BSB51415 Diploma of Project Management

Risk Management

Version 1.11 Produced 18 October 2018

Assessment Workbook 4

Version control & document history

Date	Summary of modifications made	Version
5 May 2016	Version 1.0 produced following assessment validation.	1.0
23 November 2017	Updated the following: ▪ Case Study Question 4 'Risk Brainstorming Session Worksheet' – Integration changed to Cost. ▪ Minor update to preliminary pages and Instructions. ▪ Updated 'Written Questions' to 'Knowledge Assessment'	1.1
18 October 2018	Change to Practical Assessment	1.11

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ASSESSMENT WORKBOOK COVERSHEET

WORKBOOK:	Workbook 4
TITLE:	Risk Management
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Please read the Candidate Declaration below and if you agree to the terms of the declaration sign and date in the space provided.

By submitting this work, I declare that:

- **I have been advised of the assessment requirements, have been made aware of my rights and responsibilities as an assessment candidate, and choose to be assessed at this time.**
- **I am aware that there is a limit to the number of submissions that I can make for each assessment and I am submitting all documents required to complete this Assessment Workbook.**
- **I have organised and named the files I am submitting according to the instructions provided and I am aware that my assessor will not assess work that cannot be clearly identified and may request the work be resubmitted according to the correct process.**
- **This work is my own and contains no material written by another person except where due reference is made. I am aware that a false declaration may lead to the withdrawal of a qualification or statement of attainment.**
- **I am aware that there is a policy of checking the validity of qualifications that I submit as evidence as well as the qualifications/evidence of parties who verify my performance or observable skills. I give my consent to contact these parties for verification purposes.**

Name : Michael Anderson **Signature:** Anderson **Date:** 23/11/2020

KNOWLEDGE ASSESSMENT

1. Classify each project risk provided below into different risk categories.

   Write the letters that correspond to your answers in the spaces provided.

   Guidance: Although a project risk may be classified into more than one (1) risk category, you must choose only one (1) risk category for each project risk. Having multiple answers is not allowed.

Risk Categories	
a. communications	j. physical
b. compliance	k. political
c. consultative	l. project assumptions
d. environmental	m. project constraints
e. finance	n. project process risks
f. health and safety	o. quality
g. human resources	p. social
h. legal	q. technology
i. organisational brand	

Project Risks	
h	Breach of contract
l	Requirements are misinterpreted by the project team and gaps and variances develop between expectations, requirements, and work packages.
g	Stakeholder turnover or stakeholders suddenly leaving the project due to conflicts and disagreements.
a	Required activities are unintentionally missed out or are missing from scope definition.
f	Project team members sustain injuries due to lack or inadequate risk controls.
o	Inexperienced project team members produce lower quality products, which would result in more retesting than originally planned.
e	Costs are incurred in foreign currencies exchange rates.

k	Project deliverables and specifications are found to be culturally inappropriate to the target market.
f	A number of project activities emit air pollution and put project team members at risk for lung cancer.
q	Sensitive and confidential project data and information are stolen by hackers.

2. Provide one (1) example of project risks for each risk categories listed below. Do not use the project risks provided in Written Question 1.

Risk Categories	Project Risks
Human resources	conflict of interest - subcontractor is related to a project team member of the client company
Legal	regulatory - regulators could revoke work licences due to certain breaches of code and practices

3. The following are key components of a risk management plan. Match each component to its correct description.

Write the letters that correspond to your answers in the spaces provided.

	Key Components of a Risk Management Plan	Description
d	Context	a. This involves the assignment of an overall risk rating to each of the risk events identified through analysing inherent risk, identifying and evaluating controls, and analysing residual risk. It helps validate and prioritise key risks to monitor and it highlights any opportunities for improvements to current activities used as controls in the project.
f	Risk identification	b. This involves developing a range of options for mitigating the risk, assessing those options, and then preparing and implementing action plans. The highest rated risks should be addressed as a matter of urgency.
a	Risk analysis and evaluation	c. This should be a planned part of the risk management process. It involves regular checking or surveillance, wherein the results are recorded and reported externally and internally, as appropriate.
b	Risk treatment	d. This involves defining the scope for the risk management process and sets the criteria against which the risks will be assessed.
c	Monitoring and review	e. These must integrated into the entire risk management plan. These involve seeking and sharing views and information regarding project risks and considering other project stakeholders' view as part of decision making processes.
e	Communication and consultation	f. This is a critical step in effective risk management and needs to be comprehensive. If a potential risk is not known at this stage it is omitted from further analysis, which means a material risk may be given insufficient attention.

