STEPS TO PERFORM A RISK ASSESSMENT

1. Review the unit’s mission
   a. Ensure that the unit’s mission is up-to-date and reflects the current operations.
   b. Review the unit’s strategic plan and/or vision for the future.
   c. Review the unit’s objectives and goals, major responsibilities, and purpose.
   d. Review prior risk assessments (if available).

2. Identify the major functions or activities of the unit.
   a. Review the major functions/processes in place to carry out the mission/strategic plan/goals and objectives.
   b. Review how the unit is organized and structured.
   c. Identify the departments or area that process information and transactions.

3. Using the major functions identified in 2. Above, list the risks facing the unit (Note: A risk is any event or action that adversely impacts the unit’s ability to achieve its objectives).
   a. Identify events that can cause or result in an adverse effect on operations. Consider all types of risk (financial, reputational, operational, strategic, compliance, and technology risks).
   b. Identify events/actions that could cause the unit not to be able to achieve the mission or not do it effectively.
   c. Review what management and employees worry about (i.e., Ask “What keeps them up at night?”)

4. Determine which risks are most significant to the unit by ranking the risks.
   a. Rank the risks considering both the potential impact/consequence and probability/likelihood of the event occurring. See http://universityrisk.tamu.edu/morerisk.aspx for additional information on ranking the risks.
   b. Use high (H), medium (M), low (L) to rank the impact and to rank the probability. With impact first and probability second:
      i. HH and HM are considered “red” risks;
      ii. HL and MH, are considered “yellow” risks;
      iii. MM, ML, and LH are “green” risk; and
      iv. LM and LL are considered “gray” risks.
   c. Review the risks overall rankings – Review that the significant risks are captured and that the prioritized risks appropriately reflect the units operations/activities and current environment.

5. Document the mitigating activities used to manage the risks.
   a. Review processes/procedures used to manage and/or mitigate the risks. Identify who is accountable for the mitigating activity by documenting the position/person with the responsibility to carry out the procedure.
   b. Record what documentation of the mitigating activity exits or the evidence produced that shows that the procedure was performed (i.e., records, signatures, reports, deposit slips, reconciliations, agenda items, meeting notes, etc.)
   c. Include how supervisors and managers gain assurance that the mitigating procedures are effectively being performed. Document the monitoring and supervisory procedures including the frequency and the position responsible for the monitoring process.
   d. For significant risks, document the reporting and communication to executive management that the mitigation procedures are in place and working as planned.

6. On a periodic basis (i.e., every two years) re-assess and update the risk assessment.

For questions or assistance in performing a risk assessment, contact Kent Styron at 254/968-9898 wkstyron@tarleton.edu. All risk assessment assistance and services are free of charge to University units.