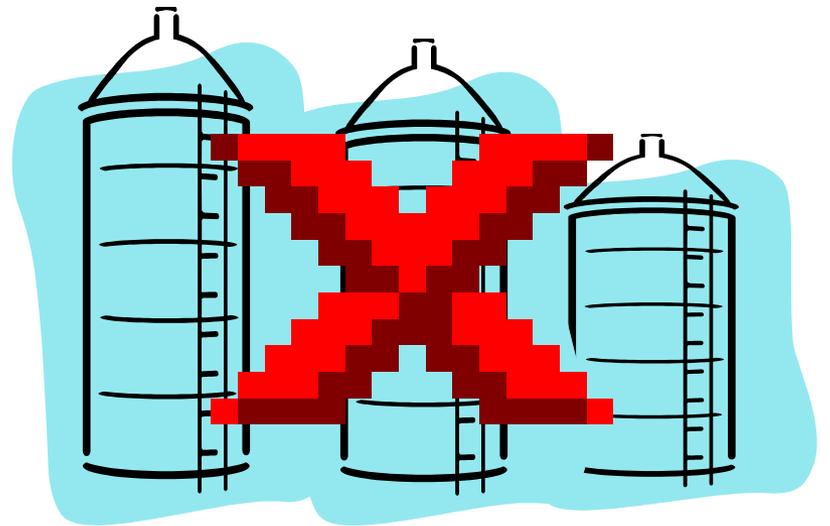


Risk Assessment and Mitigation Process



What is Risk Assessment?

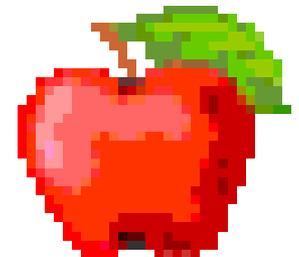
A strategic approach to planning, at all levels and across all functions of an organization, that identifies exposures & assists in making risk adjusted business decisions every day.



GET RID OF SILOS

What is a Risk Appetite?

- Risk Appetite is the degree of uncertainty an agency is willing to accept to reach its goals.
- A Risk Assessment helps management consider risk appetite when setting goals that align with overall agency strategy, and managing risks related to that strategy.



Work with your agency's management to decide:

- What is your agency's risk tolerance?
- How much or what are you willing to risk to accomplish the mission or activity?
- How much can your agency afford to lose in any one occurrence or in the aggregate?



**Does the activity
fit the Agency
mission, goals,
objectives?**



If the answer is

Yes

**What could go wrong?
Who could be harmed?
Make a list - write it down.
These are your loss exposures.**



What could happen?

- Could there be bodily injury, property damage or other liability exposures caused by this service or activity?
- Is there any impact on workload? Could there be any damage to our systems?



Values Exposed to Loss

- People
- Property
- Freedom from Liability
(Alleged Wrongdoing)

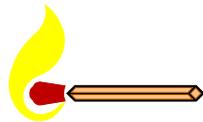


Perils Causing Loss

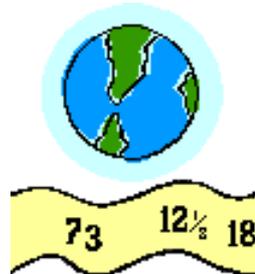
Natural Perils:



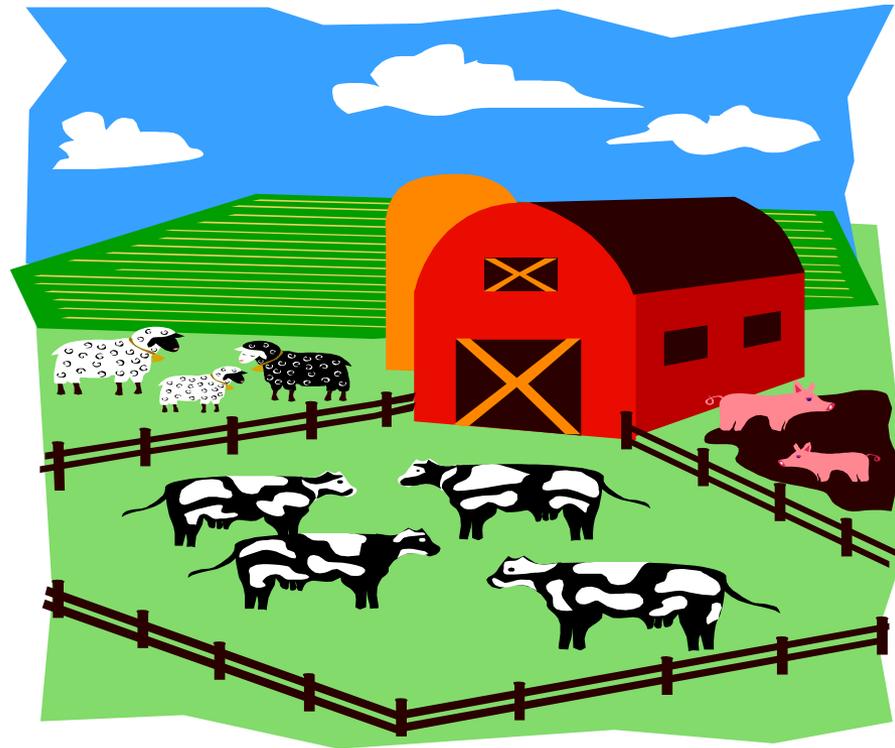
Human Perils:



