

Risk Management

Dawson Wastewater Treatment Project

May 12, 2009

What is Risk Management?

Risk management is the systematic process of deciding how to approach, plan, and execute risk management activities throughout the life of a project. It is intended to minimize or eliminate the consequences of adverse risk events. It can also be used to compare risks between options for a project.

Steps of Risk Management:

Step 1: *Identify Risk Events*

Risk identification involves determining which risks might affect the project and documenting their characteristics.

Step 2: *Qualitative Risk Analysis*

Qualitative Risk Analysis determines the cause of the risk event and also describes the impacts on the project objectives.

Step 3: *Quantitative Risk Analysis*

Quantitative risk analysis is a way of numerically estimating the probability that a risk will occur and assigning a value of the impact on the project if the risk does occur. An overall risk severity is then calculated by multiplying the likelihood and the impact. The risk severity is used to rank project risk and also determine the overall risk level of a project or option.

Step 4: *Risk Response and Mitigation*

Risk response strategy is the process of developing and determining options to reduce threats to the project objectives. It identifies and assigns parties to take responsibility for each risk response/mitigation. The process ensures that each risk requiring a response has an "owner".

The project manager and the project team identify which strategy (Treat/Monitor/Avoid) is best for each risk depending on the risk severity and then design specific mitigation actions to implement that strategy.

Step 5: *Risk Monitoring*

Risk Monitoring tracks identified risks, monitors residual risks, and identifies new risks — ensuring the executions of risk responses and mitigation strategies. Risk Monitoring is an ongoing process for the life of the project.

Products of Risk Management Process:

Project Risk Register: A report which lists all project risks along with a description of their cause, impact and severity as well as the Risk response and mitigation for each risk.

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