

12 Risk Management

This Risk Management policy establishes a guideline and approach for successful management of risks that a project might face during its entire life cycle. Risk management tasks involve proactively identifying and mitigating project risks to facilitate project success. To do so, the following must be considered:

- Recognize that risk will always exist in construction and that the objective of a Risk Management Plan is to minimize its impact.
- Not all risk will be eliminated; while some may be, others will only be mitigated or managed in another way (e.g. transferred).
- Risk should be carried by the party most suitable to do so. However, the transference of the Risk should be equitable and not arbitrary.
- Guidance is needed for the systematic approach to the identification, quantification, and the monitoring/controlling of risk.
- Such will necessitate the development of control documents such as the 'Risk Register'.
- The early evaluation of costs due to risks serve as a foundation to determine project contingency.

12.1 Typical Risk Events Worksheet

The Typical Risk Event Worksheet (Appendix 12.2) may be utilized as guidance for common risk events on FP&C projects. The worksheet includes potential responses to be considered to eliminate or reduce the risk impact. If utilized, the worksheet should be reviewed by the PM during development of the Project Request and Project Agreement. The PM should note in the Project Request form if the project has any unusual risks and how key risks identified from the Typical Events Worksheet will be addressed.

12.2 Contingency

Contingency is set at both the PA-level and within specific line items. The baseline typical amount of overall contingency is 10%. Contingency can be adjusted based on the risk of that specific project but it must be noted in the estimate.