Risk Management Strategy

Updated July 2017 (DRAFT)

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Appendices

1. Introduction

This document is an update to the Council's Risk Management Strategy (previously updated and published in 2008/9 and forms the Council's Risk Management Strategy. It sets out:

♦ what is risk management
♦ why we need a risk management strategy
♦ the philosophy of our risk management
♦ the risk management process
♦ roles and responsibilities
♦ monitoring and reporting.
♦ the Councils' Risk Management Policy Statement
♦ the Council's appetite to risk

The objectives of the strategy are to:

♦ further develop risk management and raise its profile across the Council
♦ integrate risk management into the culture of the organisation
♦ embed risk management through the ownership and management of risk as part of all decision making processes including annual service business planning and corporate plans.
♦ manage risk in accordance with best practice
♦ create effective processes that will allow the Council to make risk management assurance statements annually
♦ establish clear roles and responsibilities

This strategy outlines how the Council is taking on its responsibility to manage both risks and opportunities using a structured and focused approach.

Changes and amendments to this strategy are delegated to a Council officer (currently the Financial Services Manager) and where necessary reported via the Accounts and Audit Committee and / or the Executive.

2. What is risk management?

Risk Management, amongst other definitions, can be defined as:

> **"The management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks."** *ZMMS/SOLACE, Chance or choice? July 2000.*

> **"Risk management refers to a coordinated set of activities and methods that is used to direct an organisation and to control the many risks that can affect its ability to achieve objectives. According to the Introduction to ISO 31000 2009, the term risk management also refers to the architecture that is used to manage risk. This architecture includes risk management principles, a risk management framework, and a risk management process."** ISO 31000, 2009

The important phrase from both the above is in relation to "achieving objectives". In its most simple format risk management is therefore about controlling those things that may stop an organisation from achieving its objectives.

Risk management is a strategic tool and is an essential part of effective and efficient management and planning.

This strategy expands upon the existing operational focus of the organisation (in managing claims and costs on the Council) to encompass all business risks (strategic corporate issues and departmental) into a robust and consistent process to ensure that the Council can make the most of its opportunities and make the right decisions based on complete information.

3. Why do we need a Risk Management Strategy?

Risk management will strengthen the ability of the Council to achieve its corporate objectives and priorities, enhance the value of services provided in order to make the area a place where people want to live and work and where they are able to enjoy a high quality of life.

Risk management is also an integral requirement of project management, business case development and ensuring the effective use of limited resources (including people, premises and money). As such it is an important element in demonstrating continuous improvement and securing value for money.

Finally, risk management is also an essential part of the CIPFA/SOLACE framework on Corporate Governance and requires the Council to make a public assurance statement annually on, amongst other areas, the Council's risk management strategy, process and framework.

4. What is our philosophy?

The Council will seek to further embed risk management into its culture, processes and structure to ensure that opportunities are maximised. The Council will seek to encourage members and staff to identify, understand and manage risks, and learn how to accept the right risks. Adoption of this strategy should support the Council's core values and be reflected in its organisational behaviour. Our policy statement is attached at Appendix 1. In Appendix 2 the Council has defined its appetite for risk from which it is able to grade the various levels of risk in relation to potential impact and likelihood.

5. What is the Risk Management Process?

Implementing the strategy involves identifying, analysing, managing and monitoring risks.

The identification of risks is derived from both a 'top down' (corporate) and a 'bottom up' (departmental service) process of risk assessment and analysis resulting in coverage of the whole Council. The process then prioritises the risks resulting in a focus on the key risks and priorities. The risks are then managed through the development of appropriate action plans and fed into overall service business plans and the Council's Strategic Plan.

Relevant performance indicators (PI's) for each action plan are identified and then monitored through a performance management framework ensuring that the focus remains on achieving the Council's corporate objectives.

Business planning

The information resulting from the process acts as one of the key pieces of information that will be incorporated into the development of service plans and the Corporate Plan. Risk management will become an essential element in establishing policy, developing plans and enhancing operational management.

Value for Money

Effective risk management should also help with Value for Money considerations. It can help to narrow down the options for future service delivery and can also be used as a mechanism for identifying areas of service improvement.