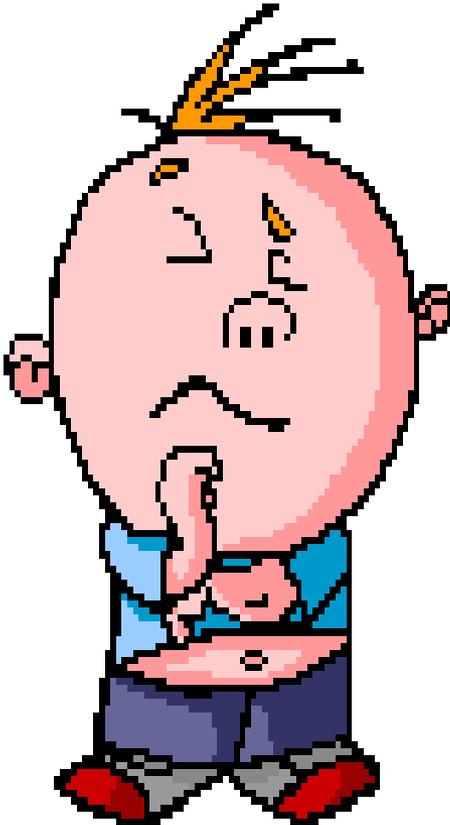
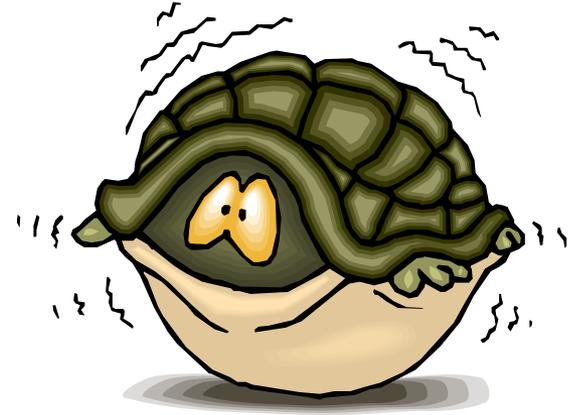
Economic Perils:



Potential Financial Consequences

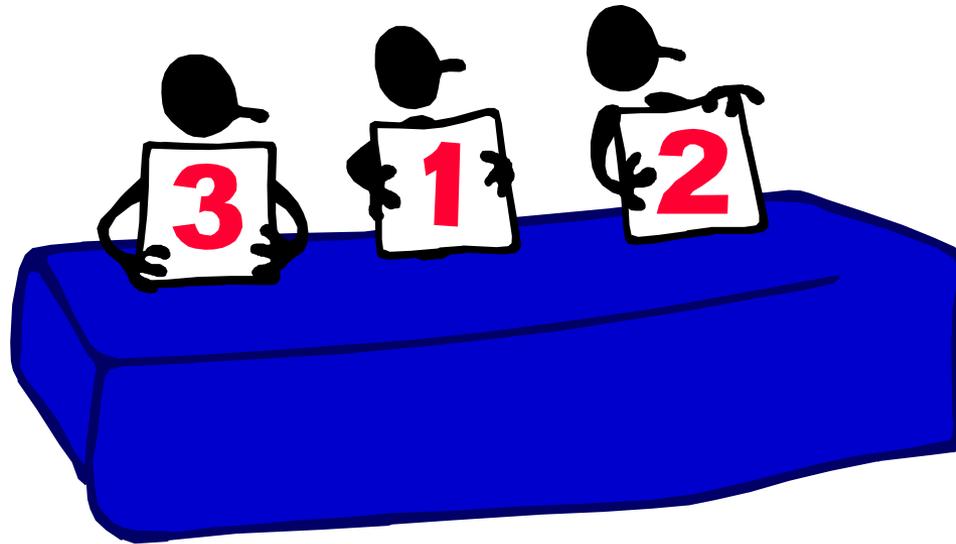


Make sure that you don't give away the farm!

