Risk Mitigation Guideline

Policy:

The Institute Risk management policy is to ensure the likelihood and impact of risks occurrence are reduced, eliminated or kept to a minimum through the execution of deliberate sets of actions.

This is attained via the development of a risk mitigation plan input into which is provided by this guideline.

Consideration in Risk Mitigation

The decision to mitigate a risk should be guided by certain key questions which includes;

A. Has the mitigation plan identified relevant stakeholders
B. How confident are we of a successful completion of the mitigation plan
C. By what level would the risk be reduced upon implementation of the plan
D. Work plan
   - who is responsible for the mitigating activities or tasks
   - what consequence would the mitigation actions/task have on the project/unit activities
   - would the risk being mitigated impact critical deliverables or milestones
E. Cost
   - What would the plan cost and how likely is it to succeed
   - Is the mitigation cost less or more than actual cost of the risk consequence
   - Can funding be sourced from current year budget
F. What are the costs of mitigation versus the benefits and uncertainties of risk reduction

Risk Mitigation Approaches

Enterprise Risk Management recognises a number of approaches to Risk Mitigation. These approaches shall be adopted by the Institute and applied as much as possible. The Risk Mitigation Plan will include the estimated cost for implementing a risk mitigation step. Such steps include:

1. Avoid

All accidental losses which occur with a high frequency and a high severity shall be avoided. The only way to avoid a risk is to stop the activity. The Institute may not have the choice to stop providing a service or program. However individual unit or research project may be able to change *how* a service is delivered to avoid a risk.

2. Accept and monitor

This choice requires that Units and program/projects develop measures to track whether the risk gets better or worse over time. If the Unit/program/project has very low control over a risk (such as national economic conditions or natural disasters), this can be the best treatment choice.

3. Reduce the likelihood
Treatment should focus on making it less likely that the risk will happen by reducing the conditions that cause the risk or by reducing the number of occurrences.

4. Reduce the impact
This option aims to reduce the effect on a goal if a risk happens. If your goal, for example, is to keep all agency confidential information secure, then requiring password encryption of confidential information on all laptops will lessen the impact on the goal if a laptop is lost or stolen.

2. Transfer
The Institute shall transfer to others the responsibility of all risks of loss in all its contractual relationships. The Institute shall require all contractors to provide a Certificate of Insurance and an endorsement specifically naming the Institute as an "additional insured." The Institute shall include "hold harmless" clauses in all contracts.

Retain
The Institute shall retain all accidental losses which occur with a low frequency and a low severity as a normal business expense when the Institute can absorb such losses with no significant financial impact.
Examples of this type of loss would be plate glass coverage and automobile physical damage.

Risk Mitigation Action/Steps

1. Develop Strategies for dealing with specific areas of risk
2. Develop policies defining the procedures and other requirements Unit staff need to follow
3. Set out controls to ensure that such strategies, policies and processes put in place, are being observed and are attaining their intended objectives
4. Clear allocation of responsibilities on unit level risk mitigation and identify properly authorised staff to carry out specific risk mitigation activities
5. Conduct risk mitigation update on a regular basis
6. Ensure material information is delivered to the RMC in a timely manner
7. Develop unit-level risk mitigation plans (involving all staff) which shall be reviewed/updated regularly to help ensure that necessary improvements are identified and made in a timely manner
8. Report on risk issues within and outside established reporting cycles for matters of particular urgency.

Material changes in risk mitigation plan should be documented and made available to internal audit, external audit and the Authority for their respective assessments of the risk management system

Implementation Steps

Using the 15 identified Institute's wide risks as it relates to your Unit or Station on the prioritization map. i.e. loss of funds due to poor project implementation. Likelihood likely significance major; so you will place this risk on coordinate (4, 4).

Risk Prioritization Map

Likelihood						
	5 Certain	Low	Moderate	High	Extreme	Extreme
	4 Likely	Low	Moderate	High	High **Loss of funds**	Extreme
	3 Possible	Low	Moderate	Moderate	High	High
	2 Unlikely	Low	Low	Moderate	Moderate	Moderate
	1 Rare	Low	Low	Low	Low	Low
		1 Insignificant	2 Minor	3 Significant	4 Major	5 Catastrophic
				Significance		

Table 1

The example given above is shown.

1. After the identification and mapping, the Unit/Station needs to determine what type of response should the identified risks receive see table

Identified Risks	Avoid	Accept	Transfer	Control strategies
Loss of Funds	**x**			• Strong M& E processes • Project implementation guidelines etc.

Table 2

2. With help of the last column in table two classify the types of control based on the risk

Types of controls

1. Unit/Station wide controls Does the risk require a control that encompasses all the unit
2. Process level controls Does the risk require control at the level of processes
3. Hard controls Does the risk require strict control, monitored, evaluated etc.
4. Soft controls Does the risk require a mild control, not constant monitoring etc
5. Preventive controls Does the risk require control that prevents it from occuring
6. Detective controls Does the risk require controls that will detect the risk.
7. Manual controls Does the risk require a control that is done manually,
8. IT related controls Does the risk requires a control that is automated.

3. Link the control activity to the risk prioritization map