

# Risk Assessment

## Description:

This tool provides guidelines for conducting a Risk Assessment and a matrix for assessing potential risks.

## How it can be used:

A Risk Assessment is an effective process for identifying and assessing which elements could negatively affect the operation of your health organization. It also allows you to examine potential risks that your organization may face when making an important decision. Using the guidelines, fill out the matrix to determine whether or not there are significant risks to your organization and identify possible ways to mitigate and manage these risks.

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Risk represents two factors: first, the probability that something negative will happen, and second, the negative consequences of it happening. A Risk Assessment identifies potential risks, estimates the likelihood that risks will occur, and measures the impact of the consequences.

Risk assessment is useful in a number of situations: Below are some examples:

- Making decisions about projects – assessing the overall value and anticipating issues
- Seeking to understand and manage potential safety risks
- Developing contingency plans for situations such as essential equipment or technology malfunction, human resource issues, natural disasters, community emergencies, etc.
- Preparing for consequences of government changes at the Band, regional, Tribal Council, provincial or federal level

Follow these four steps to conduct an effective Risk Assessment.

### 1. Identify Potential Threats

Identify existing and potential threats from a number of sources. Be thorough to ensure that all issues are considered. Examples of categories to consider are:

- People – illness, injury, or death of a key individual, lack of sufficient staff, etc.
- Operational – lack of supplies, transportation challenges, communication failure, etc.
- Reputational – loss of community support, damage due to negative incident, poor quality, etc.
- Procedural – lack of accountability, failure in systems and controls, etc.
- Project – not staying on budget, missed deadlines, ineffective programs and services, etc.
- Financial – lack of funding, poor financial controls, inability to control own budget, fraud, etc.
- Technical – outdated technology, technical failure, lack of trained technicians, etc.
- Natural – dangerous weather, natural disasters, disease outbreaks, etc.
- Political – changes in community leadership, government policy changes, etc.
- Structural – dangerous chemicals, poor storage for medications, deteriorated buildings, etc.

## 2. Assess the Risk

Complete the matrix to identify potential threats, the likelihood, the impact, and actions to mitigate the risks.

For Likelihood and Impact, score the following: High = 3, Medium = 2, Low = 1

Potential threats	Likelihood	Impact	Likelihood X Impact	Actions required and who is responsible for managing the risk
<i>Example</i> <i>Loss of Nurse in Charge</i>	2	3	6	<i>Establish contingency plan with neighbouring community for emergency coverage until replacement is found.</i> <i>Actioned by: Health Director</i>
Human:				
Operational:				
Reputational:				
Procedural:				
Project:				
Financial:				
Technical:				
Natural:				
Political:				
Structural:				

## 3. Manage Risk

Create a plan to manage the high-impact risks that have been identified. Ensure that someone is accountable and that timelines are set out. Be careful that the cost of mitigating the risk isn't more than the cost of the risk itself. Some ways of managing risk are:

- **Use existing assets** – consider repurposing existing equipment, improving existing methods and systems, reassigning responsibilities, improving accountability and internal controls, etc.
- **Develop a contingency plan** – understand that the risk could happen but initiate a plan to minimize the effects (e.g., contingency plan, business continuity plan, etc.)

- **Seek new resources** – depending on where your vulnerabilities lie, you may need more funding or human resources to manage or respond to the risk (i.e., extra staff in the event of a pandemic outbreak, etc.)
- **Implement a schedule** – outline key activities to be completed daily/weekly/monthly/yearly to mitigate the risks (e.g., daily computer backups, monthly fire alarm testing, etc.)

#### **4. Review Regularly**

Depending on the severity of the risks, review the Risk Assessment monthly, semi-annually, or annually to:

- determine whether any risks have changed;
- ensure that mitigation plans are in place and making a difference;
- assess whether there are new risks to consider.