CANTERBURY DISASTER SALVAGE TEAM

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Risk, Context & Communication

Power point presentation from the key note speaker, Vicki Humphrey, Head of Conservation at the National Museum of Australia from the workshop organised by the Canterbury Disaster Salvage Team in conjunction Te Papa National Services and EQC on March 23rd at RNZAF Museum Wigram

Number 45   **February 2012**
From the workshop Risk mitigation and lessons learnt from the Canterbury quakes

Is there a short, concise description of risk assessment?
The nearest thing I can think of is 'an educated guess about what can go wrong with your business plan'. In this particular case the business is running a collection of some sort.

- Jonathan Ashley-Smith

Risk Management
- And importantly:
  - Communication and consultation at all stages
  - Monitoring and Review

  Risk management does not stop

  Risk management will not eliminate risk

  Risk management is something we all do....but not always formally which can affect results

  Benefits in enterprise-wide approach

- **Risk** –the effect of uncertainty on objectives

- **Risk Management** – coordinated activities to direct and control an organisation with regard to **risk**

  From *AS/NZS ISO 31000:2009 Risk management – Principles and guidelines*:

Risk Management Process
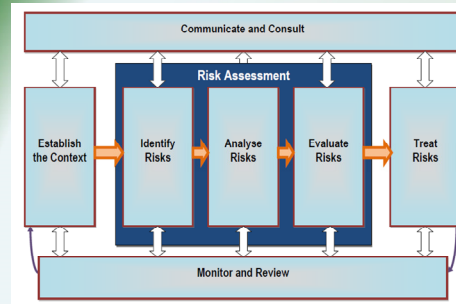
(Adapted from AS/NZS ISO 31000:2009)

Risk Management
- Provides
  - systematic & consistent approach
  - tools to identify potential hazards & prevent loss & contain costs
  - means to reduce uncertainty
  - aid to strategic planning and operational management
  - dynamic and flexible system that can be tailored

Threats to Collections
- Work done at CCI by Stefan Michalski's (9 agents) and Robert Waller (added the 10th)

  ### The Ten Agents of Deterioration

  http://www.cci-icc.gc.ca/crc/articles/mcpm/index-eng.aspx

Risk Management
- Involves:
  - Establishing the context in which you are going to be managing risks and the methods you will use to gain a better understanding of them
  - Identifying risks
  - Analysing risks
  - Evaluating risks within the context and against the criteria you have established for this purpose
  - Treating the risks, that you feel need treating (or mitigating the risks)
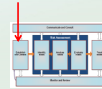
Threats to Collections

Physical Forces	Earthquake Mishandling Poor support
Fire	
Water	Flood Roof Leaks Rising Damp

Threats to Collections

Pests	Infestation
Pollutants	From nearby disaster Corrosive cleaner used Wooden storage materials
Light & radiation	Exposure to light
Criminals	Major theft Isolated vandalism Embezzlement by staff or researchers

Establishing the Context

- Stakeholder analysis
- External influences analysis
- Internal influences analysis
- Context of RM process
- Risk criteria
 - terms of reference against which the significance of risk is to be evaluated

Threats to Collections

Incorrect temperature	Thermal shock Higher than ideal
Incorrect relative humidity	HVAC malfunction/shutdown Higher or lower than ideal
Dissociation	Loss of collection Loss of collection data Lack of legal title

Context of RM process

- Defining
  - goals and objectives
  - scope – specific inclusions and exclusions
  - risk management methodologies
  - responsibilities for and within RM

  attention to these →RM that is appropriate to circumstances

Risk Management Process
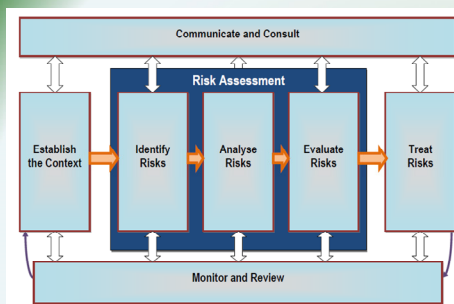
(Adapted from AS/NZS ISO 31000:2009)

Risk Criteria

- Consider
  - Nature and types of causes and consequences
  - How likelihood will be defined
  - Timeframes of likelihood & consequences
  - How level of risk is determined
  - Whether combinations of risks are taken into account

Communicate and Consult

- Importance cannot be emphasised enough
  - integral to each step
  - Vital to have understanding of stakeholders' interests, values, perceptions, assumptions and concerns and of people with relevant expertise
- Ongoing communication should promote:
  - Shared understanding of the process and the actions shared language relating to risk
  - Ownership and accountability
  - Timely and open reporting
  - Broader understanding across the organisation

Risk Criteria

- Level at which risk becomes tolerable and the way the effectiveness of risk controls to be evaluate
- Organisation's risk appetite
- Organisation's risk capacity
- (organisation's risk capacity in relation to its risk exposure should be monitored on ongoing basis)

Benefits of Establishing the Context

- At the end of this stage you have, at least
  - agreed set of risk criteria re amount and type of risk that is desirable or can be tolerated
  - guide to assessing the effectiveness of controls on an ongoing basis
  - risk matrix that aids analysis and evaluation
  - guidelines on priority setting
  - **agreed common risk language**

Risk Matrix

Risk Matrix table with Consequences (vertical axis) and Likelihood (horizontal axis):