4. The following statements describe Quantitative and Qualitative Risk Management in terms of their characteristics, applications, and techniques they use.

   Write **QNT** if the statement refers to Quantitative Risk Management and **QLT** if it refers to Qualitative Risk Management.

   Write your answers in the spaces provided.

qnt	a. It makes use of tools and techniques such as probability distributions, sensitivity analysis, expected monetary value analysis, and etc.
qlt	b. It assesses the priority of identified risk using their relative probability or likelihood of occurrence, the corresponding impact on project objectives if the risks occur.
qlt	c. It is used to determine categorisation of risks, causes of project risks, ranking of risks, and etc.
qnt	d. It involves numerical analysis of the effect of identified risks on overall project objectives.
qlt	e. It involves prioritizing risks for further analysis or action by assessing and combining their probability of occurrence and impact.
qlt	f. It is used to conduct probabilistic analysis of the project, determine probability of achieving cost and time objectives.
qlt	g. It is performed on risks that have already been categorized and prioritised.
qnt	h. It utilises tools and techniques such as risk probability and impact assessment and matrix, risk data quality assessment, risk categorization, and etc.
qlt	i. This approach is usually done first followed by the other.
qnt	j. It is used to assign numerical rating to the risks individually or to evaluate the aggregate effect of all risks affecting the project.

5. The following are different tools and techniques used in Qualitative and Quantitative Risk Management. Match each tool and technique to its correct description.

	Tools and Techniques	Description
c	Expert judgement	a. This draws on experience and historical data to quantify the probability and impact of risks on project objectives.
a	Interviewing	b. This is a statistical concept used to calculate the average outcome when the future includes scenarios that may or may not happen.
d	Sensitivity analysis	c. This can be used in both Qualitative and Quantitative Risk Management. In the qualitative approach, this is used to assess the probability and impact of each risk to determine its location in the matrix. In the quantitative approach, this is used to identify potential cost and schedule impacts, and to evaluate probability.
b	Expected monetary value analysis (EVM)	d. This helps to determine which risks have the most potential impact on the project. It examines the extent to which the uncertainty of each project element affects the objective being examined when all other uncertain elements are held at their baseline values.
e	Risk categorisation	e. This is used to rate risks as low, moderate, or high priority.
f	Probability and impact matrix	f. This is used to classify risk in terms of its sources or area of impact. It involves grouping risks coming from common root causes, leading to developing more effective risk responses.

CASE STUDY

Instructions to Student

These case studies are hypothetical situations which will not require you to have access to a workplace, although your past and present workplace experiences may help with the responses you provide. You will be expected to encounter similar situations to these in future as you work in a project team environment.

In the real world you are likely to encounter the situation where you enter a project, taking over from another project manager. The documentation that is handed over to you is not necessarily up to scratch, and there could be serious issues with the project. This assessment captures that real life scenario.

The case studies are the first part of dealing with “multiple complex projects” required in all the units of this subject. The other assessment covering this requirement is the practical assessment. When you have completed the case studies you will be able to commence the practical assessment which covers the generic skills needed to function as an effective project team member. This assessment on the other hand covers the application of the underpinning knowledge and background theory.

Introduction

You have just finished the consultancy work in the previous workbook. The steering committee are about to sign off on the changes, but have requested you look at the risk aspects of the project as this has not been taken into account properly in the past.

Sam has suggested the risk management plan was fine for the start of the project, but given all the recent upheaval with a new project sponsor and a new contractor, and as a result the time lines blowing out, there seem to be more risks that need to be documented.