Project management / decision making

The risk management methodology can also be adopted for individual projects and can be used to strengthen all decision making processes. The authority has previously developed its own project management methodology including training in PRINCE 2 in which risk management is an integral part.

Risk Management Process – further defined

Consideration of risk should not be a stand-alone process and should reflect uncertainties in the planning and delivery processes which could seriously affect outcomes, for example: resources, funding strategies, partnerships, or suppliers.

The Council will adopt the following risk management process:

The risk management cycle:
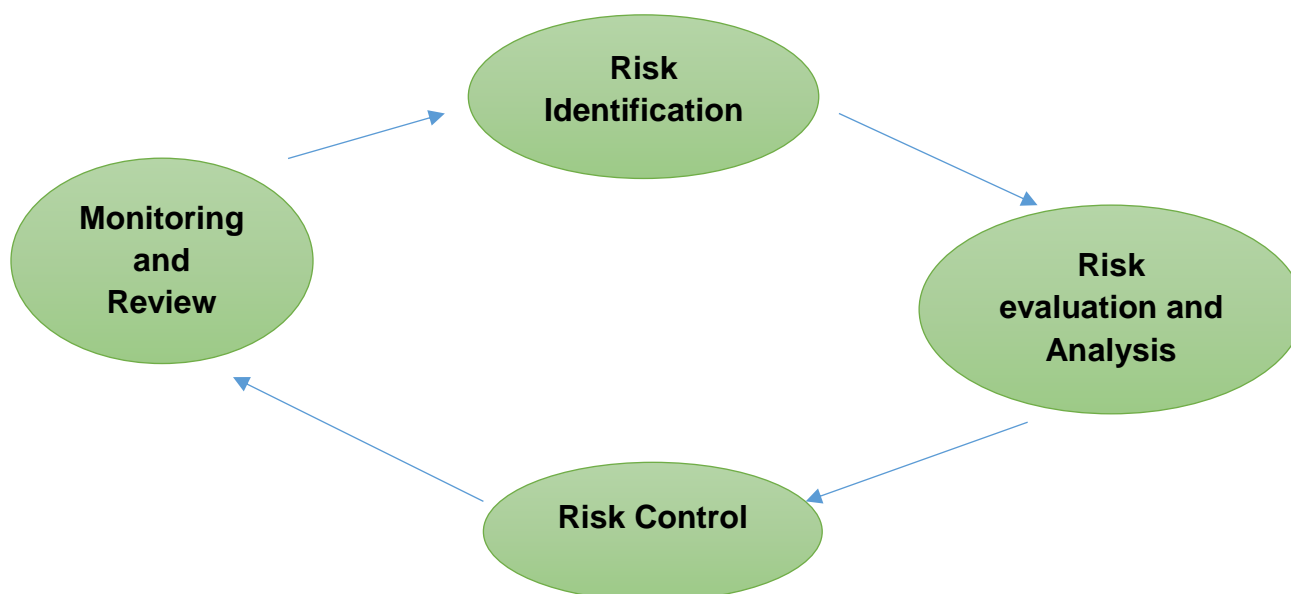
The risk management process is outlined below:

1 Risk Identification

This is the most important part of the process. If risks are not identified, they will not be managed. Identify risks by reference to, amongst other things, the Corporate Plans, business planning, objectives, priorities and service & project objectives.

There are three elements to the risk scenario:

- The vulnerability describes the situation (that may be perceived) that exposes the Council to a risk.
- The trigger is an event or change in situation that has a negative / positive result.
- The consequences are the events that follow in the wake of the risk occurring.

Projects, and the potential risks arising, should be considered from a number of different perspectives, including (but not limited to):

- Contractual
- Financial
- Reputational
- Environmental
- Strategic
- Organisational (people/systems)
- Health & safety
- Regulatory
- Legislative
- Political
- External and economic factors – e.g. interest rates/inflation
- Moral/Social Obligations

2 Risk Analysis / Evaluation

Areas of potential risk need to be systematically and accurately assessed. The process requires an assessment of the:

- Probability/likelihood of a risk event occurring
- Sensitivity analysis. How likely is it that the decision taken is incorrect? What would it take in terms of change to lead to a loss making position/risk arising?
- Potential severity/impact of the consequences should such an event occur.
- Possible resource and other implications.
- Priority of the risk for action in relation to the Council's risk tolerance and appetite (see Appendix 2).

