



Australian Government

Department of Education, Employment and Workplace Relations

PSPMNGT608B Manage risk

Revision Number: 1

PSPMNGT608B Manage risk

Modification History

Not applicable.

Unit Descriptor

Unit descriptor

This unit covers maximising results and minimising consequences for a business unit activity by managing risk. It includes establishing the risk management context, planning for risk management, managing risk and evaluating the risk management plan.

In practice, managing risk may overlap with other generalist or specialist public sector work activities such as acting ethically, complying with legislation, applying government systems, managing resources, managing change, managing diversity, formulating business strategies, etc.

The unit is one of 4 in the *Working in Government and Management* Competency fields dealing with risk. Related units are:

PSPGOV417A Identify and treat risks

PSPGOV517A Coordinate risk management

PSPMNGT704A Undertake enterprise risk management

This unit replaces and is equivalent to *PSPMNGT608A Manage risk*.

Application of the Unit

Not applicable.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

Employability skills This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements are the essential outcomes of the unit of competency. Together, performance criteria specify the requirements for competent performance. Text in *bold italics* is explained in the Range Statement following.

Elements and Performance Criteria

ELEMENT

PERFORMANCE CRITERIA

1. Establish the risk management context

- 1.1 The nature and extent of *business unit* activity, its objectives and outcomes are established within the *organisational* context
- 1.2 The *strategic and risk management* context are identified in accordance with organisational requirements
- 1.3 *Stakeholders* are identified and consulted to ensure their views, concerns and needs are taken into account in the *risk management* process
- 1.4 *Criteria* for risk assessment are determined in accordance with *legislation, policy and procedures*
- 1.5 Risk management criteria are determined to provide guidance on balancing risk, costs, benefits and opportunities
- 1.6 Risk management criteria are monitored, reviewed and adjusted to ensure opportunities and current and emerging trends are reflected

2. Plan for risk management

- 2.1 *Sources of risk* are investigated and potential, perceived and actual *risks* are identified and consulted upon to ensure full coverage
- 2.2 Risks are *analysed* and *documented* in consultation with stakeholders, and *levels of risk* are determined as the basis for risk management planning in a specific activity
- 2.3 Risk management *methods/techniques/tools* are selected and modified as necessary to evaluate risks to determine those that are *acceptable* and those that are *unacceptable*
- 2.4 *Risk treatment options* are identified for unacceptable risks and preferred risk treatment approaches are determined
- 2.5 A *risk management plan* is developed and communicated to key stakeholders to ensure clarity and achievement of objectives throughout the activity's life cycle

3. Manage risk

- 3.1 Activity is managed in accordance with agreed risk management plan
- 3.2 Performance is reviewed, variance is analysed and risk responses are initiated to achieve objectives with minimal disruption and conflict
- 3.3 Internal and external risks to outcomes are monitored and remedial actions are initiated to achieve business unit objectives

4. Evaluate the risk management plan

- 4.1 A valid and reliable *evaluation methodology* is developed and implemented
- 4.2 Outcomes are reviewed and analysed to assess the effectiveness of current risk management strategies
- 4.3 Evaluation is used to monitor existing risks, identify new risks

ELEMENT**PERFORMANCE CRITERIA**

- and identify any trouble spots
- 4.4 A variety of information, including the perspectives of key stakeholders, is obtained and utilised
- 4.5 Recommendations on enhancements to the plan are formulated and acted upon to inform subsequent risk management processes
- 4.6 The outcomes of evaluation are communicated to relevant personnel

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the essential skills and knowledge and their level, required for this unit.

Skill requirements

Look for evidence that confirms skills in:

- applying legislation, regulations and policies relating to risk management
- researching and analysing the wider context affecting the organisation
- assessing and evaluating risks
- monitoring and reviewing risks and risk treatments
- using communication and consultation with a diverse range of stakeholders
- applying problem solving using conceptual and reasoning skills
- using formal language and style for written plans
- engaging in discussion using exchange of complex oral information
- using a variety of words and language structures to explain complex, formal documents and assisting others to apply them in the workplace
- responding to diversity, including gender and disability
- applying procedures relating to occupational health and safety and environment in the context of risk management

Knowledge requirements

Look for evidence that confirms knowledge and understanding of:

