

DG [Name]

Unit [Name]

Risk Management Plan

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# Introduction

The *Risk Management Plan* defines and documents the risk management process for a project. It describes how risks will be identified and assessed, what tools and techniques can be used, what are the evaluation risk level bands, the relevant roles and responsibilities, how often risks need to be revisited, etc. The Risk Management Plan also defines the risk control and escalation process as well as the structure of the *Risk Log* which is used to document and communicate the risks and the relevant risk response actions.

The purpose of this document is:

* To outline the risk approach and process to be used for the project;
* To identify the roles and responsibilities related to risk management;
* To specify the methodology, standards, tools and techniques used to support risk management.

# Risk Management Objectives

Risk management brings visibility to risks, accountability as to how they are acted upon, and ensures that project risks are proactively dealt with and are regularly monitored.

The main objectives of project risk management are:

* Project risks are identified, assessed, approved and reported throughout the project;
* All major risks are reported to the Steering Layer;
* Risk response strategies are in line with stakeholders' risk appetite and approved risk level thresholds;
* All risks are monitored and under control;
* Risk response actions are implemented effectively.

*<Please customize the above risk management objectives as per your project's or/and organization's needs.>*

# Risk Management Process Description

*<Please tailor the risk management process if necessary (complete description or delete activities that are not applicable to the project.>*

The project risk management process defines the activities to identify, assess, prioritise, manage and control risks that may affect the execution of the project and the achievement of its objectives. This process is divided into four steps:

**Step 1:** Risk Identification

The purpose of this step is to facilitate the identification and documentation of risks that can impact the project objectives.

Various techniques will be used for risk identification which typically focus on past trends or future exposure, on a bottom-up or a top down analysis.

There is a Commission's Risk Typology[[1]](#footnote-1) that groups various types of risks into categories and it will be used as reference.

The techniques that will be used for risk identification are documented in section 4. TOOLS & TECHNIQUES.

Risks are continuously identified throughout the project lifecycle; however, very early during the Initiating phase, an initial risk list will be created which is thereafter frequently updated. The same procedure will be followed both for the creation of the *Risk Log* as well as for the inclusion of new risks later in the project.

The *Risk Log* contains the risks identifier, risk name and short description, the risk category and owner, as well as strategies, actions and timing which will facilitate the monitor and control aspects of the project. *<Customize the PM2 Risk Log>*

Additionally to the *Risk Log*, the following tool will be used: *<please add additional tools to be used for risk identification as per your project's or/and organization's needs.>*

**Step 2:** Risk Assessment

The purpose of this step is to assess the likelihood and impact of the identified risks in terms of their influence to the project objectives. This assessment is necessary before any risk response planning can be done.

Risks are assessed based on their likelihood of occurrence and the impact in project objectives. The product of their likelihood and impact defines the Risk Level, which is then used as a reference for their prioritisation and risk response development.

Depending on the stakeholders' risk appetite, risk level bands will be defined based on which the most appropriate risk response strategies are chosen.

**Step 3:** Risk Response Development

The purpose of this step is to select the best strategy and identify and plan the actions to manage the risks.

The selection of the risk response strategy will be based on the results of the risk assessment (risk level), the type of risk, as well as on the effects on the overall project (cost/benefit analysis). The strategy selected for each risk is documented in the *Risk Log*.

There are four strategies to be considered as risk responses: Avoid, Transfer or Share, Reduce, or Accept a risk. For the risks that have been accepted, contingency plans may be defined to help control their impact in case they occur.

After the strategy for each risk has been selected, specific actions to implement the strategy will be defined, described, scheduled and assigned, while a Risk Owner assumes the responsibility for its implementation.

Actions will detail concrete activities, milestones and deliverables and will be documented in the *Risk Log*. Moreover, they will clearly identify the target resolution date, as well as the estimation of resources involved and dependencies. These actions (at least the most effort/cost consuming ones) will be incorporated into the *Project Work Plan*, in order to have a consolidated view of all project related activities.

**Step 4:** Risk Control

The purpose of this step is to monitor and control the implementation of the risk response activities while continuously monitoring the project environment for new risks or changes in the risks already identified.

The Project Follow-up Meetings are used to revise the status of risks and related actions, and to identify new risks that can impact project milestones, deliverables or objectives. The review of the *Risk Log* also appears in the agenda of the Project Review Meetings. Risks will be revised at regular predetermined intervals, but also after the occurrence of any event that might have a significant impact on the project environment and hence the project risks. The updating of the *Risk Log* can include adding new risks or actions, updating the status of response activities, changing risk levels based on mitigation actions, changing the assignment of actions, etc.

