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Risk Management

Enterprise Project Management Office

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# **V**ersion History

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| --- | --- | --- | --- |
| Version | Description | Author | Date |
| 1.0 | Initial Draft | Morgan Amell | 7/1/2020 |
| 2.0 | Final Version | Stacy Gibson-Grandfield | 10/18/2021 |
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# Purpose

The purpose of this Risk Management Plan is to describe the methodology for identifying, tracking, responding to, and ultimately eliminating project risks for projects managed by the Agency of Digital Services (ADS) Enterprise Project Management Office (EPMO). This document defines the risk management methodology and the roles and responsibilities within the project team to be followed across all projects unless otherwise documented in a project charter.

The scope of this document is intended to address internal and external risks related to projects. The EPMO's risk management process is applicable to the entire lifecycle of a project, with risks continuously identified and treated, iteratively analyzed, evaluated, and monitored as long as they are a threat.

#

# Methodology

The methodology utilized by the EPMO for risk management includes an evaluation of the project risk factors that is performed upon the assignment of an EPMO Project Manager, usually following the approval of the IT ABC Form. The initial project risk assessment is a collaborative effort between the EPMO Project Manager and the project team.

Each risk identified will be categorized, assessed to determine its priority, assigned a rating for probability of occurrence and impact to the project if it does occur. Risks will be assigned an owner and the Project Manager will work with the owner of each risk to define a response strategy for the risk. All risks will be logged and updated by the Project Manager in the EPMO’s Project Portfolio Management solution.

Regular risk meetings will be established by the Project Manager for the purpose of identifying new risks, reviewing the status of open risks, and updating any information about the risk(s).

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# Risk Management Process

The assigned ADS EPMO Project Manager is the responsible resource to facilitate all of the steps within the risk management process, throughout the life of the project.

## Identify

This step involves collecting risk input from the project team. The ADS EPMO Project Manager will work with the project team to achieve consensus on deciding whether or not the risk is valid and becomes an identified risk.

## Analyze

Analysis is performed to transform risk items into information that can be used to aid decision-making and to validate the risk information. Risk analysis involves categorizing, prioritizing risks, and rating them for probability of occurrence and impact.

## Evaluate

The objective of the *Evaluate* Step is to develop a plan to take ownership of responding to the risk. This involves assigning risk ownership, developing risk response strategies, creating an impact description, and identifying any dependencies and assumptions.

All risks should have a response categorized by one of the following response strategies:

# Avoidance/elimination: pursuit of a completely different approach to the task thus eliminating the risk.

# Transfer: moving the risk elsewhere (i.e. to a supplier, to an insurer).

# Mitigation: developing a plan to reduce the consequence and/or the likelihood of a risk event occurring.

# Acceptance: allowing the risk to remain and dealing with the consequences if it happens.

## Treat

Treatment involves the execution of the risk response action plans and recording risk information changes in the risk log.

# **Monitor**

Monitoring is to ensure that all steps of the Risk Management process are being followed and, as a result, risks are being managed appropriately. Monitoring risks involves the tracking of risk response plans to ensure they are effective, re-assessment of risks, reporting risk status, and recording risk information changes in the risk log.

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# Roles and Responsibilities

|  |  |
| --- | --- |
| Name | Risk Management Responsibilities |
| Project Sponsor | Responsible for understanding risk and signing off on all risk response plans. |
| ADS EPMO Project Manager | Identifies project related risk, documents project risks, leads the effort to identify response plans, leads the effort to communicate project risk, overall responsibility for risk management activities. |
| Project Team | Contributes to the identification of project risks and the overall risk management process as necessary. The project team includes vendor project team members as well, where applicable.  |

# Risk Analysis

## Risk Rating

Each risk element should be rated according to the following criteria. Ratings will be estimates based upon project knowledge at the time. Over time, as the team learns more about the project and risks, these ratings will be updated.

### Probability

The probability rating associated with the risk describes the overall likelihood of the risk occurring. The ADS EPMO Project Manager will facilitate discussions with the project team to come to a consensus on the likelihood a risk will occur. Each risk will be assigned a probability rating of:

# **High** – Very likely the event will occur; greater than a 70% chance, will receive a numeric rating of 7-10

# **Medium** – A probability of 30-70% chance of occurrence and will receive a numeric rating of 3-6

# **Low** – Unlikely to occur; less than a 30% chance and will receive a numeric rating 1-2.

### Impact

The impact rating associated with each risk describes the severity of impact on project success should the risk occur. The ADS EPMO Project manager will facilitate discussions with the project team to come to a consensus on the overall impact to the project. Each risk will be assigned an impact rating of:

# **High** – The risk, should it occur, will critically or seriously impact the project. The success of the project would likely be in jeopardy. Ratings of 7-10 should be assigned to high impact risks.

# **Medium** – The risk, should it occur, will have an impact on the project. The success of the project is still likely. Ratings of 3-6 should be assigned to medium impact risks.

# **Low** – The risk, should it occur, will have very little impact on the project. The success of the project is very likely. Ratings of 1-2 should be assigned to low impact risks.

### Priority

The priority of the risk is set to determine the significance to the project. This rating helps to determine how soon a risk needs to be addressed and response plans carried out in order to minimize the probability of occurrence and impact to the project. The priority is determined by the multiplication of the *Probability Rating X Impact Rating*. Each risk will be assigned a priority rating of:

# **High** – A priority rating of 45 - 100. The risk is very significant to the project and needs to be evaluated immediately. A response plan must be put in place and executed.

# **Medium** – A priority rating of 7 – 44. The risk is significant and needs to be evaluated and responded to in a timely manner.

# **Low** – A priority rating of 1 – 6. The risk has low significance to the project. Action to carry out response plan is not urgent.

# Communication

## Risk Log

The risk log will be captured in the EPMO Project Management Tool for tracking project risks and updated by the ADS EPMO Project Manager as new risks are identified and existing ones are updated. The Project Manager will publish a version of the Risk Log to the Project SharePoint site at least monthly but should be on a more frequent basis for larger, more complex projects and should be done in accordance with the Risk Meetings.

## Reports

The top five open risks as determined by the assigned priority, probability and impact ratings will be published on the weekly project status reports (PSR) that is distributed to project team members and other stakeholders as necessary.

## Meetings

Dedicated risk meetings will be held at least monthly and should be held on a more frequent basis for larger, more complex projects. The frequency of risk meetings will be determined by the assigned ADS EPMO Project Manager with input from the IT Portfolio Manager.