, timeframe to address the risk, and risk severity. The Risk Owner conducts analysis of the assigned risk and updates the risk register. The Project Team Lead responsible for the project area, e.g. technical, functional, will review the risk and make revisions to the risk register. The Project Team can improve upon project performance by focusing on high severity risks.

The following steps detail the Risk Analysis process:

Step 1: Assign a Probability of Occurrence Rating

Table : Probability of Occurrence Rating

|  |  |
| --- | --- |
| **Rating** | **Description** |
| 1 | Very unlikely to occur (< 10%) |
| 2 | Unlikely to occur (10 - 40%) |
| 3 | May occur (40 - 60%) |
| 4 | Likely to occur (60 – 90%) |
| 5 | Very likely to occur (> 90%) |

Step 2: Assign an Impact of Occurrence Rating

Table 2: Impact of Occurrence Rating

|  |  |
| --- | --- |
| **Rating** | **Description** |
| 1 | No impact to the project schedule, scope, and/or cost |
| 2 | Minimal impact (less than 5%) to a few non-critical path tasks effecting schedule, scope and/or cost |
| 3 | Small impact (5%-9%) to few critical path tasks effecting schedule, scope and/or cost |
| 4 | Will impact critical path tasks effecting project schedule, scope, and/or cost (10% or greater) |
| 5 | Could be extremely harmful to the project or cause problem for the Department |

Step 3: Determine Risk Exposure

Once the Probability of Occurrence and Impact of Occurrence are determined, the Risk Exposure is calculated and results in a Low, Medium, or High, as shown in the Risk Exposure Matrix below.

Figure : Risk Exposure Matrix

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Probability of Occurrence** | 5 | 5 | 10 | 15 | 20 | 25 |  | 12-25 High |
| 4 | 4 | 8 | 12 | 16 | 20 |  |  |
| 3 | 3 | 6 | 9 | 12 | 15 |  | 3-10 Medium |
| 2 | 2 | 4 | 6 | 8 | 10 |  |  |
| 1 | 1 | 2 | 3 | 4 | 5 |  | 1-5 Low |
|  |  | 1 | 2 | 3 | 4 | 5 |  |  |
|  |  | **Impact of Occurrence** | | | | |  |  |
|  |  |  |  |

Step 4: Assign a Time Frame:

The Risk Time Frame is the estimated amount of time that action must be taken in order to successfully mitigate the risk. Based on the project duration, the chart below may be adjusted to align with the project timeline.

Table : Risk Time Frame

|  |  |
| --- | --- |
| **Rating** | **Description** |
| Short | =< 6 months |
| Medium | 6 months to 1 year |
| Long | > 1 year |

Step 5: Determine Risk Severity

The Risk Severity is calculated by comparing the risk exposure results (Low, Medium or High) determined in Step 3 to the risk time frame (short, medium or long) determined in Step 4.

Figure : Risk Severity Matrix

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Risk Exposure** | | |
|  |  | High | Medium | Low |
| **Time Frame** | Short | High | High | Medium |
| Medium | High | Medium | Low |
| Low | Medium | Low | Low |

* 1. Risk Response Planning

Risk Response Planning is the process of developing and selecting the appropriate response strategy for each identified risk. A risk response strategy is discussed during the Project Team Leads meetings. After a risk strategy is determined, the Project Manager or Risk Owner will update the risk register with one of the risk strategy options. Again, the Project Team can improve upon project performance by focusing on high severity risks.

The following are strategies for both negative and positive risks:

Strategies for negative risks include:

* **Escalate:** Risks are escalated when the project team determines that the risk is outside the project scope and/or beyond the authority of the project manager. The Project Manager will determine who should be notified of the risk and/or escalates the risk to the Executive Sponsor(s) or designee(s).
* **Avoid:** Risk Avoidance involves changing the project management plan to eliminate the threat posed by the risk. Some risks can be avoided by clarifying requirements, obtaining additional information, improving communication or acquiring expertise.
* **Transfer:** Transferring a risk requires moving, shifting or reassigning some or all of the negative impact and ownership to a third party. This does not eliminate the risk but gives another party the responsibility to manage it.
* **Mitigate:** Risk Mitigation implies a reduction in the probability and/or impact of a negative risk. Reducing the probability and/or impact of a risk occurring is often more effective than dealing with the risk after it has occurred.
* **Accept:** This strategy indicates that the project team has decided not to change the project management plan, schedule, scope or is unable to identify another suitable response strategy.

Strategies for positive risks or opportunities include:

* **Escalate:** Positive risks are escalated when the project team determines that the opportunity is outside the project scope and/or beyond the authority of the project manager. The Project Manager will determine who should be notified of the risk and/or escalates the risk to the Executive Sponsor(s)or designee(s)

* **Exploit:** This strategy may be selected for risks with positive impacts where the project team wishes to ensure that the opportunity is realized. This strategy eliminates the uncertainty associated with a positive risk by ensuring that the opportunity definitely happens.
* **Share:** Sharing a positive risk involves allocating some or all of the ownership of the opportunity to a third party who is best able to capture the opportunity for the benefit of the project.
* **Enhance:**  This strategy is used to increase the probability and or the positive impact of an opportunity, identifying and maximizing key drivers of positive risks.
* **Accept:** Accepting a positive risk is being willing to take advantage of it should the opportunity come along.

Develop Risk Response Plans:

If the resulting Risk Severity field contains a **High** rating, the risk requires a risk response plan. (For ITD projects, the risk response plan will be documented in Quickbase). High risks will be escalated by the IT PMO to the EPMO with a risk response plan. The assigned Risk Owner prepares the risk response plan, which is subsequently reviewed by the Project Team Lead and the Project Manager.