The project documentation has not been updated since the previous workbook. If you do not already have version 3 of the project documentation, you may download it from here:

Project Charter version 3 (.pdf)

Project Plan version 3 (.pdf)

Project Gantt Chart version 3 (.mpp)

Project Gantt Chart version 3 (.pdf)

Project Network Diagram version 3 (.pdf)

(username: cstclearner password: CstcPty@123)

Note: These documents were generated in year 2016. For the purpose of this assessment, refer to '2016' as the current year and '2017' as the succeeding year.

1. The issues register has not been populated in the project plan. You have raised this with Sam, and he has provided you with the following information to complete the table for inclusion into the next version of the project plan. Evaluate the following issues that have occurred during the course of the project to date and populate the following issues register.

   Guidance:

   a. You will be able to find out background information about each issue in the current version of the Project Plan (version 3).
   b. '20xx' refers to the current year.
   c. When populating the Issues Register, always refer to the current year.

Issues Register					
Issue #	**Date/time raised**	**Description**	**Raised by**	**Action History**	**Status open/closed**
1	17/07/20xx	Project starting a week early due to requirements for Earthmoving Logistics Pty Ltd needing additional notice of the movement of supplies and equipment.	Sam Ng	Start date of the project brought back one week. No other project timeframes have changed	Choose an item. Closed
2	17/07/20xx	Three additional retaining walls needed for additional chalets.	Sam Ng	Additional retaining walls installed and updated in project documents	Choose an item. Closed
3	22/11/20xx	Project sponsor going into liquidation.	Sam Ng	All references to Massive Eco-development Corporation to be changed in project plan to Cascade Peak Hotel. Changing of project protocols accordingly	Choose an item. Open
4	28/11/20xx	Andrew (site supervisor) not having the IT skills required for e-mail and Internet access – affecting his reporting abilities.	Sam Ng	Additional e-learning training to be provided to improve competencies	Choose an item. Open
5	30/11/20xx	Two landscaping team members leaving the organisation.	Sam Ng.	Advertise for new Landscape team members	Choose an item. Open
6	14/12/20xx	Damage to site due to being abandoned for seven weeks.	Andrew Lowe	Extra payments are to be incorporated into the final two payments to cover additional project costs	Choose an item. Closed

2. Conduct a risk review of the existing risks using the following template.

Project Risk Review Matrix

Project Name	Cascade Peak Chalets Landscaping Project
Prepared by	Sam Ng
Date	16 Dec 2016
Meeting date	18 Dec 2016
Purpose of the meeting	Assessing risk proccesses of the project

Identified Risk	Changes in Probability Of Occurrence	Changes in Priority	Changes in Ownership/ Responsibility	Changes in Needed Response
Severe weather during the project.	moderate	medium	andrew lowe	
Delays in the construction of the chalets.	moderate	medium	Sam Ng	
Delays in supply of the glasshouse and landscaping supplies.	unlikely	medium	Sam Ng	
Delays in supply of road base.	Nil			Road base delivered/completed
Landscapers leaving the company.	moderate	medium	Sam Ng, Andrew Lowe	Ensure new employees are competent in their roles and any issues addressed as early as possible

Digging contractor not performing the work to the required standard.	moderate	medium	Andrew Lowe	onsite rectification
Underground utilities not being installed properly.	nil		Andrew Lowe	underground utilities completed
Lengthy processing of change request by Council.	moderate	high	Sam Ng	
Timeframes not being properly communicated to landscapers and contractors.	moderate	medium	Sam Ng, Andrew Lowe	

3. Conduct a Risk Identification SWOT analysis for the project, taking into account the recent changes.

   Guidance: For the purpose of this assessment, assume that you will be facilitating this meeting with the project manager and site supervisor in attendance.

