

ASSALAMU'ALAIKUM

Chapt 4

Risk Assessment

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- ❖ **Intro**
- ❖ **Approaches to Risk Assessment**
- ❖ **Risk Assessment Techniques**
- ❖ **Likelihood**
- ❖ **Impact**

❖ **British Standard BS 31100**

- The overall process of risk identification, risk analysis and risk evaluation.
- Risk management input into strategy focuses on improved decision making.

❖ **Risk assessment → the main risk management input into strategy formulation.**

- Purpose → to identify the significant risks that could impact the selected feature.



Approaches to Risk Assessment

❖ Top-down risk assessment

- A top-down risk assessment exercise will tend to focus on risks related to **strategy, tactics, operations and compliance** (STOC) in that order.

❖ Bottom-up risk assessment

- A bottom-up risk assessment exercise will tend to focus on risks identified as **compliance, hazard, control and opportunity** in that order.



Risk Assessment Techniques

❖ **The most common risk assessment approaches are**

- The use of checklists/questionnaires and the use of brainstorming sessions, normally during risk assessment workshops.
 - Simple to complete and are less time-consuming than other risk assessment techniques.
 - However, any risk not referenced by appropriate questions may not be recognized as significant.

❖ **Simple way of analysing risks is to identify the key dependencies faced by the organization.**

| Technique | Brief description |
|-------------------------------------|---|
| Questionnaires and checklists | Use of structured questionnaires and checklists to collect information that will assist with the recognition of the significant risks |
| Workshops and brainstorming | Collection and sharing of ideas at workshops to discuss the events that could impact the objectives, core processes or key dependencies |
| Inspections and audits | Physical inspections of premises and activities and audits of compliance with established systems and procedures |
| Flow charts and dependency analysis | Analysis of the processes and operations within the organization to identify critical components that are key to success |

| Technique | Advantages | Disadvantages |
|-------------------------------------|---|--|
| Questionnaires and checklists | <ul style="list-style-type: none"> Consistent structure guarantees consistency Greater involvement than in a workshop | <ul style="list-style-type: none"> Rigid approach may result in some risks being missed Questions will be based on historical knowledge |
| Workshops and brainstorming | <ul style="list-style-type: none"> Consolidated opinions from all interested parties Greater interaction produces more ideas | <ul style="list-style-type: none"> Senior management tends to dominate Issues will be missed if incorrect people involved |
| Inspections and audits | <ul style="list-style-type: none"> Physical evidence forms the basis of opinion Audit approach results in good structure | <ul style="list-style-type: none"> Inspections are most suitable for hazard risks Audit approach tends to focus on historical experience |
| Flow charts and dependency analysis | <ul style="list-style-type: none"> Useful output that may be used elsewhere Analysis produces better understanding of processes | <ul style="list-style-type: none"> Difficult to use for strategic risks May be very detailed and time-consuming |

| Likelihood | Frequency |
|-----------------------|--|
| Unlikely | Can reasonably be expected to occur, but has only occurred 2 or 3 times over 10 years in this organization or similar organizations |
| Possible | Has occurred in this organization more than 3 times in the past 10 years or occurs regularly in similar organizations, or is considered to have a reasonable likelihood of occurring in the next few years |
| Likely | Occurred more than 7 times over 10 years in this organization or in other similar organizations, or circumstances are such that it is likely to happen in the next few years |
| Almost certain | Has occurred 9 or 10 times in the past 10 years in this organization, or circumstances have arisen that will almost certainly cause it to happen |

| Descriptor | Definition |
|---------------------|---|
| Small | No impact on patient health; minor reduction of reputation in the short run; no violation of law; negligible economic loss which can be restored |
| Moderate | Minor temporary impact on patient health; small reduction of reputation that may influence trust for a short time; violation of law that results in a warning; small economic loss that can be restored |
| Severe | Serious impact on health; serious loss of reputation that will influence trust and respect for a long time; violation of law that results; large economic loss that cannot be restored |
| Catastrophic | Death or permanent reduction of health of patient; serious loss of reputation that is devastating for trust; serious violation of law; considerable economic loss that cannot be restored |



❖ **Thank you**