The Risk Owner will report periodically the status of the risk and any response activities to the Project Manager (PM).

The Project Manager (PM) will report to the Project Steering Committee (PSC) the status of the most major risks and to other project stakeholders (as per the project's communications plan). If any of the identified risks occur, then the Project Manager (PM) will ensure the implementation of the contingency plans and communicate the issue to the Project Steering Committee (PSC).

The activities described above are performed by the Project Manager (PM) throughout the project lifecycle in accordance to the *Risk Management Plan*.



*<If you tailor the process, make sure you align the above process diagram>*

## Risk Management Roles and Responsibilities

*<Define the roles and responsibilities for the identification, log, approval, follow-up, analysis and evaluation of project risks and related actions. If the number of identified risks to the project – or the nature of the project requires it, the Project Manager (PM) can assign a Risk Management Team (RMT). The person in charge for this team has the responsibility to gather and sort risks as they are identified, and for reporting and scheduling risk reviews. If this person is appointed, this will be documented in the organisation part of the Stakeholder Matrix.>*

The following RASCI table defines the responsibilities of those involved in risk management:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **RAM** (RASCI) | **AGB\*** | **PSC** | **PO** | **BM** | **UR** | **SP** | **PM** | **PCT** |
| Risk Management Plan | I | C | **A** | C | I | I | **R** | I |
| Manage Risks | I | C | **A** | **S**/C | C | I | **R** | C |

*\*****AGB****: Appropriate Governance Body. <e.g. for IT projects, this is the IT Steering Committee>.*

The contact details of each of the above stakeholders are documented in the *Project Stakeholder Matrix*.

The Project Manager (PM) is responsible for identifying, assessing, managing and monitoring the risks of the project, consulting the project team and other stakeholders, when appropriate (e.g. Project Steering Committee (PSC), Project Owner (PO), Business Manager (BM), Solution Provider (SP), and User Representatives (UR)). The Project Manager (PM) is also responsible for assigning resources to the risk management process, with the approval of the Project Owner (PO).

The planning of risk management activities is performed by the Project Manager (PM) and documented in the *Risk Management Plan*.

New risks and related actions, as well as changes to identified risks or actions are approved by the Project Owner (PO) and reported to the Project Steering Committee (PSC), according to the escalation procedure.

Risks and related actions will be escalated to other Governance Bodies, when appropriate (e.g. in case of IT projects to the IT Steering Committee (ITSC)). The Project Steering Committee (PSC) and the other Governance Bodies will validate the identified risks and actions, and plan other actions, if adequate.

# Tools & Techniques

The following techniques will be used for risk management:

* Desk reviews;
* Questionnaires[[2]](#footnote-2);
* Interviews;
* Brainstorming;
* Workshops.
* …

*<Please customize the above list as per your project's or/and organization's needs.>*

The following tools will be used for risk management:

* Risk Management Plan;
* Risk Log;
* Risk assessment thresholds matrix;
* …

*<Please customize the above list as per your project's or/and organization's needs.>*

## Risk Log

The *Risk Log* for the project is using PM2 *Risk Log* template and no changes have been done to the structure, fields or values, as following:

