

Risk Management Plan **Reference 1023** Response: This document has been reworded.

---

**Scope** These requirements are extremely prescriptive, labor intensive, costly, and of questionable “added value” for the PMBP. Reconsider.

This reference document describes Risk Management, a systematic process of identifying, analyzing, and responding to risk for the entire project life cycle. A risk analysis is performed for five categories of project risk: health and safety, scope, quality, schedule, and cost. The level of detail of the risk analysis and Risk Management Plan is based on the complexity of the project. The Risk Management Plan is a supporting plan that facilitates the implementation of the Project Management Plan (PMP) **How about PgMPs?** Risk Management, *Quality Management*[REF1024], *Communications*[REF1022], and *Change Management*[REF1025] Plans are developed concurrently in the iterative Program/Project Planning Phase.

In accordance with AR 385-10, Army Safety Program, a risk analysis will be performed for all USACE managed projects. When a project is determined to be other than low-risk, as defined in the risk management plan, the risk must be identified, and associated control procedures defined in the PMP. Only the responsible district or division Commander may provide final PMP approval in the event of an overall project risk rating of high, or very high, respectively. **This is not specifically stated during the PMP Approval Process. Need to coordinate / address as a process.**

### **Responsibility**

The PM will initiate the development of the Risk Management Plan. The Project Delivery Team will participate in the development of the Risk Management Plan by identifying and defining potential risks and appropriate responses to risks for the project.

### **Distribution**

#### **Program Managers (PgMP)**

Project Manager (PM)

Project Delivery Team (PDT)

### **Ownership**

The USACEBP/P2 Program Office is responsible for ensuring that this document is necessary and that it reflects actual practice.

### **Risk Management Plan Format & Content**

Identify what the risk management activity is in WBS and describe how often risk management will be performed throughout the project life cycle.

**Extra step, inconsistent with other references.**

Customer and Stakeholder Risk Thresholds – Describe the amount of risk that is acceptable.

Methodology:

- a. Identify Risks and Characteristics
  - List of Risks
  - Triggers
- b. Evaluation and Analysis of Risks - Determine Probability and Severity Ratings
- c. Overall Risk Table
- d. Describe Highest-Level Risk
- e. Describe Risk Response Control Procedures - Document identified risks, descriptions, causes, what is affected in the WBS, and impact on project objectives, risk owner and responsibility, agreed response to risk, and expected result of response.

Risk Monitoring – Describe how the PDT will keep track of identified risks, identify new risks, determine if agreed responses to risks have been executed, and evaluate the effectiveness of risk responses to reduce identified risks. .

**Development of Risk Management Plan:**

Methodology

Address Risk Management in the Activity Development Process and Resource Estimate Development Process by insuring an activity is added in the WBS and budget for the activity.

Initiate risk management assessment meeting.

Identify health and safety hazards and risks to project scope, quality, schedule, and cost.

Risks	Triggers	Potential Impact
Example: Failure to meet a milestone could represent an early warning that a schedule delay may occur.	Milestone exceeded	Schedule will be delayed

Note: Inputs to Risk Identification include but are not limited to the following:

- All project background information
- Customer quality expectations
- Customer and stakeholder risk tolerance(s)
- Historical records
- Past Lessons Learned
- Scope
- WBS
- Network Diagram
- Cost & Time Estimates
- Project Team Personnel Assignments

**Note:** Safety hazards are potential sources of danger that could be faced while performing a project activity, including environmental and human factors. In addition, consider potential risks that could be associated with accomplishing the project’s activities, schedule, and fiscal resources.

Evaluate and analyze each hazard and risk identified above. Determine the appropriate probability rating and severity rating (should the hazard/risk event occur) for each hazard and risk from the tables below.

**Note:** Exercising judgment on how to eliminate or reduce hazards and risks to lessen the overall project impacts is inherent in the risk assessment process. Use the descriptions provided below to describe hazard and risk probabilities and severities.

**Probability Rating Table.** Based on the likelihood that an event will occur.

Probability	Description
<b>Frequent</b>	Occurs often, continuously experienced.
<b>Occasional</b>	Occurs several times.
<b>Likely</b>	Occurs sporadically.
<b>Seldom</b>	Unlikely, but could occur at some time.
<b>Unlikely</b>	Can assume it will not occur.

**Severity Rating Table.** Based on the degree of injury, property damage, or other mission-impairing factors, to include the degree of impact on the project's Baseline cost, schedule, scope, and quality thresholds as described in the table below.

	Negligible	Marginal	Critical	Catastrophic
<b>Health and Safety</b>	First aid or minor medical treatment	Minor injury, lost workday accident	Permanent partial disability, temp. total disability > three months	Death or permanent total disability
<b>Cost</b>	Insignificant cost increase	5-10% cost increased	10-20% cost increase	> 20% cost increase
<b>Schedule</b>	Insignificant schedule slippage	5-10% schedule slippage	10-20% schedule slippage	> 20% Overall Project schedule slippage
<b>Scope</b>	Scope change barely noticeable	Minor areas of scope are affected	Scope change unacceptable to customer	Project end item is effectively useless
<b>Quality</b>	Quality degradation barely noticeable	Quality reduction requires customer approval	Quality reduction unacceptable to customer	Project end item is effectively unusable

Enter probability and severity ratings from above into the Overall Risk Table below to characterize overall project risk as E, H, M, or L (described below) for each of the five risk categories.

E (Extremely High) – Loss of ability to accomplish project.

H (High) – Significantly degrades capabilities to accomplish project.

M (Moderate) – Degrades project accomplishment capabilities.

L (Low) – Little or no impact on project accomplishment.



**Note:** Controls may be as simple as referencing an SOP or conducting a job-site briefing.

Risk Monitoring is conducted during the Project Execution & Control Phase. See *Project Execution and Control*[PROC1017] and *Change Management*[PROC1004] processes.