

Business Continuity Planning Risk Assessment Tool

What is a Risk Assessment?

Completing a Risk Assessment is the first step in developing a Business Continuity Plan (BCP) for your critical functions and services.

The Risk Assessment identifies the probability of risks to an organization and evaluates the impacts if these risks develop into an emergency. The list of key risk events that are identified through this Risk Assessment provide direction for the prioritization, mitigation and management of risk factors, and will be proactively addressed in the business continuity planning. Ultimately, the Risk Assessment contributes to greater resilience to disruptive events.

Why is it necessary?

- Risk exposure must be documented so that a proper BCP may be developed.
- The documentation of common and unique exposure to risks across functions and agencies gives incident management teams, senior leadership and all relevant stakeholders' valuable information on risk.
- A Risk Assessment helps reveal unanticipated risk exposure.

What will happen to this material?

- Risk Assessment compilation documents should be forwarded to senior leadership and will be used as part of your business continuity planning.
- The BCP, including your Risk Assessment, will be completed, stored and reviewed – ***minimally once every 24 months*** - by your incident management team.

What are the key concepts?

1. Definitions

- a. Disruption - An event that interrupts normal business, functions, operations, or processes, whether anticipated (e.g., hurricane, political unrest) or unanticipated (e.g., a blackout, terror attack, technology failure, or earthquake).
- b. Probability – The likelihood of the disruption occurring.
- c. Impact – The negative consequences resulting from the disruption occurring.
- d. Risk – The chance of something happening that will impact on achievement of objectives. An approximate quantification of risk is achieved by multiplying probability X impact values, as indicated below:

Probability x Impact = Risk

Or, alternately;

(Likelihood x Consequence = Risk)

- e. Mitigation – The actions taken to reduce the risks and impacts posed by disruptions.
- f. Response – The actions taken during, immediately before, or after a disruption to manage its consequences.

2. Qualitative Approach

This assessment of risk is based on qualitative, perception-based evaluations. While numbers are used to capture these evaluations because of the ease of calculations and because they can reveal a clearer picture of risk exposure, they should not be assumed to hold more accuracy than descriptive statements such as “almost certain” or “likely”.

Impact Categories

Organization	Impact to the continuity of your operations. Operations are the services or functions that your agency provides to the general public, stakeholders, and government departments. May also include additional types of impacts to your agency
People	Life, health, or safety
Property	Infrastructure, property, assets, equipment required for the economic well-being of Manitoba or the effective functioning of government
Environment	Natural environment

Impact Scales

Operations

5	Catastrophic	The consequences would result in significant disruption of operations.
4	Major	The consequences would result in lengthy disruption of operations.
3	Moderate	The consequences would result in moderate disruption of operations.
2	Minor	The consequences would result in minimal disruption of operations.
1	Insignificant	No consequences to normal operations.

People

5	Catastrophic	The consequences would result in a large number of personal or major bodily injuries.
4	Major	The consequences would result in personal or major bodily injuries.
3	Moderate	The consequences would result in personal or minor bodily injuries.
2	Minor	The consequences would result in minor inconvenience to persons.
1	Insignificant	No consequences to persons.

Property

5	Catastrophic	The consequences would result in permanent damage to property.
4	Major	The consequences would result in major damage to property.
3	Moderate	The consequences would result in moderate damage to property.
2	Minor	The consequences would result in minor damage to property.
1	Insignificant	No consequences to property.

Environment

5	Catastrophic	The consequences would result in permanent damage to the environment.
4	Major	The consequences would result in major damage to the environment.
3	Moderate	The consequences would result in moderate damage to the environment.
2	Minor	The consequences would result in minor damage to the environment.
1	Insignificant	No consequences to the environment.

Probability Scale

5	Almost certain	The event will occur on an annual basis	Once a year or more frequently
4	Likely	The event has occurred several times during past ten years.	Once every 3 years
3	Moderate	The event has occurred once during past ten years and could occur at any time	Once every 10 years
2	Unlikely	The event has not occurred during the past ten years.	Once every 30 years
1	Rare	Has occurred elsewhere but not here	Once every 100 years

Risk Classification

Risk	Assessment	Action Required
Critical	Unacceptable risk: action is required	Requires immediate action to reduce the risk to an acceptable level (tolerate)
Major	Probability of harm is significant if additional mitigation/control measures are not implemented	Action is required within 3-6 months to reduce this risk

Moderate	Probability of harm is moderate if additional mitigation/control measures are not implemented	Action is required within 6-12 months to reduce the risk
Minor	Probability of harm is minor. Control measures are effective or the harm/severity is small	Monitor risk for changes and reassess if necessary
Low	Risk poses no perceivable harm	No action required.

3. All-Hazards Approach

An all-hazards approach is defined as:

An emergency management approach that recognizes that the actions required to mitigate the effects of emergencies are essentially the same, irrespective of the nature of the incident, thereby permitting an optimization of planning, response and support resources.

Note: The intention of an all-hazards approach is to employ generic emergency planning methodologies, modified as necessary according to the circumstances.¹

A risk assessment asks agencies to consider the hazards in their environments, and then assess the risk related to the generic outcomes of these hazards.

For example, fires, chemical spills, tornadoes, floods, or intentional threats could all result in the loss of a facility. Similarly, human health pandemics/epidemics, or employee protests could result in a reduced workforce scenario.

As stated in the definition above, an all-hazards approach allows for planning that addresses the disruptions that could result from many different hazards.

4. Inclusion of Risk Reduction Measures

Some risk assessments adjust risk ratings to capture the effects of risk reduction measures such as mitigation that are already in place at the time of the risk assessment.

5. Leadership Engagement

A risk assessment should be completed in a meeting that includes senior agency leaders and any necessary subject matter experts.

Senior leaders will also be required to sign-off on the completed risk assessments or risk assessment reports.

¹ Public Safety Canada. (2012). *Emergency management vocabulary: Terminology bulletin 281*. Retrieved from <http://www.bt-tb.tpsgc-pwgsc.gc.ca/publications/documents/urgence-emergency.pdf>.