|  |  |
| --- | --- |
| **Risk Identification and Description** | |
| ID | The risk identifier. It should be numbered sequentially. |
| Category | Categories of risks related to the area affected by the risk (e.g. Business, IT,  People & Organisation, External and Legal). |
| Risk Name | A short title for the risk. |
| Risk Description & Details | A description of the risk that may occur in the project and its causes. What kind of problems will the risk result in and risk dependencies. |
| Status | The risk status can be any of the following:  **Proposed:** this is the initial status. Use this while the risk is identified.  **Investigating:** use this to initiate an investigation. This will require an investigator to be selected and to initiate a task assignment.  **Waiting for Approval:** use this to initiate approval. Before doing this, make sure that the investigation is complete and that the estimations shown are correct.  **Approved:** this status is set when the approval process is successfully completed.  **Rejected:** this status is set when the approval process leads to rejection.  **Closed:** this status is set when the risk has been managed (e.g. mitigation actions have be implemented) and it isn't anymore a risk for the project. |
| Identified By | The person who identifies the risk. |
| Identification Date | The date when the risk was identified. |
| **Risk Assessment** | |
| Likelihood | A numeric value denoting the estimate of the probability that the risk will occur. The possible values are:  **5=Very high, 4=High, 3=Medium, 2=Low, 1=Very low** |
| Impact | A numeric value denoting the severity of the impact of the risk (should it occur). The possible values are:  **5=Very high, 4=High, 3=Medium, 2=Low, 1=Very low** |
| Risk Level (L\*I) | The risk level is the product of the likelihood and impact (**RL=L\*I**). |
| Risk Owner | The person accountable for the management and monitoring of this risk. |
| Escalation | To be escalated to the Directing or Steering Layers: **Yes** or **No**. |
| **Risk Response** | |
| Risk Response Strategy | The available strategies to deal with the identified risks are:  **- Avoid:** risk avoidance, working the project or project plan around those conditions or activities which introduce the risk;  **- Reduce:** risk mitigation or reduction through the proactive implementation of risk reduction activities;  **- Accept:** acceptance of the risk. In this case, contingency plans can also be defined in case the risk occurs (active acceptance);  **- Transfer/Share:** transfer or share a risk with other entities, e.g. through insurances, sub-contracting etc. |
| Action Details (effort & responsible) | Description of the action: objective of the action, scope, deliverables, person responsible and effort estimates. |
| Target Date | The date that the action is expected to be implemented. |
| Traceability/Comments | The ID(s) of the task (in the Project Work Plan) implementing the risk actions, or/and the IDs of related change, issue or decisions log entries. Any additional information related to the risk approval (e.g. date) or related to the risk actions (activities). |

*<Please customize the Risk Log structure as per your project's or/and organization's needs.>*

The location of this artefact is found in the Appendix 1.

## Risk Assessment Thresholds Matrix

This project is using the PM2 *Risk Assessment Thresholds Matrix*, as following:

The risk level will be calculated by the product of likelihood and impact in the following way:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | |  |  | **Impact** | | | | | |  |  | 1=Very low | 2=Low | 3=Medium | 4=High | 5=Very high | | **Likelihood** | 5=Very high | 5 | 10 | 15 | 20 | 25 | | 4=High | 4 | 8 | 12 | 16 | 20 | | 3=Medium | 3 | 6 | 9 | 12 | 15 | | 2=Low | 2 | 4 | 6 | 8 | 10 | | 1=Very low | 1 | 2 | 3 | 4 | 5 |   Legend:   |  |  | | --- | --- | |  | Risks can be accepted, contingency plans may be developed. | |  | Risks cannot be accepted, a risk response strategy should be developed (avoid, reduce, transfer/ share) | |  | Unacceptable – immediate risk reduction or avoidance response | |  | Risk appetite | |

Figure 1: Risk assessment thresholds matrix.

*<Please customize the above matrix as per your project's or/and organization's needs.>*

# Risk Identification Activities

*<Customise the activities and tools that will be used to identify risks for this project and define the risk categories.>*

The purpose of this section is to describe the specific risk identification activities and tools that will be used for this project.

Initial risk identification was first performed when preparing the project's Business Case (for high level business risks) and then again in the Project Charter (for high level project risks). So this is the starting point of this step.

The identification of risks resulted from: project team brainstorming, PSC meeting, feedback of the users' working group, fulfilment of a questionnaire, risk check list analysis, assumptions analysis, diagramming techniques, SWOT analysis and expert judgement.

The following risk categories have been included in the risk identification analysis, considering the type of the project:

* Business: related to policy decisions, strategy and business processes and services;
* IT: related to infrastructure, system development, security, business continuity and availability of IT services;
* People and organisation: related to project staffing, competences and coordination between teams;
* External: related to outsourced activities, external partners and macro environment;
* Legal: related to laws, regulations and rules;
* Communication and Information: related to communication methods and channels and to the quality and timeliness of information.

*<Please customize the above list as per your project's or/and organization's needs.>*

The PM2 *Risk Log* is the tool used to register and update risks and related risk management actions.

# Risks Assessment Approach

*<Customise the approach, tools and techniques that will be used to assess the project risks for this project. Indicate the project risk level thresholds and indicate the person who will approve it.>*

The purpose of this section is to describe the specific risk assessment activities and tools that will be used for this project.

The project will use the Risk Assessment Thresholds Matrix referred in section 4.2. Risk assessment thresholds matrix. The Risk Assessment Thresholds Matrix represents the different combinations of likelihood and impact of project risks on a scale from 1 to 5 and defines bands of risk level that suggest risk response strategies.