Once threats and opportunities have been identified their potential "inherent risk" is evaluated i.e. with no mitigation in place. It is then re-evaluated taking into account the effect of mitigations that are in place and active. The result is the determination of the "residual risk."

3 Risk Control

Prioritisation for attention is according to the existing control environment, risk tolerance/appetite, residual risk assessment, and the availability of resources.

Risk cannot always be eliminated completely. Risk management is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the impact and severity of the consequences, should it occur or maximising the opportunities.

The Council will determine the course of action necessary to reduce the risk further preferably to within the Council's risk appetite. Such action will be: treatment, transfer, tolerate or terminate. All possible actions need to be considered and evaluated, including the costs and implications of exit strategies.

The Council will assign clear responsibility for managing the risk to an appropriate "risk owner" who is able to influence and take necessary actions. In addition action plans to address risks should be **SMART** (Specific, Measurable, Attainable, Realistic & Timely). Contingency arrangements will be developed that are appropriate to the threat identified.

The required actions will be entered into the risk register and monitored.

4 Risk Monitoring & Review

There must be monitoring and review of:

- The implementation of the agreed control action.
- The effectiveness of the action in controlling the risk.
- How the risk evolves / changes in response to changes in the operating environment, changing business conditions, operational changes etc.
- Where an incident occurs the post-incident reviews must be undertaken into the causes/impact and identify lessons learnt.

As part of the review the risks will be re-evaluated and the cycle will continue as demonstrated in the diagram above.

Further information on monitoring can be found in section 7 below

6. What are the different roles and responsibilities?

The following describes the roles and responsibilities that members and officers will play in introducing, embedding and owning the risk management process**:**

Councillors

Elected members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic risks that their Council faces, and will be made aware of how these risks are being managed through the annual strategic and service business planning process. They will also be kept informed on the management of those risks through the regular performance management framework. They should not seek to avoid or delegate this overall responsibility, as it is key to their stewardship responsibilities.

Councillors responsible for reviewing the effectiveness of internal control based on information provided by the Strategic and Corporate Directors, Heads of Service (the Management Team) and Internal Audit.

For each significant risk identified Councillors will:

- review the Councils track record on risk management and internal control
- consider the risk profile for the coming year and consider if current internal control arrangements are likely to be effective

In making decisions Councillors will consider the following aspects:

a) Control Environment
  - Council objectives and priorities; and financial and non-financial targets;
  - Organisational structure, calibre and capacity of the Manage Team culture, approach and resources with respect to the management of risk;
  - Delegation of authority, public reporting and Member/Management Team scrutiny.
b) On-going evaluation and identification of significant risks, prioritisation and allocation of resources to address areas of high exposure;
c) Information and communication: quality and timeliness of information re significant risks and the time it takes for control to be recognised or new risk identified;
d) Monitoring and corrective action: ability of the organisation to learn from issues and its commitment and responsiveness with which corrective actions are implemented.

A distinction should also be drawn between Executive and Non – Executive councillors (particularly those Councillors serving on the Accounts and Audit Committee). The Executive being a decision making body should be satisfied that areas of risk are being identified and that robust actions are in place to mitigate those risks. Audit & Accounts Committee's emphasis should be on ensuring that the process for managing risk and mitigation is fit for purpose and working effectively.