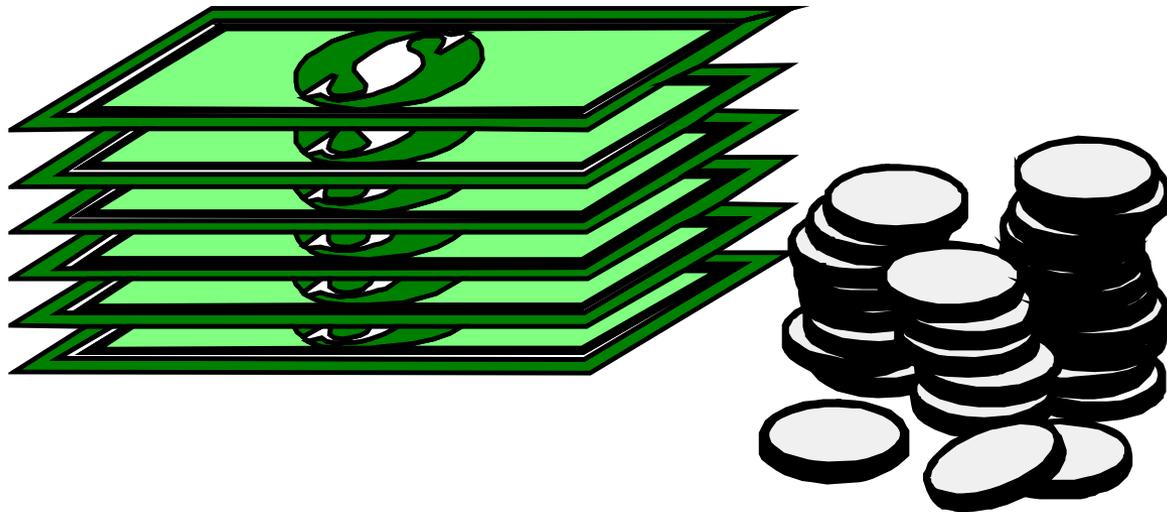


**THINK ABOUT
WHAT CAN GO
Wrong!**

Rate the Risks of Loss and Weigh the Value of Opportunities



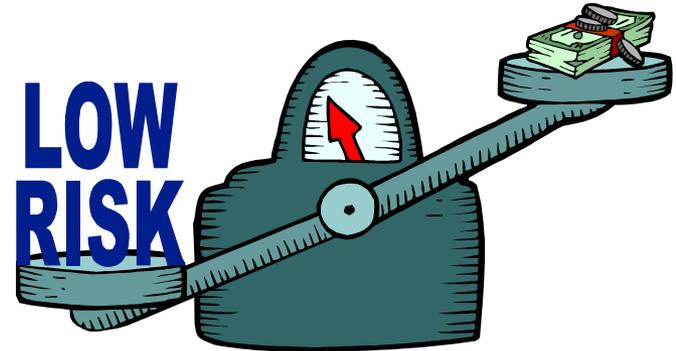
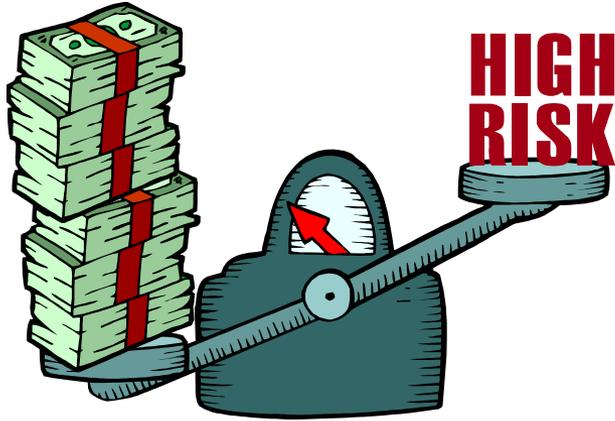
**Rate the severity of the risk of
each potential loss exposure.
How bad can each loss be?
What could it cost?**



Rating the Severity of Loss Exposures

Rating	Severity	Description (Risk)
1	Insignificant	No injuries; low financial loss
2	Minor	First aid treatment; minor financial loss
3	Moderate	Injuries; loss of operations; moderate financial loss
4	Major	Extensive injuries; loss of operations; major financial loss
5	Critical	Death; major loss of operations; huge financial loss

What is the likelihood that each of these potential loss exposures will happen?



Rating the Likelihood of Occurrence

Rating	Descriptor	Likelihood (Probability)	Description
1	Rare	1 – 10%	May occur only in exceptional circumstances
2	Unlikely	11 – 25%	Could occur at some time
3	Possible	26 – 75%	Might occur at some time
4	Likely	76 – 90%	Will probably occur in most circumstances
5	Almost Certain	91 – 100%	Is expected to occur in most circumstances

Determine the risk rating/level of risk for each potential loss exposure.

