Instructions for Using the NYSARC Model Risk Assessment

The purpose of Risk Assessment is to assess how big the risks are, both individually and collectively, in order to focus management's attention on the most important threats and opportunities, and to lay the groundwork for risk response. Risk assessment is all about measuring and prioritizing risks so that risk levels are managed.

Risk is measured by evaluating the following criteria:

- **Likelihood (Probability)** – What is the probability that something bad could occur?

- **Impact (Consequence)** – If something bad were to occur, what would be the consequences to the organization? Impact assessment criteria may include financial, reputational, regulatory, health, safety, security, environmental, employee, customer, and operational impacts.

Likelihood + Impact = RISK

Assessing the likelihood and impact will help the Chapter determine what areas need to addressed and mitigated. Those items with higher likelihood and higher impact should be monitored and/or addressed by the agency to ensure that systems exist to mitigate the risks. Graphically it will look like this Risk Matrix:

STEPS:

1. FREQUENCY:

   Risk Assessment should be done on a regular basis. Since we certify a system of risk assessment each year through the OMIG certification, we recommend some Risk Assessment take place on an annual basis.

2. IDENTIFY RISK AREAS:

   Using the list in the NYSARC Risk Assessment, delete or add risk areas that may relate to your Chapter. You may choose to use all the risk areas listed or the list can be modified accordingly.

3. ASSESS RISK:

   a. Determine the areas on the NYSARC Risk Assessment that you wish evaluate. Some Chapters may want to assess all listed areas each year, others may choose to alternate rotate which areas get evaluated each year.

   b. For each area on the NYSARC Risk Assessment Tool, review the topic using the criteria on the form.

   c. Make an assessment of **likelihood** using the # of checkmarks on the sheet (high, medium, low). You may choose to complete the checkboxes in the grid by interviewing pertinent staff and management. Enter the outcome in the appropriate column on the sheet based on your responses.

   a. Make a subjective assessment of **impact** (high, medium, low). When assigning an impact rating to a risk, assign the rating for the highest consequence anticipated. You may choose to score this by interviewing pertinent staff and management. Enter this into the NYSARC Risk Assessment worksheet.

   b. Identify those risks that have higher **likelihood** of failure and higher **impact** of failure from the list. See chart above.

4. PRIORITIZE RISKS:

   With management, review the findings of the risk assessment and determine which risks are most critical to the Chapter operations.

5. RESPOND TO THE RISKS:

   Work with management and program leads to determine what actions are necessary to mitigate the risks. These may include increased monitoring, auditing, or implementing additional controls.

Risk Level	Risk Description and Necessary Actions
High	If an observation or finding is evaluated as a high risk, there is a strong need for corrective measures. An existing system may continue to operate, but a corrective action plan should be put in place by the Chapter as soon as possible.
Medium	If an observation is rated as medium risk, corrective actions are needed and a plan should be developed to incorporate these actions within a reasonable period of time.
Low	If an observation is described as low risk, the Chapter should determine whether corrective actions are still required or decide to accept the risk.