The Executive's responsibilities include:

♦ Approving the Council's risk management strategy and policy statement and recommending this to Council – thereafter any changes delegated to the relevant portfolio holder and appropriate member of Management Team.
♦ To influence the culture of risk management within the Council including determining whether it is risk averse or a risk taker and what type of risk is acceptable or unacceptable. This therefore determines the Councils appetite and tolerance to risk.
♦ Assisting in the process of identification and evaluation of corporate risks.
♦ To approve the major decisions affecting the Council's risk profile.
♦ Commissioning and reviewing an annual assessment of the effectiveness of the risk management and internal control framework.
♦ Via the Leader of Council, approving the public disclosure of the annual outcome of this assessment (the annual governance statement), and publishing it in the annual Statement of Accounts.
♦ Ensuring an open and receptive approach to solving risk problems is adopted by all Councillors.
♦ To ensure the Council makes prudent recognition and disclosure of the financial and non-financial implications of risk.
♦ To satisfy itself that the less significant risks are being actively managed by Officers and/or appropriate controls.
♦ To ensure that in its own decision making that the Management Team and senior officers have properly identified the potential risks associated with project management, partnering arrangements and any other activity or decision making. With this is mind a check list is included at Appendix 3.

The Accounts and Audit Committee has responsibility for:

♦ monitoring the effectiveness of the Council's risk management and internal control arrangements across the Council.
♦ receiving and reviewing monitoring reports as required from the Management Team with regard to risk management.
♦ making recommendations to the Council and the Executive which improve the effectiveness of the Council's risk management and internal control arrangements.

The Corporate Governance Working Group

This Group consists of the Strategic and Corporate Directors supported by the Financial Services Manager. The Group is pivotal in the promotion and the continued embedding of risk management within the Council. The successful outcome of this will foster a culture and behaviours that results in risk management being practised throughout the organisation as part of day to day activity, performance management and the sharing of best practice and experience between services.

The Group's responsibilities include:

♦ Supporting, advising and promoting risk management throughout the Council through the development and adoption of policies and procedures approved by Councillors.
♦ Actively identifying and assessing strategic risks on a regular basis for the reporting to and consideration of Councillors
♦ To support and champion the work of the Council's Risk Management Group together with Service Managers.
♦ Monitor the action plans (both corporate and service departments) on a regular basis
♦ To take overall responsibility for the administration of the risk management process.
♦ Develop, implement and review the framework for managing risk.
♦ Identify and promote best practice.
♦ Communicate the benefits of effective risk management to all members of the organisation.
♦ Facilitate training as appropriate.
♦ To provide a forum for reporting progress on risk management.
♦ Being actively involved in the identification and assessment of strategic risks.
♦ Incorporating the risk management process into service planning processes.
♦ Encouraging staff to be open and honest in identifying risks or missed opportunities.
♦ Ensuring that the risk management process is part of all major projects and change management initiatives.

Directors / Service Managers

Directors and Service Managers need to continually be aware of and understand their role in the risk management process and why they should be concerned with risk in order to achieve their objectives. They need to know how to evaluate risks and when to accept the right risks in order to pursue an opportunity.

All major Corporate and Operational Risk matters will be incorporated into annual service plans to ensure ownership and management. Each Service Manager will report on a periodic basis to their respective Director and Councillors where deemed necessary.

Staff

Staff at all levels should be aware of the Council's approach to risk and the arrangements within services for decisions on risk to be taken at the appropriate level (balanced against them being freed up to act and without activity becoming bogged down and overly bureaucratic).

Partners

The Council works increasingly works with a range of partners in the delivery of services. Examples include the arrangements with PEARL joint venture entities, Liberata UK Ltd and Pendle Leisure Trust Lid. Under these arrangements it is important to ensure there is a common understanding of the approach to risk and of the impact of decisions on risk for each other.

Risk Management Group

This Group is currently chaired by the Council's Financial Services Manager with representation from service departments and the Council's insurer. The group provides a forum for the consideration and discussion of risk management, sharing of best practice and the making of recommendations or highlighting areas for development.

The Group will have defined terms of reference. The Group meets quarterly and the Minutes of each meeting are reported to the Management Team.

Role of Internal Audit

Internal audit's role is to independently review and challenge established processes, challenging risk identification and evaluation and providing assurance to management and Councillors on the effectiveness of controls. They will input to the annual assessment of the Council's risk management and internal control mechanisms as part of the review of corporate governance arrangements. They will use risk information to develop risk based internal audit programmes.

