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
FIRST AND SURNAME:	Craig Silva
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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 : Craig Silva		**Signature:**	**Date:** 07/05/2020

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
A	Requirements are misinterpreted by the project team and gaps and variances develop between expectations, requirements, and work packages.
P	Stakeholder turnover or stakeholders suddenly leaving the project due to conflicts and disagreements.
O	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.
G	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.
D	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	Staff are unreliable and not committed to the project. They have regular unapproved time off and the labour force is very transient.
Legal	Liquidated damages due to project not being completed on time by the contractor.

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.

QLT	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.
QNT	f. It is used to conduct probabilistic analysis of the project, determine probability of achieving cost and time objectives.
QNT	g. It is performed on risks that have already been categorized and prioritised.
QLT	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.
F	Risk categorisation	e. This is used to rate risks as low, moderate, or high priority.
E	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	17/07/2016	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	Part of change request 1. Time and costs updated in version 2 of Project Plan and Gantt chart.	Closed
2	17/07/20xx	Three additional retaining walls needed for additional chalets.	Sam Ng	Change request 1, submitted and signed by relevant parties.	Closed
3	22/11/2016	Project sponsor going into liquidation.	Sam Ng	Project halted for three weeks then advised of take over of project by Cacade Peak Hotel.	Closed
4	28/11/2016	Andrew (site supervisor) not having the IT skills required for e-mail and Internet access – affecting his reporting abilities.	Sam Ng	Andrew enrolled in one day computer/IT course whilst in Melbourne.	Monitor
5	30/11/2016	Two landscaping team members leaving the organisation.	Sam Ng.	Two replacement landscapers employed for recommencement of project.	Closed
6	14/12/2016	Damage to site due to being abandoned for seven weeks.	Andrew Lowe	Rectifcation works done when site was reopened. Costs submitted to Cascade Peak Hotel Pty Ltd.	Open

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

Project Risk Review Matrix

Project Name	Cascade Peak Chalets
Prepared by	Craig Silva
Date	7th January 2017
Meeting date	7th January 2017
Purpose of the meeting	Review risks due to new project sponsor, new contractor and extend timelines.

Identified Risk	Changes in Probability Of Occurrence	Changes in Priority	Changes in Ownership/ Responsibility	Changes in Needed Response
Severe weather during the project.	Yes (High)	Yes (Very High)	No	No
Delays in the construction of the chalets.	Increased (Likely)	Increased (Likely)	No	Continue with works unassociated with Chalets in they are delayed.
Delays in supply of the glasshouse and landscaping supplies.	No (Unlikely)	No (Very HIgh)	No	Keep in contact with supplier to confirm delivery is still on track.
Delays in supply of road base.	No (Unlikely)	No (Very High)	No	Keep in contact with supplier to confirm delivery is still on track.
Landscapers leaving the company.	Yes (Likely)	No (Very High)	No	No

Digging contractor not performing the work to the required standard.	Yes (Occassioally)	Yes (Very High)	No	Monitor and audit contractors works.
Underground utilities not being installed properly.	Yes (Occassioally)	Yes (Very High)	No	Utilities not installed properly would require reworks.
Lengthy processing of change request by Council.	No (Unlikely)	No (Low)	No	No
Timeframes not being properly communicated to landscapers and contractors.	No (Occasionally)	No (High)	No	Keep up weekly meetings and reporting.

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
Prepared by	Craig Silva
Date	8th January 2017
Project Manager	Sam Ng
SWOT Analysis Facilitator	Sam Ng
SWOT Analysis Participants	Craig Silva
SWOT Analysis Recorder	Craig Silva
Date of SWOT Analysis	8th January 2017

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 support from local council.**
b. **Extra funding from new project sponsor.**
c. **New project sponsor is successful local company.**
d. **Good suppliers.**
e. **Finished project will be excellent to have on company resume.**

