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Title: Risk Management			Effective date: 10 February 2015		
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1. Purpose and Scope

Waikato District Health Board (DHB) has an obligation to its patients, its staff, the public and the Ministry of Health to manage its risks effectively.

Effective risk management:

- Improves the safety of patient care
- Aids decision making by taking account of uncertainty and its effect on achieving objectives
- Improves identification of opportunities and threats
- Informs strategic and operational planning
- Reduces the consequences and/or likelihood of injuries and accidents
- Improves the quality of service delivery
- Prioritises allocation of resources
- Improves health and safety, and incident management
- Minimises risks associated with Waikato DHBs operations
- Reduces exposure to personal and organisational liability
- Improves stakeholder confidence and trust
- Improves Waikato DHBs response to disasters and emergencies
- Improves financial and organisational reporting
- Improves corporate governance and organisational resilience
- Reduces the risk of fraud.

This policy sets out the processes by which Waikato DHB will:

- Implement the SAA/NZS HB436:2013 Risk Management Guidelines
- Implement the AS/NZS 31000:2009 Risk Management – Principles and Guidelines Standard
- Ensure legislative compliance.

This policy applies to all persons working within Waikato DHB including staff, managers, contractors, students, external personnel and Board members.

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2. Policy

Waikato DHBs policy for Risk Management is:

- Risk management is an integral part of Waikato DHBs overall governance, management, decision-making, reporting processes, policies, philosophy and culture
- Risk management occurs at all levels in the organisation
- Risk management occurs within the context of the whole organisation – not in isolation – to ensure consistency of risk prioritisation and level of risk response.
- All Waikato DHB personnel are responsible for the identification and minimisation of the risks associated with the activities they perform or manage.
- Risk management occurs within an organisational cultural context of learning rather than blame.
- A decision based on evidence must be made about every identified risk. Each risk must either be accepted or not. Actions must be taken to minimise identified risks in order of priority.
- The Waikato DHB risk register must be updated prior to the commencement of, and must inform, the annual strategic planning, service planning and budgeting processes.
- Major campus and service redevelopment projects must have a risk register that is specific to the project and is approved by the Executive Group and the Board.
- Risk management informs quality improvement.

3. Authorisation

As signed above on behalf of the Chief Executive.

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Appendix A: Policy Processes

1. Principles

- Risk management is an integral part of 'business as usual' as well as project management and change management processes.
- Risk management informs decision-making to ensure resources are allocated to the highest priorities.
- Risk management formally addresses uncertainty and provides mechanisms for this.
- An identified risk must result in a decision as to whether the risk is accepted or not. If not, actions must be taken to minimise the risk.
- Risk management includes assessment of all organisational factors e.g. financial, human, and cultural.
- Risk management is dynamic and risk plans must be regularly updated as new risks emerge and old risks are managed.
- Risk management contributes to quality improvement.

2. Risk Context for Waikato DHB

- Waikato DHB is generally risk averse in the sense that it is managing publicly funded services dealing with human life.
- However Waikato DHB also recognises that healthcare is inherently a high risk activity (e.g. healthcare interventions such as surgery and medications may themselves result in patient harm) and that health practitioners are well qualified through their extensive training, education and experience to make the best clinical decisions about individuals' healthcare.
- Waikato DHB is therefore prepared to take high risks for individual patients where this is supported by clinical evidence and patient consent. However, it is risk averse in all other arenas due to the constraints of providing publicly funded services.