7. How will the monitoring and reporting of risk management happen?

A framework of monitoring and reporting is established which provides for the:

♦ periodic review of the risk management strategy and policy by the Financial Services Manager.
♦ periodic review of the Strategic Risk Register by the Corporate Governance Working Group.
♦ monitoring the effective management of risks including regular reporting on service and corporate performance indicators to Members (quarterly via the Accounts & Audit Committee and Executive).
♦ annual review of the overall process and effectiveness of risk management and internal control reported via the Annual Governance Statement.
♦ regular monitoring and reporting on finance, risk and performance across all services as part of the Service Planning and Performance Framework.
♦ consideration by Councillors as part of the reporting and decision making process, whereby risk management considerations are reported in respect of service, policy and project developments.

8. Conclusion

The adoption of a sound risk management approach will achieve many benefits for the Council. It will assist in demonstrating that the Council is continuously improving and will contribute to effective corporate governance.

The challenge is to implement a comprehensive risk management process without significantly increasing workloads. This has been achieved in part by making risk management part of existing processes and reviews rather than treating it as a separate function.

Appendix 1

Pendle Borough Council – Risk Management Policy Statement

The Council is committed to identifying and managing risks affecting the organisation.

The Council recognises that it is not always possible to completely eliminate risk and that a level of risk may always exist. However, the Council recognises its responsibility to manage risks effectively and supports a structure and focussed approach to managing them by approval of this Risk Management Policy.

By doing this it aims to:

1. Better achieve its corporate objectives and priorities.
2. Manage its resources effectively.
3. Improve the quality of its business decisions.
4. Anticipate and respond to change (e.g.: political, social, environmental, legislative, technical and their associated risks) in a proactive and systematic way.
5. Prevent loss or injury to Staff, Councillors, members of the public and other visitors.
6. Provide greater protection of its assets and guard against impropriety or poor value for money.
7. Enhance corporate governance.
8. Reduce complaints against the council.
9. Protect the reputation of the Council and enhance community confidence.
10. Reduce the cost of insurance, incidence of claim and improve the Councils ability to defend claims.

To achieve these aims the Council will:

1. Raise awareness of the need for effective risk management, by all those connected with service delivery, through advice and training; and provide opportunities for shared learning.
2. Maintain risk management systems and processes which reflect best practice.
3. Determine the Councils appetite or tolerance to risk.
4. Allocate resources to identified priority areas.
5. Establish clear roles, responsibilities and reporting lines for risk management within the Council.
6. Incorporate risk management into the business planning process and embed risk management within the culture of the organisation.
7. Incorporate risk management into reviews of services.
8. Incorporate risk management into all substantive service developments and projects.
9. Monitor risk management arrangements on an on-going basis and take appropriate measures.

Appendix 2

Pendle Borough Council – Risk Management Strategy

Defining the Council's Appetite to Risk, level of Impact and likelihood

The council's appetite for risk will be defined and measured by its approach to impact and likelihood surrounding each risk as described further below. The Council's appetite to risk could be classified or described, amongst other as:

Classification	Description
Averse	Avoidance of risk and uncertainty is a key Organisational objective
Minimalist	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
Cautious	Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.
Open	Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.).
Hungry	Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk

The Council and Management Team are responsible for setting the risk appetite of the Authority – i.e. the level of risk that is deemed to be acceptable. The level of acceptable risk can vary across different categories of risk.

For 2017/18, it is proposed that the Council adopts an **"Open"** appetite across the majority of the Council's activities

Definitions of Impact

Evaluation	Description	Level
Insignificant	• Insignificant disruption of internal business – no loss of customer service. • Insignificant disruption to business of key partner but no loss of service delivery. • No injuries or Health and Safety implications • No reputation damage. • No or insignificant environmental damage. • No or insignificant impact on staffing or the organisational structure • No regulatory or legislative impact • No social impact • No significant impact on Corporate Priorities (e.g. delay up to 3 months) • Low financial or contractual loss <£50,000 (either immediate or cumulative over the medium term) • Any other relevant considerations	5
Minor	• Some disruption on internal business only – no loss of customer service. • Minor disruption to business of key partner but no loss of service delivery. • Minor injury (first aid treatment) or Health and Safety implications / breaches • Minimal reputation damage (minimal coverage in local press) • Minor damage to local environment • Minor impact on staffing or the organisational structure • Minor regulatory or legislative impact • Minor social impact • Minor disruption to Corporate Priorities (e.g. delay up to 6 months) • Medium financial / contractual loss >=£50,000 but <£100,000, (either immediate or cumulative over the medium term) • Any other relevant considerations	4
Moderate	• Noticeable disruption to PBC – would affect customers (loss of service for no more than 48 hours). • Noticeable disruption to key business partner resulting in loss of service delivery of no more than 48 hours. • Violence or threat of serious injury (medical treatment required). • Moderate injury (first aid treatment) or Health and Safety implications / breaches • Moderate reputational damage	3