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. **Unknown new contractor.**

b. **Weather can be unpredictable in the area.**

c. **Limited to choices of suppliers, contractors and labour due to location of project.**

d. **Site Manager has limited computer skills.**

e. **Delays have caused site team morale to drop.**

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. **New contractor has good references & recommended by council.**

b. **Council has vested interest in project good quality delivery could lead to future works directly for council.**

c. **Future maintenance contract for sponsor as they are the owner of project.**

d. **Finish project with strong site team that can move onto future projects together.**

e. **Providing work to local companies and people.**

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. **Loss of employees due to uncertainty of project.**

b. **Weather.**

c. **Another change in project sponsor.**

d. **Anymore loss of time will compress program leading to possible quality issues.**

e. **Safety of workers if project time frame slips.**

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
Prepared by:	Craig Silva
Date:	9th January 2017
Session Facilitator:	Sam Ng
Title/Position:	Project Manager
Participating Group:	Sam Ng, Craig Silva.
Location:	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 Occurrence	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) Project plans not being updated	C	3	High	Administrative	D	2	Low	Plans to be updated, issued and signed at relevant stages.	Sam Ng	Kelly Pollock

(Scope) Some tasks required are missing from scope causing extra works and costs	B	4	Very High	Administrative	B	1	Moderate	Change request to be done for the extra works.	Andrew Lowe	Sam Ng
(Time) Chalets not built in time for landscaping wrks	C	3	High	Substution	D	2	Low	Work and get ahead on other tasks	Andrew Lowe	Sam Ng
(Cost) Price goes up on materials due to extension of project	B	4	Very High	Administrative	C	2	Moderate	Call on contingency funds	Sam Ng	Kim Nguyen
(Quality) If project programs compresses may leave reduced time to test creeks and weir.	D	5	Very High	Elimination	E	2	Low	Testing is mandatory so extra time will have to be allow	Andrew Lowe	Sam Ng

(HR - landscaping site supervisor leaving project)	D	4	High	Administrative	E	2	Low	Risk response plan done	Sam Ng	Sam Ng
(HR – Project Manager) Not keeping up with invoicing	C	5	Very High	Administrative	E	2	Low	Reminders sent to PM when invoicing is required	Sam Ng	Kelly Pollock
(HR – Project Sponsor) Keeps asking for extra little tasks to be done around site	B	4	Very High	Administrative	C	1	Low	Day worksheets to be kept and signed by sponsor management	Andrew Lowe	Sam Ng

(Communications) Misunderstanding works required for different tasks.	C	4	Very High	Administrative	E	2	Low	Ensure right information and direction is given to team	Andrew Lowe	Sam Ng
(Procurement) Glasshouse not available on required date	D	4	High	Administrative	D	1	Low	Delay plant delivery and chase new date for glasshouse	Sam Ng	Kim Nguyen

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
Prepared by	Craig Silva
Date	10th Janurary 2017
Description of risk identified	Resignation of Site Supervisor
Person responsible	Sam Ng (Project Manager)
Results from Risk Analysis:	Risk is unlikely but if it did occur temporary restructure of team would need to occur.
Agreed Responses (avoidance, transference, mitigation, acceptance):	
Response #1	Mitigation - provide required training for Site Supervisor role.
Response #2	Acceptance - Site manager may need support and help at stages of the project.
Response #3	Acceptance - Project may be too much for site manger ensure awareness of where they are at if they were to leave.
Residual Risk Level	
With responses put in place the risk of this occurrence is low.	
Action Steps	
1. Assess areas where site supervisor is lacking in knowledge or skills and organise suitable training. 2. Keep communication lines open with supervisor so as to offer support if needed and to also know where project is at from their level.	

Budget and Time for Response
No change to budget.
Contingency / Fallback Plans
Should site supervisor leave Sam Ng - Project Manager would have to step in until a suitable replacement is found.

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.

It gives the components that are needed for designing, implementing, monitoring, reviewing and continually improving the risk management process. It makes sure information about risks from the process are reported which then leads to decision making and accountability of relevant parties.

Mandate and Commitment

Design Framework to Manage Risk

Continual Improvement

Implementing Risk Management

Monitoring and Reviewing Framework

c. The framework follows the plan, do, check, act model. Which is a cycle of planning management of the risk, doing by implementing the structure and program, acting by monitoring and reviewing and acting by continual improvement which then leads back to planning phase.

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