3. Linkages between risk management and other DHB activities and resources

- Risk management is a key component of a number of DHB activities including:
 - Planning
 - Funding
 - Document control
 - Audit
 - Monitoring
 - Reporting

3.1 Planning

- The 'service' is the fundamental unit of risk management within Waikato DHB. The 'services' are:
 - Allied Health
 - Cardiology, Cardiothoracic, Vascular Surgery
 - Children's Health
 - Critical Care
 - Emergency Department and Ambulatory Care

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- Finance
- Internal Medicine
- General Surgery
- Governance and Support
- Human Resources
- Information Services
- Mental Health and Addictions
- Older Persons and Rehabilitation
- Oncology
- Operational Performance and Support
- Orthopaedics
- Planning and Funding
- Population Health
- Radiology
- Rural and Community Services
- Specialty Surgery
- Support Services
- Te Puna Oranga
- Theatre, Peri-operative and interventional Suite
- Women's Health
- Risk identification occurs through a variety of mechanisms e.g.
 - Incident reporting
 - Complaints
 - Patient satisfaction surveys
 - Mortality and morbidity reviews / case reviews
 - Serious event reviews
 - Hazard identification
 - Audit reports
 - Annual fraud risk assessment
 - Staff meetings
 - Health and Disability Commissioner reports
 - Healthcare literature
- Risk management uses information from all of these sources and others to inform the development and quarterly updating of ward / team, service, project and organisational risk registers.
- Updating of the Waikato DHB risk register occurs quarterly and more often as required. It informs, the development of:
 - Waikato DHB strategic and operational plans
 - the Waikato DHB Internal Audit Plan
- The Waikato DHB Risk Register includes risks relating to both the funder and provider arms of the DHB.
- Any major capital expenditure project must have a specific risk management plan that is approved by the Waikato DHB Executive Group and the Board.
- The risk planning process is as follows. Each Service is responsible for:
 - Developing and updating / reviewing quarterly, a service risk register

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Escalating risks to the appropriate risk register as per the Risk Assessment Matrix e.g. High Risk (score 8-12) needs Group Manager action and risk must be on Group / General Manager risk register - refer Appendix B for details re risk scores and escalation.

- Providing copies of their reviewed risk register each quarter to the Risk Management Facilitator Quality and Patient Safety who will, on the basis of the service registers and other information sources, update the Waikato DHB risk register for presentation at the Board of Clinical Governance and the Audit and Risk Committee for approval and amendment where necessary.
- Ensuring that all wards / teams within the service develop risk registers with action plans which address the DHBs highest priority risks, in addition to their service-specific risks
- Ensuring their service's risk registers and action plans are vertically aligned i.e. ward / team and Service risk plans must address the organisation-wide risks before they address risks which may relate only to their area. (There may occasionally be circumstances in which a divisional risk takes priority above some organisation-wide risks.)
- Be horizontally aligned i.e. risk minimisation strategies across the organisation must be consistent or at least not conflict. Services need to coordinate their risk management activities with those of other services.
- Risk registers must also be developed, implemented and regularly monitored for all major projects.
- All risks identified in risk registers must be prioritised using the Waikato DHB Assessing the Level of Risk tool available from the Risk Management Facilitator Quality and Patient Safety or the Intranet.
- Waikato DHB policies, procedures, protocols, guidelines and standing orders are important means of minimising risk through standardisation of activities based on best practice. Adherence to these documents will aid risk minimisation.

3.2 PPPGs

3.3 Audit

- Audit is an essential component of an effective risk management programme. Audit within Waikato DHB involves a number of components as outlined below:
 - Waikato DHBs Internal Audit programme is developed annually in consultation with the Board and is carried out by Waikato DHBs Internal Auditor in tandem with Price Waterhouse Coopers.
 - Waikato DHB performs audits on other entities including its suppliers, contractors and agents to assess their compliance with Waikato DHBs requirements. Auditors may include Waikato DHB staff, Healthshare Limited, auditors contracted from an outside source to act on behalf of Waikato DHB.
 - Waikato DHB itself is subject to external audit by a variety of external agencies including but not limited to accreditation agencies, Designated Auditing Agencies for certification purposes, Ministry of

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Health, ACC, IANZ.