Risk level scale details:

*<Please customize the likelihood and impact levels below (in green) for your project. These thresholds are only indicative values.>*

**Likelihood**:

* **Very low**: less than 5% change of occurrence;
* **Low**: between 5% to 10% chance of occurrence;
* **Medium**: between 10% to 25% chance of occurrence;
* **High**: between 25% to 50% chance of occurrence;
* **Very high**: more than 50% chance of occurrence.

**Impact:**

* **Very low**: less than 1% of project budget affected, or/and other project baselines are nearly not impacted, or/and few individuals affected (only internal to project team), or/and no reputational impact or/and easy and quick capacity to react and resolve the issue.
* **Low**: 1% to 2% of project budget affected, or/and low impact in other project baselines, or/and only one milestone affected, or/and projects stakeholders may be affected, or/and reputational impact in DG or/and sufficient project competencies to resolve the issue (if risk occurs).
* **Medium**: 2% to 5% of project budget affected, or/and medium impact in other project baselines, or/and one or more milestones affected, or/and projects stakeholders will be to some extent affected, or/and project objectives may be affected, or/and reputational impact amongst technical staff in other DGs (IRMs), or/and formal complaints, or/and limited project competencies to resolve the issue (if risk occurs).
* **High**: 5% to 10% of project budget affected, or/and high impact in other project baselines, or/and several milestones affected, or/and projects stakeholders will be affected/concerned, or/and project objectives will be affected, or/and reputational impact in several DGs, or/and formal and legal complaints, or/and insufficient project internal competencies to resolve the issue (if risk occurs).
* **Very high**: more than 10% of project budget affected, or/and very high impact in other project baselines, or/and several milestones affected, or/and projects stakeholders will be very affected/concerned, or/and the overall project will be affected, or/and external EC reputational impact, or/and significant formal and legal complaints, or/and external competencies are needed to address the issue (if risk occurs).

**Risk levels thresholds**:

*< Please customize the risk levels thresholds below (in green) for your project.>*

* **Green**: risk level <=2;
* **Yellow**: risk level >=3 and <=16;
* **Red**: risk level >=20.

The Project Steering Committee approved / stated that the project risk appetite is limited to risk level <=2, likelihood <10% and potential losses < x€.

## Escalation

*<Please document the customized escalation process for risks, or simply document any deviations (specific to risk management process) from the escalation process described in the Project Handbook>*

The risk escalation:

* All new risks, proposed risk response strategies and proposed actions are approved by the Managing Layer, if the risk level is< **X**;
* If the risk level is>= **X** and <**X**, new risks, proposed risk response strategies and proposed actions are approved by the Project Owner (PO);
* If the risk level is>= **X**, new risks, proposed risk response strategies and proposed actions are approved by the Project Steering Committee;
* Depending on the risk category, higher risks (risk level is>= **X**) will be reported to:
  + IT Steering Committee: risks related to IT;
  + Management meetings: risks related to business domains and that have dependencies with other projects or departments / DGs;
  + Vendors meetings: risks related to outsourced activities are discussed with vendors and agreed upon necessary actions;
  + MAP/CPO/ISPMB yearly in the Project Progress Report.

# Risk Response Strategies

*<Customise the approach, tools and techniques that will be used to respond to project risks.>*

The purpose of this section is to define the available risk response strategies to be used for this project.

The risk response actions are documented and updated in the PM2 *Risk Log* throughout the project lifecycle (and then incorporated in the *Project Work Plan*) and revisited at least, in the weekly Project Follow-up Meeting.

The possible risk response strategies are:

* **Avoid**: risk avoidance, working the project or project plan around those conditions or activities which introduce the risk;
* **Reduce**: risk mitigation or reduction through the proactive implementation of risk reduction activities;
* **Accept**: acceptance of the risk (the impact/loss is accepted if the risk occurs). When accepting risks, there are two possible reactions:
  + Acceptance of the risk and no special action required, except continue to monitor the risk (passive acceptance);
  + Accept and develop contingency plans in case the risk occurs (active acceptance).
* **Transfer/Share**: transfer or share a risk with other entities, e.g. through insurances, sub-contracting etc.