Risk Identification – SWOT Analysis	
Project Name	Cascade Peak Chalets Landscaping Project
Prepared by	Sam Ng
Date	16 Dec 2016
Project Manager	Sam Ng
SWOT Analysis Facilitator	Sam Ng
SWOT Analysis Participants	Andrew Lowe & Susan King
SWOT Analysis Recorder	Kelly Pollock
Date of SWOT Analysis	30 April 2016

Project Strengths

What potential strengths exist about the project, the project team, the sponsor, the organisation structure, the client, the project schedule, the project budget, the product of the project, etc.?

a. Strong past experience in delivering similar projects to a similar standard.

b. Past experience in delivering similar landscaping projects working around building construction work.

c. Extensive experience in maintaining the native vegetation in the area.

d.

e.

f.

Project Weaknesses

What potential weaknesses exist about the project, the project team, the sponsor, the organisation structure, the client, the project schedule, the project budget, the product of the project, etc.?

a. Progress of the project will be heavily dependent on the progress of the construction project. b. Dependence on external contractors for all excavation and delivery work means performance will be harder to monitor. c. d. e. f.
Project Opportunities What potential opportunities exist in regard to achieving the project requirements, the product requirements, the project schedule, the project resources, the project quality, etc.?
a. Ongoing work in future projects with Eco-development Corporation. b. Ongoing landscaping maintenance work at the resort once complete. c. d. e.
Project Threats What potential threats exist in regard to achieving the project requirements, the product requirements, the project schedule, the project resources, the project quality, etc.?
a. Any delays in the construction project will impact heavily on this project. b. Severe weather is likely to create delays in the project and may increase the scope of the project to counter erosion c. Newly recruited landscapers with no previous experience working with awesome landscapes d. e. f.

4. Based on the work done in the previous workbook, identify one (1) new risk within each of the following functions of project management and complete a risk analysis for it in the following risk brainstorming session worksheet template.

Guidance:

a. When populating the fields of the Risk Brainstorming Session Worksheet, refer to the Risk Rating Table below.

b. Further guidance is provided for you within the Risk Brainstorming Session Worksheet Template below.

Risk Rating Table

Likelihood	Consequence				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
A (Almost certain)	High	High	Very High	Very High	Very High
B (Likely)	Moderate	High	High	Very High	Very High
C (Occasionally)	Low	Moderate	High	Very High	Very High
D (Unlikely)	Low	Low	Moderate	High	Very High
E (Rare)	Low	Low	Moderate	High	High

Source: AS/NZS 31000 Risk Management

Risk Brainstorming Session Worksheet	
Project Name:	Cascade Peak Chalets Landscaping Project
Prepared by:	Sam Ng
Date:	16 Dec 2016
Session Facilitator:	Sam Ng
Title/Position:	Project Manager
Participating Group:	Andrew Lowe, Susan King & Kelly Pollock
Location:	Awesome Landscapes Office

Identified Risk	Initial Risks			Controls to be used on risk	Revised Risk			Proposed Actions	Identified by Whom?	Who is responsible?
	Likelihood of Occurrence	Potential Impact	Initial Risk Rating		Likelihood of Occurence	Potential Impact	Revised Risk Rating			

Guidance: Identify at least one (1) risk for each of the following functions of project management	*A: Almost certain B: Likely C: Occasionally D: Unlikely E: Rare. Your response can either be a letter, a description or both.*	*1 Insignificant 2 Minor 3 Moderate 4 Major 5 Severe Your response can either be a number, a description or both.*	*Very High High Moderate Low*	*Elimination Substitution Isolation Engineering control Administrative control PPE (Personal protective equipment)*	*A: Almost certain B: Likely C: Occasionally D: Unlikely E: Rare. Your response can either be a letter, a description or both.*	*1 Insignificant 2 Minor 3 Moderate 4 Major 5 Severe Your response can either be a number, a description or both.*	*Very High High Moderate Low*	*For each risk, a specific action must be briefly described here should the risk become an incident.*	*For the purpose of this simulation, you may indicate any project stakeholder in the Cascade Peak Chalets Project.*	*This must be either Sam Ng, the site supervisor, or other relevant project stakeholder who would be responsible for ensuring the risk does not occur, or if it does occur, will be the responsible for dealing with its impact.*

(Integration) New client has issues with a subcontractor	occasional	moderate	high	Administration: Work on issues and differences. come to an agreement on continuity of work. Elimination: Procure new subcontractor if agreed	unlikely	moderate	moderate	meetings with client to bring forward issues and plan to address. Seek new subcontrators to complete remaining works	Sam Ng	Sam ng