3.4 Monitoring

- Monitoring activities within Waikato DHB include the following:
 - Self-assessment activities
 - Review of reports e.g.:
 - Monthly reports provided by staff to their line managers
 - Reports from providers of health and disability services
 - Project reports.
 - Review of audit report recommendations to ensure they have been acted on as agreed.
 - Service-level review of effectiveness of actions taken to address new risks arising.

4. Reporting

- Risk reporting using the DHBs risk register occurs at least quarterly at all levels in the organisation, and more frequently as needed, in order to:
 - Learn from events, changes and trends
 - Ensure that current risk controls and treatments are effective in mitigating levels of risk
 - Identify new risks emerging.
- The DHB is also obliged to report some risks externally to various agencies mandated by legislation for this purpose (refer to the Waikato DHB Incident Policy).
- Risk reports are retained to ensure traceability and transparency of risk mitigation strategies and decision-making.

5. Responsibilities

- All Waikato DHB personnel are responsible for the identification and minimisation of the risks associated with the activities they are involved in.
- Staff have only two options when they identify a risk in their area. Either they must:
 - Take appropriate actions to eliminate the risk or minimise the risk before elevating it to their line manager or
 - Elevate the risk to their line manager.
- Specific risk management accountabilities also pertain to particular roles as set out below.

5.1 All Staff

- Every staff member is responsible for:
 - Notifying incidents, accidents and near misses in accordance with the Waikato DHB Incident Management Policy
 - Reporting risks to their manager, preferably in writing
 - Minimising risk as appropriate to their area
 - Complying with organisational policies, procedures and protocols as specified in the Waikato DHB Policy for the Management of Policies, Procedures, Protocols and Guidelines
 - Participating in risk management exercises e.g. education, completion of self-assessments, audits.

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5.2 Front line managers

- Clinical Nurse Managers, Team Leaders, Nurse / Business Managers are responsible for:
 - Promoting a learning culture and not a culture of blame
 - Encouraging their teams to identify and notify risks
 - Developing a ward / team quality and risk register to address risks in their area, and risks identified in the Waikato DHB Risk Register
 - Implementing their risk register action plans
 - Providing updated risk register reports quarterly to their line manager
 - Notifying new risks to their manager.

5.3 Level 3, 4 and 5 Managers (with the exception of the COO refer to 5.7)

- Business / Nurse Managers, Operations Managers, Assistant Group Managers, Group Managers and Corporate Service Managers (i.e. those in charge of a service) are responsible for:
 - Promoting a learning culture and not a culture of blame and encouraging their direct reports to identify, notify and manage risks
 - Developing, implementing and delivering quarterly reports on achievement of service risk registers (using approved Waikato DHB risk reporting formats)
 - Reporting on new risks arising and taking appropriate actions to address these
 - Encouraging staff to notify risks
 - Informing staff of decisions made in relation to risks notified by staff
 - Participating in audit activities and acting on recommendations
 - Monitoring the effectiveness of risk management in their area
 - Managing the risks within their service and reporting on these quarterly to the Risk Management Facilitator or Assistant Group Manager Quality and Patient Safety.

5.4 Committee Chairpersons

- Chairpersons of organisation-wide committees e.g. Infection Control, Medicines and Therapeutics, Health and Safety are responsible for:
 - Reporting of risks to the Board of Clinical Governance
 - Prioritising risks and advising on preferred risk management options
 - Participation in audit activities.

5.6 Chief Medical Advisor, Director of Nursing and Midwifery and Professional Advisors

- The CMA, DON/M and professional leads are responsible for:
 - Identifying best practice within their clinical profession and providing advice to the DHB in this regard
 - Raising new and residual risks to the Board of Clinical Governance
 - Prioritising these risks and advising on preferred risk management options
 - Participation in audit activities.