Severity

Likelihood

	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CRITICAL
ALMOST CERTAIN	M	H	E	E	E
LIKELY	M	M	H	E	E
POSSIBLE	L	M	H	E	E
UNLIKELY	L	L	M	H	E
RARE	L	L	M	H	H

Risk Rating (RR) = Level Of Risk

- **E = Extreme Risk** - involve senior management immediately, emergency situation, consider not doing the activity.
- **H = High Risk** - management attention required for business and policy decisions, risk control, insurance types and limits, etc.
- **M = Moderate Risk** - management should be kept informed of risk control, insurance types and limits, etc.
- **L = Low Risk** - manage by routine procedures, insurance types and limits could be flexible.

**Now That You Have Rated The
Risks Of Loss....
Think About The Value Of
OPPORTUNITIES**



EXPLOITING OPPORTUNITIES

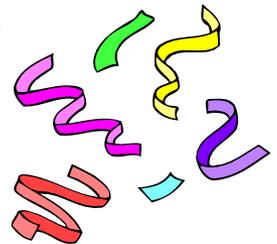
- What opportunities will be missed if the activity is not done?
- What is the upside and downside of these opportunities?
- By considering the full range of potential events—rather than just risks—the risk assessment process ensures that management can identify and take advantage of positive events quickly and efficiently.

Weighing the Value of Opportunities

Rating	Value	Description (Opportunity)
1	Insignificant	Minor budgetary, funding, or resource gain; Little or no gain in public and/or client relations.
2	Minor	Low budgetary, funding, or resource gain; Some gain in public and/or client relations.
3	Moderate	Moderate budgetary, funding, or resource gain; Adequate public and/or client relations.
4	Major	Major budgetary, funding, or resource gain; Good public and/or client relations.
5	Critical	Huge budgetary, funding, or resource gain; Excellent public and/or client relations.

What are Loss Prevention/ Risk Control Methods?

- **Avoid** the risk altogether.
- **Prevent** the frequency of loss.
- **Reduce** the severity or cost of loss.
- **Segregate** to prevent one event from causing loss to the whole.
- **Contractually transfer** the risk.



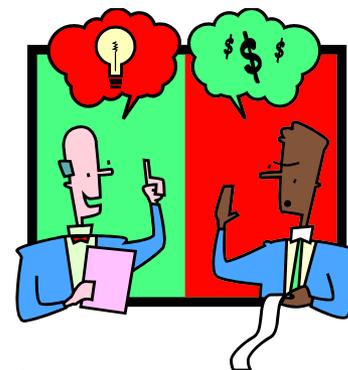
Develop Risk Control Measures Specific to the Situation

- Personal protective equipment.
- Housekeeping, repair, and maintenance.
- Inspections.
- Tools and equipment.
- Policies, procedures, and process.
- Supervision.
- Contract management and administration.



If Your Agency:

- Has no statutory immunity for the activity.
- Has not decided to use loss prevention/risk control measures to minimize or mitigate the risks.
- Has not contractually transferred the liabilities associated with the activity to another party.
- Does not have self-insurance coverage for the activity.
- Has not purchased commercial insurance coverage for the activity.



How will the agency pay for losses resulting from the activity?

The Point?

- Knowing the risks associated with your agency's operations that should be keeping you awake at night.
- This insight provides your agency with the ability to plan for proactive loss prevention actions rather than just reactive loss reduction reactions.

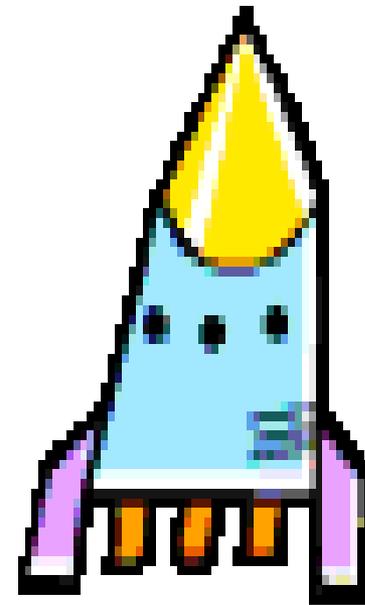


Risk Assessment is Not Rocket Science

At times, people tell us that the Risk Assessment Road Map process is too simple.....

Our Answer . . .

If Risk Assessment is so simple, why aren't you doing them?



One More Tool

- Risk Assessment is just one more tool to enhance your agency's business decision-making tool box.
- This tool also gives your agency a method of documenting the rationale for your business decisions.
- Risk Assessment Roadmap Toolkit:
<http://www.oregon.gov/DAS/SSD/Risk/RiskAssessmentRoadmapToolkit.shtml>