(Scope) Damaged work during abandonement needing repair	Occassionally	Moderate	high	Administration:	occasionally	insignificant	low	Assess damage, notify stakeholders of changes to scope, cost time etc...	Andrew lowe	Sam ng
(Time) Major damage to works during abandonment blowing out timeframes	rare	major	high	Administration: Contract to cover acts of god and uncontrolled damage during changeover process	rare	minor	low	Notify stakeholders immediately to assess damage and complete new project plan and timeframes.	Andrew lowe	Sam Ng

(Cost) Quoted products have increased in price	occasionally	moderate	high	administration: lock in prices with suppliers, Price increase covered by extra payment from client	occasional	insignificant	low	accept risk	Sam	Sam Ng

(Quality) New digging contractors not performing works to expected quality	unlikely	moderate	moderate	Administration: Ensure contract is clear and includes and exit clause if they are not performing to standards. Site supervisor to closely monitor work	rare	minor	low	Onsite rectification and/or find new contractor	Andrew	Andrew Lowe

(HR - landscaping site supervisor leaving project) Cause of chain reaction of other employees leaving project / poaching	occassio nally	major	very high	Administ ration: Ensuring employe es are happy and morale is high. Giving employe es a sense of responsi bility and accompli shment on tasks	unlikely	moderat e	moderat e	advertise for new positions . offer promoti ons/pay increase (incentiv es) to stay till project completi on.	Sam	Sam ng

(HR – Project Manager) ineffective recruitment strategies and foresight	occassionally	minor	moderate	Administration: Project manager to be trained in recruitment techniques. interviews to be conduct with site manager present	unlikely	minor	low	utilising probation period for competency review. Seek external recruitment agencies	Andrew	Sam Ng

(HR – Project Sponsor) Project sponsor goes into administration	unlikely	severe	very high	Administ rtation: Periodic al payment s, up front payment s to cover initial costs	unlikely	moderat e	moderat e	cease works on project. commun icate issues with contract ors involved. Notify company director. Seek legal aid	Sam	Sam Ng

(Communications) on site issues not being communicated back to management	occasionally	moderate	high	Administration: Weekly toolbox talks with issues raised and minutes kept. Andrew lowe to keep up the communication of how the project is tracking daily with workers.	unlikely	minor	low	accept risk	Andrew	Andrew lowe

(Procurement) loss or damage to goods in transit	occassionally	moderate	moderate	Administration: Include approppriate packaging instructions in specs. Agree on insurance cover for supplier to provide. Accept delivery after inspection	unlikely	minor	low	Communicate with supplier, hold off on payment till issue is resolved	Sam	Sam Ng

5. Develop a Risk Response Plan for the following risk: The landscaping site supervisor resigning from Awesome Landscapes.

   Use the Risk Response Plan Template provided below.

Risk Response Plan	
Project Name	Cascade Peak Chalets Landscaping Project
Prepared by	Sam Ng
Date	18 Dec 2016
Description of risk identified	Landscaping site supervisor leaving the company
Person responsible	Sam Ng
Results from Risk Analysis:	High risk rating
Agreed Responses (avoidance, transference, mitigation, acceptance):	
Response #1	Avoidance: use long term employee in project
Response #2	Mitigation: Advertise position immediately if site supervisor resigns (4 week notice period)
Response #3	
Residual Risk Level	
Moderate risk rating	
Action Steps	
1. Hire long term employee into project. 2. Ensure employee is happy in their work 3. Ensure morale remains high throughout the project. 4. Give the employees a sense of ownership in the work they are doing.	
Budget and Time for Response	
2-4 weeks	
Contingency / Fallback Plans	

Should the landscaping supervisor leave the company 1. The project manager will contact the director. 2. Project manager will advertise for a new supervisor as soon as possible 3. The project manager to give a high priority to the recruitment process so a replacement can start as soon as possible. 4. Project manager will look for avenues in internal recruitment or promotion of leading landscapers.