5.7 COO

- The Chief Operating Officer (COO) is responsible for:
 - Ensuring that Waikato DHB complies with the requirements of this policy
 - Implementing a monthly risk reporting process from managers to the COO
 - Reporting on achievement of the Waikato DHB Risk Register

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quarterly to the Assistant Group Manager Quality and Patient Safety

- Reporting high level emerging risks to the CEO and Assistant Group Manager Quality and Patient Safety in a timely fashion.

5.8 Planning and Funding

- The Planning and Funding Unit is responsible for:
 - Risk reporting, audit and monitoring in accordance with internal and external requirements
 - Ensuring that Healthshare Limited carries out risk reporting, audit and monitoring in accordance with Waikato DHB requirements.

5.9 Quality and Patient Safety

- Quality and Patient Safety is responsible for:
 - Developing Waikato DHBs Risk Register
 - Development and review of the Waikato DHB Risk Management policy
 - Provision of risk management education to staff, clinical leaders, managers, and executive as required
 - Development of resources to assist staff to fulfil their risk management responsibilities
 - Maintenance of the DHB Risk Register
 - Maintaining copies of all service Risk Registers
 - Reporting relevant risks to the Ministry of Health
 - Receiving quarterly reports from each service re actions taken to implement their Risk Registers
 - Developing, updating and providing regular reports on achievement of the Waikato DHB Risk Register
 - Elevating risks to the CEO as necessary
 - Providing quarterly reports to the Board of Clinical Governance and the Board re implementation of the DHBs risk register and identification of new risks arising.

5.10 CEO

- The Chief Executive Officer (CEO) is responsible for ensuring that the DHBs risk management policy is being implemented, and reporting new high level risks to the Board.

5.11 Board of Clinical Governance

- The Board of Clinical Governance is responsible for maintaining oversight of patient safety and clinical risk, making recommendations to the DHB to address these, and monitoring the effectiveness of actions taken to minimise risks.

5.12 Board Audit and Risk Management Committee

- The DHB Audit and Risk Management Committee shall review the Waikato DHB Risk Register quarterly to ensure risk controls and mitigations are appropriate and adequate.