* 1. Risk Implementation

Risk Implementation is the process of implementing the risk response plans. This is an ongoing activity performed throughout the project and may result in change requests and project document updates. It is the Risk Owner’s responsibility to ensure that the risk response plans, including preventive and contingency plans, are implemented.

* 1. Risk Monitoring

Risk Monitoring is the process of identifying and analyzing new risks, monitoring implementation of risk response plans, monitoring the risk register, monitoring risk triggers, and evaluating the risk process. This is an ongoing activity performed throughout the project and ensures that risk information is current and the risk management process is evaluated and improved.

1. Project Risk Management Plan

3.1 Roles and Responsibilities

The following outlines the Risk Management roles and responsibilities: *[Make changes as needed for the project and include any additional roles and responsibilities]*

Table : Roles and Responsibilities

|  |  |  |
| --- | --- | --- |
| **Project Role** | **Team Member Name(s)** | **Responsibility** |
| Project Manager | *[Name(s)]* | Responsible for facilitating the risk management planning process and communicating the risk management methodology to the team; Develops the Risk Management Plan; Participates in risk management activities; Monitors the risk management process; Regularly monitors the risk register for the project; Communicates medium to high severity risks to the Project Steering, Executive Sponsor(s) or designee(s), and Department PMO |
| Project Team Lead(s) | *[Name(s)]* | Regularly monitors the risk register for assigned Project Area; Participates in risk management activities; Provides support to the Risk Owner |
| Project Team Members | *[Name(s)]* | Participates in risk identification and may help in risk analyses, implementation of risk response, and monitoring of risks |
| Risk Owner | As assigned on the risk register | As assigned by the Project Manager or the Project Team Lead, responsible for risk analysis, risk implementation and risk monitoring activities for individual risk |
| Project Steering Committee | *[Name(s)]* | Provides feedback on risk response plans; Assists in the resolution of medium to high severity risks; Approves risk response plans *[Specify what response plans needs to be approved by this group(s) such as for med-high severity risks or all risks.]* |
| Executive Sponsor(s) or designee(s) | *[Name(s)]* | Approves risk response plans *[Specify what response plans needs to be approved by this group(s) such as for high severity risks.]* |
| IT PMO | Ryker Shakibai | Assists in risk and issue detection and resolution; Discusses high severity risks to the EPMO |
| EPMO | Mary Lu Camacho  Jane Pacleb | Assists in risk and issue detection and resolution; Escalates risks and issues to Executive Governance Committee |

3.2 Schedule of Risk Management Activities

The following are risk management activities that will be included in the project schedule.

Table : Risk Management Activities

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk Activity** | **Project Phase** | **Date** | **Responsible** |
| *Risk Management Plan* | *Planning* | *Mm/dd/yy* | *Project Manager* |
| *Team onboarding – Risk management plan* | *Planning* | *Mm/dd/yy* | *Project Manager* |
| *Risk identification brainstorming* | *Planning* | *Mm/dd/yy* | *Project Manager* |
| *Risk identification brainstorming* | *Beginning of next phase* | *Mm/dd/yy* | *Project Manager* |
| *Risk management process review* | *Monitoring/Controlling* | *Mm/dd/yy* | *Project Manager* |
|  |  |  |  |
|  |  |  |  |

3.3. Risk Communication

Communicating project risks are essential to the success of the risk management process. Risk Communication provides a feedback loop to the project stakeholders regarding project risks and the status.

A **Risk Register** will be maintained in *[specify the tool used such as Quickbase, TFS, or Excel spreadsheet]*. The Risk Register will be available through the **team collaboration tool**, *[specify the team collaboration tool such as Sharepoint or Google Docs]*.

The following **project meetings** will include discussion of project risks and issues:

Table : Project Meetings

|  |  |  |
| --- | --- | --- |
| **Meeting** | **Frequency** | **Attendees** |
| *Project Team Lead Meeting* |  | *[Name(s)]* |
| *IT PMO Review Meeting* |  | *[Name(s)]* |
| *Project Steering Committee* |  | *[Name(s)]* |
| *Sponsor Meeting* |  | *[Name(s)]* |
| *Governance Committee Meeting* |  | *[Name(s)]* |
| *[Add addt’l meetings]* |  | *[Name(s)]* |
| *[Add addtl’l meetings]* |  | *[Name(s)]* |

The **Project Status Reports** will also contain a section on project risks and include the risk status and the response plan.

Table : Project Status Reports

|  |  |  |
| --- | --- | --- |
| **Project Status Report** | **Frequency** | **Team Member(s) Responsible** |
| ***Bi-monthly*** *Quickbase Update of* ***Risks and Issues*** |  | *[Name(s)]* |
| *Quarterly Status Report* |  | *[Name(s)]* |
| *[Add addt’l project reports]* |  | *[Name(s)]* |
| *[Add addt’l project reports]* |  | *[Name(s)]* |
| *[Add addt’l project reports]* |  | *[Name(s)]* |
| *[Add addt’l project reports]* |  | *[Name(s)]* |

The Project Manager will clearly communicate **Medium-High** risks to the Project Governance, including the Project Steering Committee, Executive Sponsor(s), and the IT PMO. Risks will be communicated as soon as possible after risk identification to inform these groups early and to get valuable feedback for risk analysis and planning.

1. Approvals

|  |  |  |  |
| --- | --- | --- | --- |
| **Project Role** | **Name, Title** | **Signature** | **Date** |
| Project Manager |  |  |  |
| Executive Sponsor |  |  |  |
| Executive Sponsor |  |  |  |
| Executive Sponsor, CIO |  |  |  |
| Division PMO Director |  |  |  |
| Business Owner |  |  |  |
| Business Owner |  |  |  |