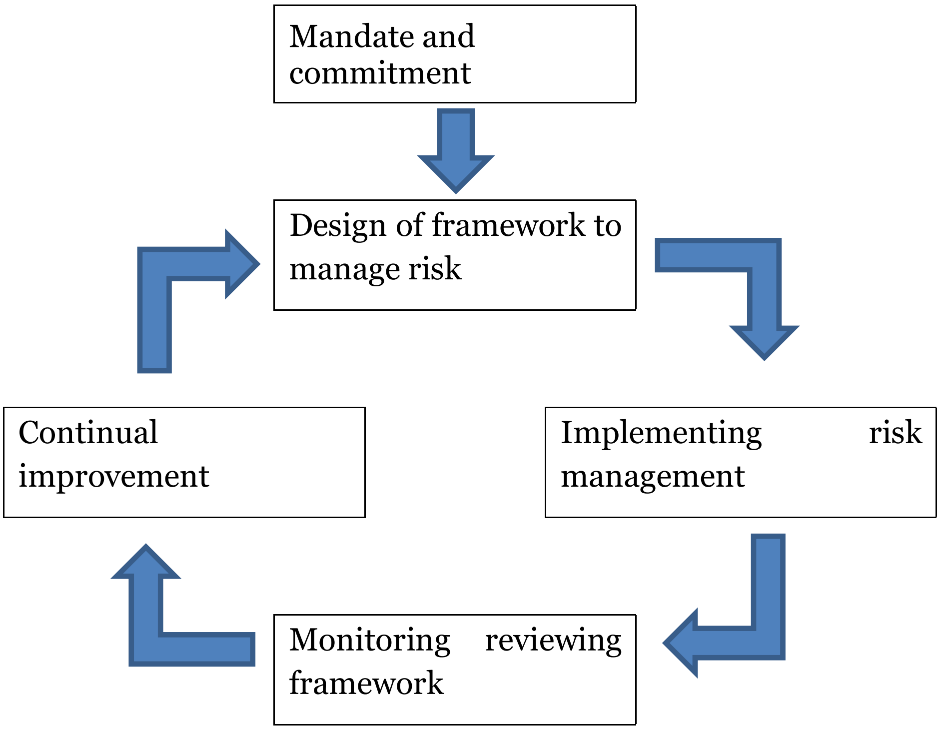
6. As set out in Risk Management Plan (Appendix 22 of the Project Plan), the risk management processes for the project will follow the AS/NZS ISO 31000 2009 Standard under the PMBOK project management methodology.

   a. In your, own words, discuss the framework that is set by AS/NZS ISO 31000.
   b. Complete the illustration of the risk management framework set by AS/NZS 31000 by providing the correct labels.
   c. In your own words, discuss the model that is followed by the framework of AS/NZS ISO 31000.

   Do not exceed fifty (50) words for each discussion.

a. The framework is a set of principles and guidelines for the design, implementation, monitoring, reviewing and continuous improvement regarding risk management processeses. The scope of this approach to risk management is to enable all strategic, management and operational tasks of an organization throughout projects, functions, and processes to be aligned to a common set of risk management objectives.

b.


Mandate and commitment
Design of framework to manage risk
Implementing risk management
Monitoring reviewing framework
Continual improvement

c. The ISO 31000 mirrors the four-step Plan - Do - Check - Act model, which is a process for carrying out and evaluating the effects of change. It creates a cycle of continuous improvement. This model follows the process of identifying the opportunity for change, creating a plan to carry out the change, putting it into action, collecting and analysing the data and if beneficial results then it is rolled out on larger scale. If not, it recycles and re-evaluates to create a new plan through the model.

WORKBOOK CHECKLIST

When you have completed this workbook, please ensure you have completed all parts of it:

☒ **Written Questions**

☒ **Case Study**

IMPORTANT REMINDER

Students must achieve a satisfactory result to ALL assessment tasks to be awarded COMPETENT for the unit relevant to this subject.

To award the student competent in the units relevant to this subject, the student must successfully complete all the requirements listed above according to the prescribed benchmarks.

End of Document