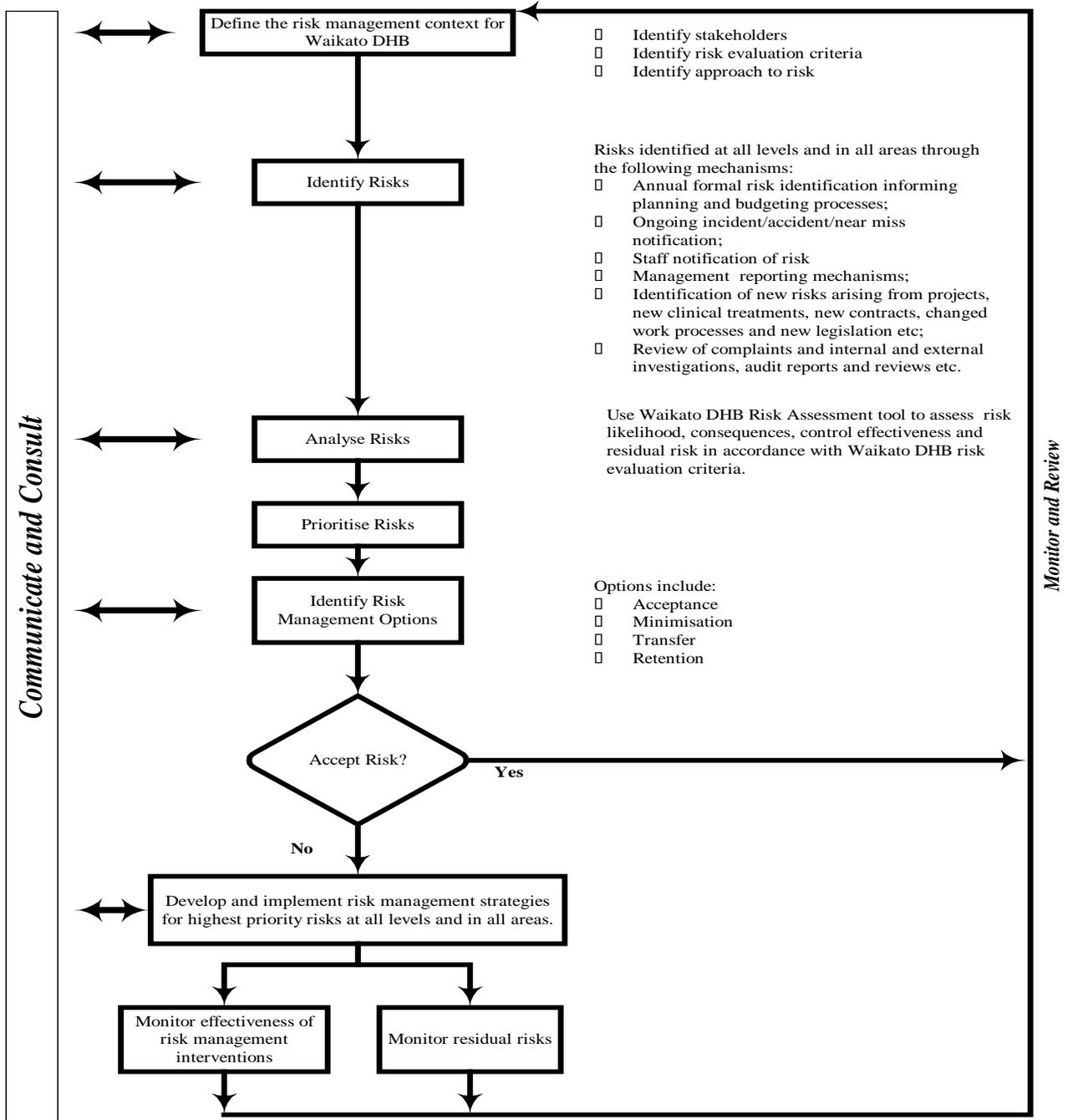
6. Risk Management Process

- Waikato DHBs Risk Management Process is set out in Figure 1.

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Figure 1: Waikato DHBs Risk Management Process

(Adapted from AS/NZS ISO 31000:2009 Australian/New Zealand and International Standard for Risk Management)



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7. Success Indicators

- Risk planning is fully integrated with the DHBs annual planning and budgeting processes
- Copies of current service risk registers are held electronically by Quality and Patient Safety
- Risks are reported and managed by all areas of the organisation, including contracted suppliers, as required.
- Risks are reported and managed by all DHB-funded provider organisations as required.

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Appendix B: Associated Information

1. Definitions

Audit	Audit is the systematic collection and review of objective evidence to identify risks and opportunities for improvement. Audits are fact-finding exercises, aimed at providing reliable, accurate information that can be used to substantially improve the quality of decisions.
Audit of External Parties	These audits are performed by Waikato DHB on other entities including its suppliers, contractors and agents to assess their compliance with Waikato DHBs requirements.
Clinical Audit	Clinical audit is a quality assessment and improvement mechanism in which clinical practice is reviewed and compared with best practice. Its primary focus is to achieve improvements in healthcare outcomes for the patient, and effectiveness and efficiency of clinical care provided.
External Audit	This is an audit performed by an external agency or regulatory body on Waikato DHB.
Internal Audit	Internal audit is performed by an organization upon its own systems, procedures and facilities. Internal audit allows an organization to assess its own performance, needs, weaknesses and strengths.
Monitoring	Monitoring is the continual checking and review of performance to requirements. Monitoring may be based on various information sources including: <ul style="list-style-type: none"> • audit reports • reports of actions taken to address risks • regular reporting mechanisms • verbal or written compliments, complaints, incidents and comments.
Risk	Risk is the effect of uncertainty upon objectives. It is measured in terms of consequences and likelihood.
Risk Management	Risk management is the suite of activities undertaken to direct and control an organisation with regard to risk.
Self-assessment	Self-assessment is the activity whereby managers and / or staff assess their Service's level of compliance with internal or external standards. While the results of self-assessments may not be considered statistically reliable or valid, self-assessment is a means of ensuring staff and managers are aware of the standards they need to be meeting, and facilitates their participation in identifying mechanisms for improved compliance.
Health Share Limited	Health Share Limited is a limited liability company acting as a shared agency for Midland DHBs in relation to their activities as funders.