- legislation, regulations, policies, procedures and guidelines relating to risk management
- Australian and New Zealand standards - Risk management AS/NZS 4360:1999 or as revised
- international standards such as SIRCA 8001:2003
- Guidelines for managing risk in the Australian and New Zealand public sector - HB 143:1999 or as revised
- risk management cycle
- the relationship of risk to context - how the context may define the risks
- the importance of consultation and communication at every stage of the risk management cycle
- legal requirements related to the activity
- whole-of-life considerations
- approval processes
- range of evaluation methodologies
- the diversity of risks in the public sector
- equal employment opportunity, equity and diversity principles
- public sector legislation such as occupational health and safety and environment in the

REQUIRED SKILLS AND KNOWLEDGE

context of risk management

Evidence Guide

EVIDENCE GUIDE

The Evidence Guide specifies the evidence required to demonstrate achievement in the unit of competency as a whole. It must be read in conjunction with the Unit descriptor, Performance Criteria, the Range Statement and the Assessment Guidelines for the Public Sector Training Package.

Units to be assessed together

- *Pre-requisite* units that must be achieved prior to this unit: *Nil*
- *Co-requisite* units that must be assessed with this unit: *Nil*

Co-assessed units that may be assessed with this unit to increase the efficiency and realism of the assessment process include, but are not limited to:

PSPETHC601B Maintain and enhance confidence in public service

PSPGOV601B Apply government systems

PSPGOV602B Establish and maintain strategic networks

PSPLEGN601B Manage compliance with legislation in the public sector

PSPMNGT602B Manage resources

PSPMNGT604B Manage change

PSPMNGT605B Manage diversity

PSPMNGT609B Formulate business strategies

PSPMNGT611A Manage evaluations

PSPMNGT612A Review and improve business performance

PSPMNGT613A Develop partnering arrangements

PSPMNGT614A Facilitate knowledge management

PSPPOL603A Manage policy implementation

Overview of evidence requirements

In addition to integrated demonstration of the elements and their related performance criteria, look for evidence that confirms:

the knowledge requirements of this unit

the skill requirements of this unit

application of the Employability Skills as they relate to this unit (see Employability Summaries in Qualifications Framework)

- management of risk in a range of (2 or more) contexts (or occasions, over time)

Resources required to carry out assessment

These resources include:

legislation, policy, procedures and protocols relating to risk

EVIDENCE GUIDE

management

Australian and New Zealand standards - Risk management AS/NZS 4360:1999 or as revised

Guidelines for managing risk in the Australian and New Zealand public sector - HB 143:1999 or as revised

other national and international standards relating to risk management such as SIRCA 8001:2003

case studies and workplace scenarios to capture the range of risk management situations likely to be encountered

Where and how to assess evidence

Valid assessment of this unit requires:

- a workplace environment or one that closely resembles normal work practice and replicates the range of conditions likely to be encountered when managing risk, including coping with difficulties, irregularities and breakdowns in routine
- management of risk in a range of (2 or more) contexts (or occasions, over time)

Assessment methods should reflect workplace demands, such as literacy, and the needs of particular target groups, such as:

people with disabilities

people from culturally and linguistically diverse backgrounds

Aboriginal and Torres Strait Islander people

women

young people

older people

people in rural and remote locations

Assessment methods suitable for valid and reliable assessment of this competency may include, but are not limited to, a combination of 2 or more of:

case studies

portfolios

projects

questioning

scenarios

authenticated evidence from the workplace and/or training courses

Evidence must be gathered over time in a range of contexts to ensure the person can achieve the unit outcome and apply the

EVIDENCE GUIDE

**For consistency of
assessment**

competency in different situations or environments

Range Statement

RANGE STATEMENT

The Range Statement provides information about the context in which the unit of competency is carried out. The variables cater for differences between States and Territories and the Commonwealth, and between organisations and workplaces. They allow for different work requirements, work practices and knowledge. The Range Statement also provides a focus for assessment. It relates to the unit as a whole. Text in *italics* in the Performance Criteria is explained here.

