



Australian Government

BSBPMG517A Manage project risk

Release 1

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Modification History

Release	Comments
Release 1	<p>This version first released with <i>BSB07 Business Services Training Package Version 8.0</i>.</p> <p>Replaces BSBPMG508A Manage project risk.</p>

Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to manage risks that may impact on achieving project objectives. It involves identifying, analysing, treating and monitoring project risks, and assessing risk-management outcomes.

Application of the Unit

This unit applies to those responsible for managing and leading a project in an organisation, business or as a consultant.

The project manager operates within assigned authority levels, and is responsible for own performance and the performance of others.

The project manager may undertake the work in the context of an organisational program and/or portfolio of projects.

This unit has generic application for projects in a range of industries, organisations and contexts.

In the context of this unit a project is defined as involving:

- a comprehensive, detailed and integrated project management plan
- a formal communications plan
- a dedicated and project-based budget
- formal and planned engagement with a wide range of stakeholders
- a documented risk, issues and change-management methodology
- a quality plan with assurance and control processes
- a project team-based environment.

Licensing/Regulatory Information

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.

Pre-Requisites

Not applicable.

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Element	Performance Criteria
<i>Elements describe the essential outcomes of a unit of competency.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.</i>

Elements and Performance Criteria

1. Identify project risks	<p>1.1 Determine risk objectives and <i>standards</i>, with input from stakeholders</p> <p>1.2 Establish <i>project risk context</i> to inform risk-management processes</p> <p>1.3 Identify <i>project risks</i> using valid and reliable <i>risk-identification methods</i></p> <p>1.4 Classify project risks within agreed <i>risk categories</i></p>
2. Analyse project risks	<p>2.1 Determine risk-analysis classification criteria and apply to an agreed <i>risk-ranking system</i></p> <p>2.2 Use risk-analysis processes, within <i>delegated authority</i>, to analyse and qualify risks, threats and opportunities</p> <p>2.3 Determine risk priorities in agreement with project client and other stakeholders</p> <p>2.4 Document risk-analysis outcomes for inclusion in risk register and <i>risk-management plan</i></p>
3. Establish risk treatments and controls	<p>3.1 Identify and document existing <i>risk controls</i></p> <p>3.2 Consider and determine <i>risk-treatment options</i> using agreed consultative methods</p> <p>3.3 Record and implement agreed risk treatments</p> <p>3.4 Update risk plans and allocate risk responsibilities to project team members</p>
4. Monitor and control project risks	<p>4.1 Establish regular <i>risk-review processes</i> to maintain currency of risk plans</p> <p>4.2 Regularly monitor risk environment to identify changed circumstances that impact on project risks</p> <p>4.3 Determine <i>risk responses</i> to changed environment</p> <p>4.4 Implement agreed risk responses and modify plans to maintain currency of risk treatments and controls</p>
5. Assess risk-management outcomes	<p>5.1 Review project outcomes to determine effectiveness of risk-management processes and procedures</p> <p>5.2 Identify and document risk-management issues and recommended improvements for application to future projects</p>

Required Skills and Knowledge

This section describes the skills and knowledge required for this unit.

Required skills

- analytical skills to review project outcomes in terms of risk management
- lateral thinking skills to identify and analyse risks and risk controls
- literacy skills to produce risk-management plans
- planning and organising skills to monitor project progress
- problem-solving skills to control risks.

Required knowledge

- industry sector risk classifications
- organisation and industry standard risk frameworks
- quantitative and qualitative risk-management techniques, tools and approaches.

Evidence Guide

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the following is essential:</p> <ul style="list-style-type: none"> • effective risk management for a project of sufficient complexity to demonstrate the full range of performance requirements • applying risk-management techniques, strategies and tools.
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • access to workplace risk-management documentation • consideration of feedback from project stakeholders as to how risks were managed.
Method of assessment	<p>A range of assessment methods should be used to assess practical skill and knowledge. The following examples are appropriate for this unit:</p> <ul style="list-style-type: none"> • direct questioning combined with review of portfolios of evidence and third-party workplace reports of on-the-job performance by the candidate • oral or written questioning to assess knowledge of the risk-management framework • analysis of responses in addressing case studies and scenarios that present issues and problems in project risk management • review of risk-management plans • evaluation of monitoring of progress against project plans • assessment of identified and documented risk issues and recommended improvements.
Guidance information for assessment	<p>Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended, for example:</p> <ul style="list-style-type: none"> • other units in the Diploma of Project Management.

Range Statement

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<i>Standards</i> may include:	<ul style="list-style-type: none"> • Australian and international standards • enterprise and industrial agreements • industry codes of practice • industry standards • organisational and industrial agreements • organisational policies, systems and procedures • regulations and legislation.
<i>Project risk context</i> may include:	<ul style="list-style-type: none"> • legislation and regulation controls • nature of project • organisational risk policies and procedures • project environment • stakeholder expectations.
<i>Project risks</i> may include:	<ul style="list-style-type: none"> • predicted future events • threats • opportunities • hazards.
<i>Risk-identification methods</i> may include:	<ul style="list-style-type: none"> • conducting or supervising qualitative and/or quantitative risk analysis, such as schedule simulation, decision analysis, contingency planning and alternative strategy development • lessons learned from previous projects • personal experience input • previous risk registers • risk workshops • subject matter experts • using specialist risk-analysis tools to assist in the decision-making process.
<i>Risk categories</i> may include:	<ul style="list-style-type: none"> • communications • compliance • consultative • environmental • finance • health and safety • human resources • legal

	<ul style="list-style-type: none"> • organisational brand • physical • political • project assumptions • project constraints • project process risks • quality • social • technology.
<i>Risk-ranking system</i> may include:	<ul style="list-style-type: none"> • classification rankings from low to high • consequence of risk scale • impact of risk scale • manual or software-based systems • organisational risk policies and methods • predetermined ranking criteria • target and trigger settings.
<i>Delegated authority</i> refers to planning and activities that may:	<ul style="list-style-type: none"> • be conducted routinely or as changing circumstances dictate • be done independently within broad guidance • involve consultation with other project members, teams and internal stakeholders • involve taking a lead role in a team where required • involve the selection, use and supervision of appropriate risk-management methods, tools and techniques.
<i>Risk-management plan</i> may include:	<ul style="list-style-type: none"> • audit trail for risk management over project life cycle • format of information • organisation systems and risk methods • manual and computerised systems • risk register • summary outcome of risk processes.
<i>Risk controls</i> may include:	<ul style="list-style-type: none"> • accepted industry practice and codes of conduct • existing risk planning actions • legislation or regulation over processes • modifications to plans and processes • organisational risk policies and procedures • quality systems • work methods.
<i>Risk-treatment options</i> may include:	<ul style="list-style-type: none"> • accept risk • mitigate risk • transfer or share risk • avoid risk.
<i>Risk-review processes</i>	<ul style="list-style-type: none"> • ad hoc due to emergency events

may include:	<ul style="list-style-type: none">• gateway or stage transition reviews• ongoing through team member assigned responsibility• regular risk discussions at project meetings• scheduled formal reviews.
<i>Risk responses</i> may be made:	<ul style="list-style-type: none">• in consultation with project team members, section heads, project managers and stakeholders• independently or with endorsement of higher project authority if necessary• regularly throughout the project life cycle• taking into account internal organisational change and external environmental change.

Unit Sector(s)

Management and Leadership – Project Management