

Instructions for using the risk register on your CD

1. Introduction

The Federation have produced a sample risk register on a Microsoft excel spreadsheet to help organisations record and prioritise the risks they have identified. The spreadsheet allows you to give each risk a score and then to quickly sort your risks into a priority order.

Full instructions on developing a risk management plan are included in the Risk Good Practice Guide and the Risk Management template provided with the CD.

To ensure that you understand the process you may wish to contact the Federation for some tailored training in risk management and using the template and spreadsheet. Please contact Laurel Draffen on 02 9281 7144 ext 206 for more information.

2. Producing your risk register

Open the file called 'blank risk register' on the CD. You will need Microsoft excel to open the document.

Complete the general information in rows 2 and 3. This is basic information about who is responsible for setting up the register and when it is due for review.

Next look at the headings for each section of potential risks. It is vital that these headings are appropriate for your organisation. In the spreadsheet risks are divided into:

INTERNAL

Such as:

Financial management

Human resources

And

EXTERNAL

For example:

Funding

Compliance

If these headings are not appropriate for you, please change the headings.

Next brainstorm all the risks under each of the headings and record them in the spreadsheet under the most appropriate category. Some risks may occur under several headings. This is not a problem – simply record them under each heading that applies. The risk identification process will work most effectively if all parts of the organisation and the board have an opportunity contribute, for example through a workshop and a risk questionnaire.

3. 'Scoring' risks

Once as many risks as possible have been identified under each heading have been identified and typed into the spreadsheet, go through them again and enter a score for both 'likelihood' and 'consequences'. The Australian Standards suggests that likelihood and consequences should be given a score on a scale from 1-5, where 5 is highest. Enter a score from 1-5 in column **C** in the spreadsheet for 'likelihood' and a score from 1-5 in column **D** for 'consequences'.

4. Risk level

Once figures have been entered in columns C and D, the spreadsheet multiplies these two values together to give you an overall 'risk level'. For example a score of 3 in the likelihood column multiplied by a score of 4 for consequences gives an overall risk level of 12.

5. Control adequacy:

Steps 5 and 6 are optional. You may wish to have a record of how effective the current risk management controls you have are. If so enter either:

OK – satisfactory, **MON** – monitor, some concerns or **!** unsatisfactory – action needed

Into column **F**

6. Risk status:

If you wish to record whether the risk is increasing, decreasing or staying the same, enter either:

↑↑ increasing, ↑ decreasing rapidly, ↓↓ decreasing ↓ or = staying the same

into column **G**

7 Sorting risks

The next stage is to produce a list of the most significant risks to your organisation. Excel can produce a list sorted by risk level (Column E). To do this highlight the first cell in column E with a risk level entered into it. In the blank spreadsheet this is cell **E 8**. Then click on the 'data' drop down menu and select 'sort'. Then select the sort 'descending' option. This will produce a list of the risks you have given the highest score to.

You should then review the list produced. Are the risks at the top of the sorted list really the most significant facing your organisation? It is quite legitimate to make changes to the scores given in step 3 if they don't reflect their importance to the organisation.

8. Organisational priority

Finally, use the sorted list as a guide to prioritise the risks to your organisation. You are aiming to produce a short list of 5 – 15 very significant risks that you will develop a risk treatment plans for (see template). When you have decided what the most significant risk is, enter a '1' in Column **H**. Give the second most important risk a 2 and so on until you have produced your short list of significant risks. You can decide on a threshold for what constitutes a significant risk – for example all risks with a score of over 15 or over 12.

For more information, please call Adam West on 02 9281 7144 ext 211.