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Waikato District Health Board

A statutory corporation created by the New Zealand Public Health and Disability Act 2000. Waikato District Health Board is a provider of health and disability services.

2. Legal Requirements

Waikato DHB has a duty at common law to provide services that meet an acceptable standard within a national health context. Waikato DHB must comply with relevant legislation.

3. Other External Requirements

A variety of external agencies / standards specify risk management requirements, including:

- Ministry of Health funding arrangements require compliance with relevant standards, including the requirement to comply with SA /SNZ HB436: 2013 Risk Management Guidelines
- NZS 8134:2008 Health and Disability Sector Standards
- ACC Legislation and contracts with Waikato DHB
- Enable New Zealand requirements of Waikato DHB
- Disability Support Services requirements of Waikato DHB.

4. Associated Documents

- Waikato DHB [Incident Management](#) (0104) policy
- Waikato DHB Assessing the level of risk tool (Intranet)
- HB 228: 2001 Guidelines for managing risk in healthcare
- AS/NZS ISO 31000:2009 Risk Management Standard
- ISO/DIS 31000 Draft International Standard for Risk Management – Principles and guidelines on implementation

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5. Waikato DHB Assessing the Level of Risk

1) **Measures of Consequence** – choose one of the descriptors below, consider each domain and section and judge what the most realistic scenario would be if the event occurred. The most serious consequence identified determines the score.

Score	1	2	3	4	5
Domain	Minimal	Minor	Moderate	Major	Severe
Injury <i>Physical/ psychological</i>	No apparent injury e.g. bruise/graze	Minor injury. First aid treatment. e.g. laceration, sprain, <3 days absence Impaired psycho-social functioning >3 days - < 1 month	Medical treatment required. Temporary incapacity, injury or harm. E.g. short term monitoring, additional treatment. Increased length of stay <1 week Grade 2/3 pressure ulcer Injury requiring >3days sickness. Impaired psycho-social functioning >1 mth - <6 months	Permanent injury or harm. Injury requiring major clinical intervention or unplanned admission to ITU. Serious harm from workplace activities. Increased length of stay >1 wk Grade 4 pressure injury Long term staff sickness > 4 weeks Impaired psycho-social functioning >6 months	Death, Suicide, or Homicide Incident involving multiple people e.g. screening errors. Permanent psychosocial functioning incapacity.
Complaints/ Claims	Locally resolved complaint	Complaint possible (peripheral to clinical care)	Complaint likely – regarding care. Litigation possible	Serious complaint anticipated with multiple issues. Litigation expected	Multiple claims or single major claim expected e.g. obstetric claim
Adverse Publicity/ Reputation	Not expected / no media coverage.	Local media interest possible but short term.	Local media – potential for adverse publicity.	Probable national media interest (short term). Public confidence undermined	National media interest >3 days. Extreme adverse publicity for DHB. Public confidence undermined. Major enquiry by external agency
Service / Business Interruption	Interruption which does not impact on delivery of service	Short term disruption to service, minor impact to patient care	Some disruption to service – non permanent loss of ability to provide service. Unacceptable impact on service user care.	Sustained loss of service with major impact. Major contingency plans invoked	Permanent loss of core service or facility. Disruption to service leading to significant 'knock on' effect across health economy
Finance	Small loss / cost overrun or reduction in revenue	Minor loss of budget \$1m or 2-4% revenue reduction	Moderate loss of budget >\$1m or 4-7% reduction	Major loss of budget >\$2m or 7-10% reduction	High Loss of budget >\$3m or >10% reduction
Inspection / Audit	Small number of recommendations, focusing on minor improvement issues – can be addressed by a department	Minor recommendations made which can be addressed by low level of management action	Challenging recommendations made but can be addressed with appropriate action plan	Repeated failure to meet external standards / regulations. Critical report or substantial number of significant findings	Severely critical report with possible major reputational or financial implications.
Staffing	Short term low staffing level (equal or less than 1 day) where there is no actual disruption to service delivery	Ongoing low staffing level resulting in minor disruption to service/deliver of care	Ongoing problems with level of staffing leading to delay/moderate disruption to service delivery/patient care. Minor errors resulting	Serious ongoing problems re staffing levels leading to serious disruption in service delivery, adverse consequences to patient care. Serious errors resulting.	Non delivery of service due to lack of staff.
Objectives / Projects	Insignificant cost increase/schedule slippage. Barely noticeable reduction in scope or quality No risk to reputation	<5% over budget, schedule slippage. Minor reduction in quality/scope No risk to reputation	10% over budget, schedule slippage. Reduction in scope/quality Moderate business interruption Reputational risk at local / regional/ network level	10-25% over budget. Schedule slippage. Doesn't meet secondary objectives. Major business interruption Reputational risk, which may attract a penalty	>25% over budget. Schedule slippage. Doesn't meet primary objectives. Reputation of the DHB seriously damaged