The following table describes the risk response approach for this project:

|  |  |
| --- | --- |
| **Scenario** | **Risk Response Strategy** |
| Very high impact and high or very high likelihood or high or very high impact and very high likelihood. | Avoid **or** implement an immediate reduction |
| Very high impact and very low likelihood. | Transfer/Share |
| All other risk levels. | Reduce |
| Low or very low likelihood and very low impact or very low likelihood and low impact. | Accept (monitor and plan contingency if deemed necessary) |

*<Please customize the above table as per your project's or/and organization's needs.>*

# Risk Control Activities

*<Please define the type and frequency of risk control activities.>*

The purpose of this section is to define the activities performed for monitoring and controlling risks, as well as their frequency.

The Project Manager (PM) monitors and controls risks based on Project Follow-up Meetings or on information received from other project stakeholders, in result of:

* Identification of new risks by the Project Core Team (PCT) or by other project stakeholders, in consequence of changes in the project environment;
* New proposed ways to deal with a risk (adding/changing actions);
* Implementation of any of the given actions or on general events or developments that will change the values for likelihood and/or impact of the identified risks;
* Other changes.

**Frequency of Revisiting the Risk Log:** The PM2 *Risk Log* is updated at least once a week, after the Project Follow-up Meetings, by the Project Manager (PM).

Additionally, before each Project Steering Committee (PSC), there is a procedure in place to collect the status of each risk and action and the comments related to the effectiveness, quantification of resources spent, difficulties, potential problems and dependencies of the actions. This information is consolidated and updated in the *Risk Log*, and presented to the PSC. The project review planned at the end of each milestone also includes a deep review of the *Risk Log*.

The Risk Communication planning is part of the project *Communications Management Plan*.

**The communication items** identified are:

* Collection of new risks or changes to risks/actions in the weekly Project Follow-up Meeting;
* Report of risks (risk level>=**X**) and related actions status in the monthly meeting of the Project Steering Committee (PSC);
* Request of risk or action approval to the Project Owner (PO) or to the Project Steering Committee (PSC) (risks with a risk level >=**X**);
* Report risks list in the yearly Project Progress Report;
* Communication of the risks that have turned into issues (had occurred) in the monthly PSC meeting.

<Please reference in this section (provide links to) the Risk Log, to the Communications Management Plan, and/or any other documents supporting risk control.>

# Related PM² Plans

**Project Handbook**

The *Project Handbook* establishes the high-level approach for implementing the project goals, which includes required documentation, standards to be considered and the high level summary of the risk management approach and escalation process. The location of this artefact is referred in the Appendix 1.

**Communications Management Plan**

The *Communications Management Plan* helps to ensure that all project stakeholders have the information they need to perform their roles throughout the project. It defines and documents the communication items content, format, frequency, the audience and expected results. The location of this artefact is referred in the Appendix 1.

**Issue Management**

The management of issues is described in the *Issue Management Plan*. This artefact defines how issues are identified, evaluated, and assigned for resolution. Issue management supports the resolution of issues after risks occur. The location of this artefact is referred in the Appendix 1.

# Appendix 1: References and Related Documents

*<Use this section to reference (or append if needed in a separate annex) any relevant or additional information. Specify each reference or related document by title, version (if applicable), date, and source (e.g. the location of the document or the publishing organisation).>*

|  |  |  |
| --- | --- | --- |
| **ID** | **Reference or Related Document** | **Source or Link/Location** |
| 1 | *<Example of a related document>*  04.Project\_Handbook.XYZ.11-11-2013.V.1.0.docx | *<Example of a location>*  *< U:\METHODS\PM²@EC\Documents\>* |
| 2 | 06.Issue\_Management\_Plan.XYZ.11-11-2013.V.1.0.docx | *<Insert project artefact location.>* |
| 3 | 09.Communications\_Management\_Plan.XYZ.11-11-2013.V.1.0.docx | *<Insert project artefact location.>* |
| 4 | 23.Risk\_Log.XYZ.11-11-2013.V.1.0.docx | *<Insert project artefact location.>* |
| 5 | Project folder | *<Insert project folder location.>* |
| 6 | *<Example of a reference>*  *<"The Communication on Risk Management, SEC(2005)1327">* | *<Example of a source>*  *<20/10/2005, European Commission>* |

1. Example of a Risk typology is available here: <https://myintracomm.ec.europa.eu/budgweb/FR/man/icrm/Documents/annex1-rmrisktipology_en.doc>. [↑](#footnote-ref-1)
2. An example of a Generic Questionnaire for risk identification and assessment is available here: <https://myintracomm.ec.europa.eu/budgweb/EN/man/icrm/Documents/doc_101006_rmquestionnaire_en.doc>. [↑](#footnote-ref-2)