

B3 Risk   
Assessment and   
Treatment Guide

Purpose and Outcomes

Risk assessment is the process of analysing and evaluating the specific risks faced by an organisation. A risk treatment is a planned action to address risk. In developing a treatment, you need to ensure that each treatment minimizes the risk and reduces the risk rating. Treatments, once implemented, become controls when the risk is next assessed.

Using this template, you can complete your own risk assessment and treatment plan.

Supporting Documents

[Victorian Government Risk Management Framework (VGRMF) Practice Guide](https://www.vmia.vic.gov.au/vgrmfresources)

B1 Categories of Risk (<https://www.vmia.vic.gov.au/risk/risk-tools>)

B2 Risk Criteria Examples ((<https://www.vmia.vic.gov.au/risk/risk-tools>)

Risk Management Glossary

|  |  |
| --- | --- |
| Term | Definition |
| Consequence | The outcome of an event that has an affect on objectives. |
| Control | A measure modifies a risk. |
| Likelihood | The chance that something might happen. |
| Risk appetite | Refers to the type and amount of risk that an agency is prepared to accept or avoid. |
| Risk rating | It is determined by mapping the consequence and likelihood of a risk. |
| Risk tolerance | The agency’s readiness to bear the risk after risk treatment in order to achieve objectives. Risk tolerances are based on the maximum level of acceptable risk and may be expressed in various ways depending on the nature of the risk. |
| Risk treatment | Process to modify risk, it can involve: avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk, taking or increasing the risk in order to pursue an opportunity, and/or removing the risk source. |

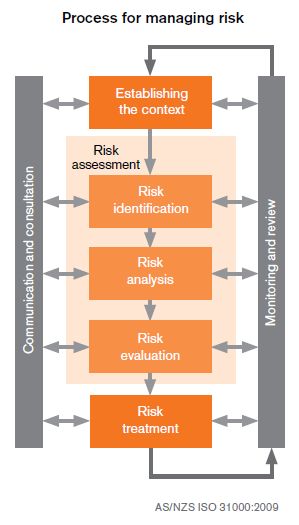
Instructions

1. Use this guide to inform you when assessing and treating your risks.
2. Customise to your organisational context, using the support material and examples   
   to assist.
3. Use the considerations and questions to inform the structure of your risk assessments   
   and treatments.
4. Use the example strategy formats to help guide the structure of your risk assessments   
   and treatments.
5. **Delete this page and use your own organisation’s logo, branding and style.**

Considerations and Support

| **Consideration** | **Questions to ask** | **Support materials/examples** |
| --- | --- | --- |
| Business objective | What are the relevant objectives to which our risks relate?  What is the purpose and outcome of our objectives? | B1 Categories of Risk – Potential Categories   * Strategic * Financial * Operational * Interagency * State Significant |
| Context | What are our internal and external factors that influence this risk in relation to objectives? | Obsolete technology  Budgetary constraints  Change in management  Cyber security |
| Risk source | What are our sources of risk? | B1 Categories of Risk - Examples |
| Risk Description | What is the cause of our risk?  What is the event leading to our risk?  What is the impact of our risk? | Victorian Government Risk Management Framework (VGRMF) Practice Guide, page 24. |
| Controls | What are the controls that will be applied to our risk? | Types of controls  Process  Policy  Practice  Device |
| Control Effectiveness | How affective is each control? | B2 Risk Criteria Examples (Control Effectiveness)  VGRMF Practice Guide, pp 25-27. |
| Risk Rating | What is the likelihood vs the consequence of our risk? | B2 Risk Criteria Examples (Likelihood and Consequences)   * Very Low * Low * Medium * High * Very High |
| Risk Assessment | Which risks require treatment?  Which risks are high priority for treatment?  What risk assessment have we undertaken that has triggered the need for a Risk Treatment Plan? | VGRMF Practice Guide, pp 27. |
| Treatment options | How will we treat the risk? | Avoiding the risk by deciding not to start or continue the activity that gives rise to the risk  Taking or increasing the risk in order to pursue an opportunity  Removing the risk source  Sharing the risk with another party  Accepting the risk by informed decision  Transferring the risk. E.g. Insurer |

Process for managing risk



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[Insert organisation]

Example 1 Risk Assessment and Treatment Guide

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Area/Department | |  | | Risk Register ID | |  | |
| Date of Risk Assessment | |  | | Risk Category | |  | |
| Risk Owner | |  | | Assessment Conducted by | |  | |
| Establish the Context | | Risk Description | | Effectiveness of Controls | | Analysis | Evaluation |
| Objective | Context | Risk Source | Description | Current Control(s) | Control Effectiveness Rating | Risk Rating |
| *State the relevant objective the risk relates to (e.g. strategic, business, project, clinical)*  *Describe Intent, purpose and outcomes* | *List internal and external factors that influence this risk in relation to objectives* | *Where the risk originates (e.g. regulatory requirements, political changes – Refer to B1 Categories of Risk)* | *Something might occur which {Cause(s)} the {Event} that leads to an {Impact/Consequence(s)}* | *Such as a process, policy, practice, device* | *Refer to control effectiveness rating (Refer to B2 Risk Criteria Examples)* | *Use likelihood and consequence table and risk matrix. Rate the risk based on the current controls and their effectiveness (Refer to B2 Risk Criteria Examples)* | *Based on the outcomes of the risk analysis, risk evaluation assists in deciding which risks need treatment and the priority for treatment implementation.* |
|  |  |  |  |  |  |  |  |
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Example 2 Risk Assessment and Treatment Guide

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Risk description: | Consistent with entry in risk register | | | | | | | | Prepared by: | |  | |
| Risk reference: | Consistent with Risk Register entry | Risk category: | Consistent with Risk Register entry | | | | | Initial Risk Rating: | Consistent with Risk Register entry | | | |
| Controls: | Consistent with Risk Register entry | | | Control effectiveness | | | Consistent with Risk Register entry | | | | | |
| Risk assessment description: |  | | | | | | | | | | | |
| Treatment type: |  | | | | |  | | | | | | |
| Risk Treatment | Provide an overview of actions to be taken. These should be agreed with the Risk Owner. | | | | | | | | | | | |
| Action 1: | Describe the action to be taken | | | | Who: | | | | | Due Date: | | Status\* |

\*Note: use colour to highlight implementation progress - green (complete), blue (on track within deadline), orange (issues but within deadline) and red (past deadline).