

Project Related Risks: Guidance & Scoring

IT Services PMO

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This paper gives guidance on how to apply project tolerances on cost, scope, time, benefits, quality, resource and governance. It also gives guidance on how to apply risk impact and likelihood scoring and how to manage risks depending on the risk severity. Parameters for term (proximity to when a risk may become an issue) is also given. All project risks should be added to the PPM Tool, contact the ITS PMO Team for access to this tool and training & guidance on usage of it, its-pmo@qmul.ac.uk.

Project tolerances

Projects should agree tolerance levels from the outset with the Project Board/Project Lead for the areas listed below, this will help with assessing risk impacts:

- **Cost:** +5%. Change Request via Project Board, Programme Manager and ITSB.
- **Scope:** To be determined by the Project Board
- **Time:** To be determined by the Project Board
- **Benefits:** To be determined by the Project Board
- **Quality:** To be determined by the Project Board
- **Resource:** Escalate any risks related to resources to PMO
- **Governance:** Escalate any risks related to project governance to PMO

Project impact

- **Impact to one project** – The impact of the risk materialising will affect only your project. To be managed by the Project Board/PM/PMO.
 - Project Manager to add risk to the Project Risk Register (in PPM Tool)
 - Project Manager to manage risk and mitigation actions
 - Project Manager to inform PMO of high impact risks
 - Project Manager to escalate to Project Board for Information and direction

- **Impact to two projects** – The impact of the risk materialising will affect both your project and another separate project. To be managed by the Project Board/PM/PMO.
 - Project Managers to add risk to both project Risks Registers (in PPM tool)
 - Project Manager to manage risk and mitigation actions
 - Project Manager to inform PMO
 - Project Manager to escalate to Project Board
 - PMO to inform/consult the IT Strategy Board

- **Impact to strategic level or multiple projects** - The impact of the risk materialising will affect strategic level project/s or multiple projects. To be managed by the IT Strategy Board/Project Board/PM/PMO
 - Project Managers to add risk to the all impacted Project risk registers (PPM tool)
 - Project Manager to manage risk and mitigation actions
 - Project Manager to inform PMO
 - Project Manager to escalate to Project Board
 - PMO to escalate to ITSB

- **Impact to operations (BAU)** - The impact of the risk materialising will affect the operational level. To be managed by the IT Strategy Board/Project Board/PM/PMO/ITS Risks & Governance Manager
 - Project Manager to add risk to the ITS Risk register and Project Risk Register (PPM Tool)
 - Project Manager to manage risk and mitigation actions
 - Project Manager to inform PMO
 - Project Manager to escalate to Project Board/Project Group/Project Lead
 - PMO to escalate to ITSB

Parameters for term (proximity to when a risk may become an issue)

- **Short:** 0 to 6 months
- **Medium:** 7 to 12 months
- **Long:** 1 year

Risk impact

| Score | Impact | Generic Statement | Possible consequences | Health & Safety within project environment |
|-------|--------------|---|--|--|
| 1 | Negligible | Minimal impact or no discernible impact at all and is easily remedied. | Cost/scope/time/benefits/quality/resource/governance is affected but does not impact the project delivery or deliverables, the project is able to absorb the impact with little to no effort. Delivery of all objectives are achievable. | |
| 2 | Minor | Impact of risk materialising or opportunity lost is unlikely to have a permanent effect on performance, delivery or reputation. | Cost/scope/time/benefits/quality/resource/governance is beyond the initial baselines but within pre-approved tolerances. Delivery of all objectives are still achievable. | Minor reversible injury |
| 3 | Moderate | Impact of risk materialising or opportunity lost will have a significant effect on performance, delivery or reputation in the short term and may need additional funding to recover. | Cost/scope/time/benefits/quality/resource/governance is beyond the initial baselines and outside of the pre-agreed tolerance levels, however delivery of all objectives are still achievable. | Major reversible injury |
| 4 | Major | Impact of risk materialising or opportunity lost will have a serious effect on performance, delivery or reputation in the medium term and will require additional funding to recover. | Cost/scope/time/benefits/quality/resource/governance is significantly beyond the projected baselines and significantly outside of the pre-agreed tolerance levels and/or delivery of major project objectives may not be achievable. | Irreversible injury |
| 5 | Catastrophic | Impact of risk materialising or opportunity lost will have a critical effect on performance, delivery or reputation in the long term and will require additional funding to recover. | Cost/scope/time/benefits/quality/resource/governance is seriously affected, project will no longer be feasible and/or Business Case is no longer valid. | Major irreversible injury or death |

Risk likelihood

| Score | Likelihood | Likelihood is defined as the chance of a risk materialising in the given term. |
|-------|----------------|--|
| 1 | Rare | 2% likely to happen: a one in fifty chance |
| 2 | Unlikely | 5% likely to happen: a one in twenty chance |
| 3 | Possible | 10% likely to happen: a one in ten chance |
| 4 | Likely | 20% likely to happen: a one in five chance |
| 5 | Almost Certain | 50% or over: a one in two chance or more likely to happen than not |

Risk severity

| | | |
|----------|-------------|--|
| 1 to 7 | Low risk | PM/PMO to monitor monthly |
| 8 to 14 | Medium risk | Review monthly. Mitigation must be in place and tracked. |
| 15 to 25 | High risk | Review weekly. Mitigation must be in place and tracked. |

IT Services general Risk Management site <https://www.its.qmul.ac.uk/governance/risk/>