	• Coverage in national tabloid press and/or extensive front page coverage in local press or TV. • Moderate damage to local environment • Moderate impact on staffing or the organisational structure • Moderate regulatory or legislative impact • Moderate social impact • Moderate disruption to Corporate Priorities (e.g. delay up to 12 months) • High financial / contractual loss >=£100,000 but <£250,000 (either immediate or cumulative over the medium term) .	
Major	• Major disruption to PBC – serious damage to authority's ability to service customers (loss of service between 2 and 7 days). • Major disruption to key business partner resulting in a loss of service delivery lasting between 2 and 7 days. • Major reputational damage • Coverage in national broadsheet press and/or low level national TV reporting. • Extensive/multiple injuries or major (emergency aid treatment) or Health and Safety implications / breaches • Major damage to local environment. • Major impact on staffing or the organisational structure • Major regulatory or legislative impact • Major social impact • Major disruption to Corporate Priorities (e.g. delay up to 18 months) • Major financial / contractual loss >=£250,000 but <£1,000,000 (either immediate or cumulative over the medium term) • Council is unable to deliver some of its corporate priorities • Any other relevant considerations	2
Catastrophic	• PBC unlikely to survive or loss of service delivery for more than 7 days. • Business failure of key partner or loss of service delivery of over 7 days. • Loss of life or Catastrophic Health and Safety implications / breaches • Significant reputational damage • Extensive coverage in national press and broadsheet editorial and/or national TV item. • Significant local, national or international environment damage. • Catastrophic impact on staffing or the organisational structure • Catastrophic regulatory or legislative impact • Catastrophic social impact • Significant disruption to Corporate Priorities (e.g. delay > 24 months)	1

	• Huge financial / contractual loss >=£1,000,000 (either immediate or cumulative over the medium term). • The Council is unable to deliver all or the majority of its Corporate Priorities • Any other relevant considerations	

Definitions of Likelihood

Evaluation	Indicators	Level
Almost certain	Expected to occur in most circumstances or more than an 80% chance of occurrence.	A
Likely	Potential of occurring several times in 3 years or has occurred recently. Between 55% and 80% chance of occurrence.	B
Moderate	Could occur more than once in 3 years. Could be difficult to control due to external influence. History of occurrence or near miss. Less than a 55% chance of occurrence.	C
Unlikely	Unlikely, but may occur over a 3 year period. Less than 15% chance of occurrence.	D
Remote	Has not occurred. May occur in exceptional circumstances. Less than 5% chance of occurrence.	E

A period of three years aligns with the Council's current strategic and financial planning cycle.

Risk Model

Likelihood						
	A	🟩	🟨	🟨	🟥	🟥
	B	🟩	🟨	🟨	🟥	🟥
	C	🟩	🟨	🟨	🟨	🟨
	D	🟩	🟨	🟨	🟨	🟨
	E	🟩	🟩	🟩	🟩	🟩
		5	4	3	2	1
		Impact				

Risk Level	Action / Control Required
🟥	Catastrophic / major impact with almost certain to likely likelihood, requiring immediate control measures by Council.
	This level of risk is outside the Council's tolerance limits and therefore requires immediate action to mitigate the risk
🟧	Major / moderate impact with unlikely to almost certain likelihood requiring appropriate proactive management and control measures.
	This level of risk represents the Council's maximum tolerance limits.
🟩	Moderate / minor impact with highly remote to almost certain likelihood requiring appropriate management and control measures.
	This level of risk is below the Council's tolerance limits

Appendix 3

Checklist for Risk Assessment on Projects

Background

The objective of this checklist is to enable Councillors, Management and other interested parties (e.g. Audit) to satisfy themselves that the major risks associated with a potential project have been identified and reported for consideration to the appropriate forum as part of the decision making process.

