

17/10/17 PCP works

Impact

Rating	Assessment	Definition
1	Insignificant	Negative outcomes or missed opportunities that are likely to have a negligible impact on the ability to meet objectives
2	Minor	Negative outcomes or missed opportunities that are likely to have a relatively low impact on the ability to meet objectives
3	Moderate	Negative outcomes or missed opportunities that are likely to have a relatively moderate impact on the ability to meet objectives
4	Major	Negative outcomes or missed opportunities that are likely to have a relatively substantial impact on the ability to meet objectives
5	Critical	Negative outcomes or missed opportunities that are of critical importance to the achievement of the objectives

Likelihood

Rating	Assessment	Definition
1	Rare	The risk is conceivable but is only likely to occur in extreme circumstances
2	Unlikely	The risk occurs infrequently and is unlikely to occur within the next 3 years
3	Moderate	There is an above average chance that the risk will occur at least once in the next 3 years
4	Likely	The risk could easily occur, and is likely to occur at least once within the next 12 months
5	Common	The risk is already occurring, or is likely to occur more than once within the next 12 months

Inherent risk exposure = **impact** x **likelihood**

Risk rating	Inherent risk magnitude	Response
15 - 25	High	Unacceptable level of risk - High level of control intervention required to achieve an acceptable level of residual risk
8 - 14	Medium	Unacceptable level of risk, except under unique circumstances or conditions - Moderate level of control intervention required to achieve an acceptable level of residual risk
0 - 7	Low	Mostly acceptable - Low level of control intervention required, if any

Effectiveness of Existing Controls

Rating	Control effectiveness	
1	No Controls	
0.90	Unsatisfactory	
0.80	Weak	Checklist for validation of invoices by Registry
0.65	Satisfactory	Inadequate systems with unlimited access (e.g. PMIS; WCS & etc.
0.40	Good	
0.20	Very Good	

Residual Risk Exposure = Inherent Risk x Control Effectiveness

Risk rating	Residual risk magnitude	Response
15 - 25	High	Unacceptable level of residual risk - Implies that the controls are either fundamentally inadequate (poor design) or ineffective (poor implementation). Controls require substantial redesign, or a greater emphasis on proper implementation.
8 - 14	Medium	Unacceptable level of residual risk - Implies that the controls are either inadequate (poor design) or ineffective (poor implementation). Controls require some redesign, or a more emphasis on proper implementation.
0 - 7	Low	Mostly acceptable level of residual risk - Requires minimal control improvements.

Definitions

Assessment	Definition
IL	Inherent Likelihood
II	Inherent Impact
IR	Inherent Risk
CE	Control Effectiveness
RL	Residual Likelihood
RI	Residual Impact
RR	Residual Risk