Appendix A – Guidance on risk assessment (guide for applicants)

How to undertake a risk assessment for a project:

1. Identify the risks: Using the table in C11 Project risk assessment, list potential risks to the project (such as delays, budget overruns, safety issues, lack of participation).

2. Assess inherent risk (before controls): Using **table 1 (likelihood)** and **table 2 (consequence) below**, determine the *inherent risk rating* for each risk. Then apply **table 3 (risk matrix)** to assign a risk level (such as low, medium, significant, high, extreme).

3. Identify and apply controls: Outline practical control measures/mitigation strategies to reduce either the likelihood or consequence of the risk and add them to assessment criteria C11 Project risk assessment.

4. Assess residual risk (after controls): Reassess the likelihood and consequence after controls are applied, again using **tables 1 to 3**, to determine the *residual risk rating* you are required to add to assessment criteria C11 Project risk assessment.

Table 1: Qualitative measures of likelihood

Likelihood	Level	Description	Explanation – Projects/ business case	FREQUENCY (Description)	Explanation – operations
Almost certain	A	Over 99% probability, happens often (once or more a week), could occur within days to weeks	Could be expected to occur more than once during the study or project delivery	Event is expected to occur in most circumstances	It is **expected to occur** again, immediately or within a short period – likely to occur most weeks or months.
Likely	B	50% probability, could easily happen (once or more a month), could occur within weeks or months	Could easily be incurred and has generally occurred in similar studies or projects.	Event could occur in most circumstances	**Will probably occur** in most circumstances – several times a year.
Possible	C	10% probability, can happen, has occurred before (once or more a year), could occur after several years	Incurred in a minority of similar studies or projects	Event could occur at some time	**Could be incurred** within a 1-to-2-year period.
Unlikely	D	1% probability, has not happened yet, but could (once or more every 5 years), could occur after several years	Known to happen, but only rarely.	Event could occur in circumstances	**Could be incurred** in a 2-to-5-year time frame.
Rare	E	<1% probability, conceivable but only in extreme circumstances (once or more every 10 years), exceptionally unlikely, even in the long term	Has not occurred in similar studies or projects. Conceivable but in extreme circumstances.	Event may only occur in exceptional circumstances	**May occur in exceptional circumstances**. Could be incurred in a 5-to-30-year timeframe.

Table 2: Qualitative Measures of Consequence

Impact area	Impact scale				
	1 – Minimal	**2 – Minor**	**3 – Moderate**	**4 – Major**	**5 – Severe**
Financial loss	Minimal financial loss (<$2K)	Minor financial loss ($2K to $5K)	Moderate financial loss ($50K to $100K)	Major financial loss ($100K to $1M)	Catastrophic financial loss ($1M+)
Work health and safety	No injuries or no injury requiring treatment	First aid treatment	Minor injuries requiring medical attention	Moderate injuries	Major or severe injuries including fatalities
Effect on public image	No adverse effect	Minor adverse effect: kept in-house, no media interest	Local media coverage, moderate adverse effect	State media coverage	International and/or national media coverage, leads to changes at Board or Executive level.
Level of community concern	No community interest	Limited community interest	One or two community complaints	Significant community interest	Community outrage
Impact on stakeholder relationships	Negligible adverse impact	Disadvantage for stakeholders (days-weeks)	Significant disadvantage to multiple stakeholders (weeks)	Multiple stakeholders severely disadvantaged (weeks)	Majority of stakeholders severely disadvantaged (months)
Impact on objectives	Limited impact on objectives	Impedes one or more objectives or causes inefficiencies in key processes	impedes achievement of important objectives/causes extensive inefficiencies in key processes	Serious process breakdown that substantially impedes the achievement of core objectives	Serious process breakdown that prevents the achievement of mission critical objectives.

Table 3: Risk matrix

		CONSEQUENCE				
		Minimal	**Minor**	**Moderate**	**Major**	**Severe**
LIKELIHOOD		**1**	**2**	**3**	**4**	**5**
Almost Certain	**E**	Medium	Significant	High	Extreme	Extreme
Likely	**D**	Medium	Medium	Significant	High	Extreme
Possible	**C**	Low	Medium	Significant	High	High
Unlikely	**B**	Low	Low	Medium	Significant	High
Rare	**A**	Low	Low	Medium	Significant	Significant