The primary objective in any Risk Management process is the initial identification of the potential risks associated with the project. Accordingly it is necessary to adopt a flexible approach having regard to the materiality of the project and the potential impact upon the Council (not just in financial terms) of the decision taken being incorrect.

The checklist is not exhaustive but should be considered as a framework to allow an assessment to be made of the processes gone through by officers in proposing a project for decision by Management / Councillors.

Checklist

A.   Understanding the Project

No.	Question	Yes/No/Not Applicable (N/A)	Comments
1.	Has a full description of the Project been provided?		
2.	Are there material aspects of information still outstanding?		
3.	Has a similar project been undertaken by the Council in the past?		
4.	Have other Councils undertaken this type of project and is this identical in all material aspects? (Consider obtaining feedback)		
5.	Does this present a significant financial outlay (or potential outlay) for the Council?		
6.	Does the Council have the vires to enter into the Project		
7.	Does the Project extend for over 1 Year?		
8.	Has the Council sufficient resource now and in the future to cover all potential liabilities arising on this Project?		

9.	Is there a partner involved?		
10.	Have the proper procurement procedures been followed?		
11.	Have appropriate guarantees / indemnities and warranties been obtained?		
12.	Have references been taken?		
13.	Does the Project involve monitoring / regulation by any external party?		
14.	Are the benefits/returns of the Project clearly articulated?		
15.	Are the risks associated with the Project clearly identified? (See Below)		
16.	Has a Sensitivity Analysis been carried out?		
17.	How sensitive is the decision to be the incorrect one? (e.g. what would it take for the Project to become loss making?)		
18.	Do the potential benefits justify the potential risks?		

B. **Risk Identification**

No.	Question	Yes/No/Not Applicable (N/A)	Comments
1.	Have Officers / Management Team identified all of the risks associated with the Project including: i. Contractual ii. Financial iii. Reputational iv. Environmental v. Strategic and Corporate Priorities vi. Organisational (people/systems) vii. Health & safety viii. Regulatory ix. Legislative x. External or economic – e.g. Central Government funding, Business Rates growth, etc. xi. Moral/Social Obligations xii. Any other relevant considerations		
2.	Is there a risk management plan for this Project?		

C. **Exit Strategy**

No.	Question	Yes/No/Not Applicable (N/A)	Comments
1.	Is there a natural end to the Project?		
2.	Is there an Exit Strategy in the event that the Project has to be brought to a premature end?		

Appendix 4

Action Plan

The Council's Management Team will periodically consider any actions that are necessary as a result of the Risk Strategy update or any other occurrence. Where appropriate these will feature in the Annual Governance Statement and be reported to Councillors accordingly.

Definitions (Source ISO Guide 73:2009)

Risk	*the effect of uncertainty on objectives (an effect is a deviation from the expected and can be positive and / or negative*
Risk Management	*co-ordinated activities to direct and control and organisation with regard to risk*
Risk Management Framework	*set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation*
Risk Management Policy	*statement of the overall intentions and direction of an organisation related to risk management*
Risk Attitude	*The organisation's approach to assess and eventually pursue, retain, take or turn away from risk*
Risk Management Plan	*scheme within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk*
Risk Owner	*person or entity with the accountability and authority to manage a risk*
Risk Management Process	*systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk*

Risk Assessment *overall process of risk identification, risk analysis and risk evaluation*

Risk Identification *process of finding, recognising and describing risks*

Risk Source *element which alone or in combination has the intrinsic potential to give rise to risk*

Risk Analysis *process to comprehend the nature of risk and determine the level of risk*

Risk Criteria *terms of reference against which the significance of risk is evaluated*

Level of Risk *magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood*

Risk Evaluation *process of comparing the results of risk analysis with risk criteria to determine whether the risk and / or its magnitude is acceptable or tolerable*

Risk Treatment *process to modify risk*

Control *measure that is modifying risk*

Residual Risk *risk remaining after risk treatment*