<i>Business unit may refer to</i>	<ul style="list-style-type: none"> • a program • sub-program • cost centre • area • division • branch • production unit or section located within the organisation
<i>Organisational context may include</i>	<p>the organisation, how it is organised, and its capabilities</p> <p>any official resources, including physical areas and assets, that are vital to the operation of the organisation</p> <p>key operational elements and services of the organisation</p> <p>any major projects</p>
<i>Strategic and risk management context may include</i>	<p>the relationship between the organisation and the environment in which it operates</p> <p>the organisation's functions:</p> <p>political</p> <p>operational</p> <p>financial</p> <p>social</p> <p>legal</p> <p>commercial</p> <p>the various stakeholders and clients</p>
<i>Stakeholders may include</i>	<p>employees</p> <p>managers</p> <p>volunteers</p> <p>unions</p> <p>financial managers</p>

RANGE STATEMENT

self-insurers
 clients
 suppliers
 contractors
 service providers
 community organisations
 the public

Risk management

- is a logical and systematic process of identifying, analysing, evaluating, treating, and monitoring risks related to any strategy plan, process, program or procedure that will enable the organisation to minimise losses and maximise opportunities
- may be considered in relation to an organisation's:
 - people
 - assets and physical environment
 - reputation and image
 - legal issues
 - business continuity
 - finances

may include written procedures to ensure staff know:

what

how

- when, and
- by whom, action is to be taken to treat risks in the organisation

Risk evaluation criteria are

used to rank risks and decide whether they are acceptable or not affected by:

legal requirements

perceptions of internal/external stakeholders

cost-benefit analysis, for example, cost of risk management being less than financial cost if the risk occurred

Legislation, policy and procedures may include

- Commonwealth and State/Territory legislation relating to risk management
- national and international codes of practice and standards, such as SIRCA 8001:2003
- the organisation's risk management policies and practices
- codes of conduct/codes of ethics

Australian and New Zealand standards - Risk management AS/NZS

RANGE STATEMENT

4360:1999 or as revised

- Guidelines for managing risk in the Australian and New Zealand public sector - HB 143:1999 or as revised
- professional standards for risk management, for example CPRM - certified practising risk manager
- jurisdictional policies, guidelines and web sites, for example www.riskmanagement.qld.gov.au

Sources of risk may include

human behaviour
 technology/technical issues
 occupational health and safety
 legal
 political
 property/equipment
 environmental
 financial/market
 natural events

Risks may be

internal
 external
 random
 real
 perceived

Risks may include

physical injury or death
 failure of machinery or equipment
 breaches of security
 fraud
 litigation
 client dissatisfaction
 unfavourable publicity

Analysis of risks includes

likelihood of risks:
 almost certain
 likely
 possible

RANGE STATEMENT

	<p>unlikely</p> <p>rare</p> <p>consequences of risks:</p> <p>insignificant</p> <p>minor</p> <p>moderate</p> <p>major</p> <p>catastrophic</p> <p>current control measures</p>
<i>Documentation of analysis may include</i>	table showing all risks, any existing controls, likelihood of occurring, consequences and subsequent level of risk
<i>Level of risk may be</i>	<p>low, treated with routine procedures</p> <p>moderate, with specific responsibility allocated for the risk, and monitoring and response procedures implemented</p> <p>high, requiring action, as it has potential to be damaging to the organisation</p> <p>extreme, requiring immediate action, as the potential could be devastating to the organisation</p>
<i>Methods/techniques/ tools may include</i>	<ul style="list-style-type: none"> • computer modelling • sensitivity analysis • structured interviews • statistical data • questionnaires • fault trees • analysis of consequences - loss of money, time, labour, intangibles
<i>Acceptable risks are</i>	<p>those which an organisation has determined have the least potential for harm</p> <p>not necessarily insignificant</p>
<i>Risks may be acceptable because</i>	<p>the risk level is so low that it does not warrant spending time and money to treat it</p> <p>the risk is low and the benefits outweigh the cost of treating it</p> <p>the opportunities presented are much greater than the threat</p>
<i>Unacceptable risks are</i>	those which an organisation has determined have the most potential

RANGE STATEMENT

for harm

Options for treating risks may include

avoiding the risk, for example, by terminating the activity or conducting it in another way (these actions may have different risks attached)

controlling the risk, by reducing the likelihood of the risk occurring, the consequences of the risk, or both

transferring the risk, for example, by arranging insurance, contracting some or all of the activity to another organisation or person, etc

retaining the risk, and making contingency plans/funds allocation for covering any loss or other negative effect from the risk

Risk management plan may include

sources of risk and risk events

analysis of risks - likelihood, consequences and risk levels

prioritised list of unacceptable risks

treatment options selected

person/s responsible for implementing treatment options

resources required

performance measures

timeframe for implementation

timetable for review of plan

Evaluation methodology may include

observations

physical inspections

incident reports

questionnaires

interviews with stakeholders

regular reviews of risk treatment procedures

repeat of the risk management process

Unit Sector(s)

Not applicable.

Competency field

Competency field Management