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2) Measures of Likelihood – choose one of the descriptors below.
Consider how likely it is that the event will happen.

Score	Descriptor	Description
1	Rare	Do not believe this event will happen again except only in exceptional circumstances e.g. once a decade, or a probability of <1%
2	Unlikely	Do not expect the event to happen again but it is a possibility e.g. once a year or a probability of 1-5%
3	Possible	The event may re occur occasionally e.g. at least once a month, or a probability of 6-20%
4	Likely	The event will probably re occur e.g. at least once a week or a probability of 21- 50%
5	Certain	The event is likely to re occur on many occasions e.g. at least once a day or probability of >50%. More likely to occur than not.

3) Identifying the Level of Risk - Risk Assessment Matrix (Consequence x Likelihood)

This provides the overall risk score for this event. Take your scores from the assessment of likelihood and consequence tables and plot them on the matrix below.

RISK ASSESSMENT MATRIX – LEVEL OF RISK

Likelihood	Consequence				
	Minimal 1	Minor 2	Moderate 3	Major 4	Severe 5
Rare 1	1	2	3	4	5
Unlikely 2	2	4	6	8	10
Possible 3	3	6	9	12	15
Likely 4	4	8	12	16	20
Certain 5	5	10	15	20	25

Key:	Low Risk 1-3	Moderate Risk 4-6	High Risk 8-12	Extreme Risk 15-25
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Risk Level and Action Required.

Use this table for guidance about the preventative measures that should be taken to manage the incident and prevent it happening again.

Score	Risk Preventative Measures to be Taken or Planned	
Service	1-3	Low Risk – manage by routine procedure. Implement any action that will eliminate the risk of the incident /risk occurring
	4-6	Moderate Risk – Management action must be specified. The departmental manager must devise, agree, and implement an action plan to reduce or eliminate the risk
Group Mgr	8-12	High Risk – Group Manager action needed. The Group Manager Executive Team must be aware and the Departmental Managers must devise and implement an action plan to reduce, control, or eliminate the risk. Risk must be on Group / General Manager risk register
Org-wide	15-25	Extreme Risk – Immediate action required. The Executive Management Team must be made aware and are responsible for ensuring an investigation and action plan is commenced immediately to reduce, control, or eliminate the risk. The Risk Manager and Executive Directors must be made aware. The risk must be on Board level Risk Register