Consequences	Unlikely	Possible	Likely	Almost certain
Severe	Medium	High	High	Extreme
Major	Medium	Medium	High	High
Significant	Low	Medium	Medium	High
Minor	Very Low	Low	Medium	Medium

Risk Classifications

NMA risk classifications

- injury
- financial loss/fraud
- collection
- reputation
- work capability

NMA's Risk Management Policy can be found at:
http://www.nma.gov.au/about_us/ips/policies
(Please note, the policy does not include these classifications; they are in a separate procedures document)

For another example of risk classifications see
http://nga.gov.au/Aboutus/RMP.cfm

  - some collecting organisations do not specifically identify collections in risk classifications
  - those collecting organisations that do, have a specific risk classification for collections recognise that collections:
    - are at the core of their operating
    - embody values that are not easily defined by financial models

Risk Assessment

- Risk Identification
- Risk Analysis
- Risk Evaluation
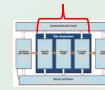
Of these risk identification probably gets the least attention – but it is crucial

Example of Consequences Definitions

DESCRIPTOR	EXAMPLES
Severe	fatality / loss of over $100,000 / complete loss of 50% of collection / intense negative media campaign/ loss of building
Major	multiple serious injuries / loss up to $100,000 / loss of loan item or key collection item / CEO called on to explain to Board / museum forced to close for a week
Significant	serious injury / loss up to $50,000 / repairable damage to collection and/or loan items requiring complex or lengthy treatment / multiple complaints / staff unable to access computer network for 3 days
Minor	minor injury requiring first aid / loss up to $20,000 / damage to collection items necessitating some treatment / a complaint / staff unable to access computer network for ½ day

Risk Identification
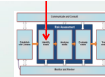
- Aims to develop a comprehensive list of risks with information that increases your understanding of the risks
  - source of risk or uncertainty
  - whether impact positive or negative risk
  - areas of impact
  - cause/s
  - what controls are in place and what might cause them to be ineffective

Example of Likelihood Definitions

Descriptor	% Probability (of risk being realised)	Detailed Description
Almost Certain	76 – 100%	Risk has an extremely high likelihood of occurring Is known to nearly always occur in similar circumstances and is expected to occur in this situation
Likely	51 – 75%	Risk has a high likelihood of occurring Data indicate that this has occurred every 12–24 months
Possible	26 – 50%	Risk has a moderate likelihood of occurring Data indicate that this has occurred in no more than once in 3–4 years.
Unlikely	0 – 25%	Risk is considered unlikely to occur Has only been known to, or would only occur in exceptional circumstances

Risk Identification

- With details about
  - controls that are already in place
  - what might cause the existing controls to fail or be ineffective
  - who in the organisation should "own" the risk i.e. take ultimate responsibility for its management. (often not the person who directly treats the risk.)

- At the end of this process the organisation should know
  - all the risks that might impact on the organisation achieving its purpose/objectives
  - whether those risks can be controlled or influenced by the organisation
  - possible sources and causes of the risks and how they could eventuate
  - individuals in the organisation responsible for the risks – risk owners

  NB: a risk that is not identified will not be treated


Risk Treatment

- Risk treatment or mitigation
  - is the modification of the risk by the application of some form of control
  - often involves altering the likelihood and/or the nature or degree of the consequences
  - risk treatment plan can aid in prioritisation and identification of interdependencies

  There are advantages in assessing risk treatments using a cost–benefit analysis model

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Risk Analysis
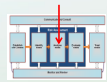
- Uses risk criteria
- Further develops the understanding of the risks by looking at severity of consequences and likelihood of the risks eventuating
- Takes account of controls that are already in place and their effectiveness
- Identifies the potential exposure – the impact of the risk if there were no controls in place
- Interdependence of different risks and their sources

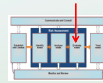
Risk Treatment
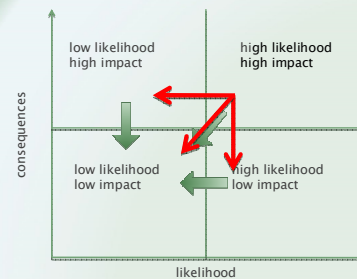
- At this stage, important to consider, and document
  - Reliability of data on which analysis based
  - Amount of information available
  - Divergence of expert opinions
  - Limitations in predictive modelling
  - Tangible and intangible impacts
  - Ongoing relevance of information
  - Breadth of involvement in process – different viewpoints
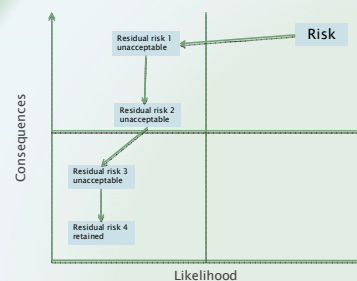

Risk Treatments

- Avoid the risk
- Change the likelihood
- Change the consequences
- Share the risk
- Retain the risk

Risk Evaluation

- Risk evaluation involves
  - comparing the results of the risk analysis with the risk criteria to see if the risk and/or its magnitude it are acceptable
  - decisions about prioritisation of risks for treatment
  - identification of who is responsible for treating the risk and monitoring controls
  - establishing frequency of monitoring and review for individual risks
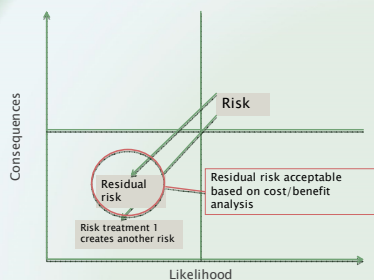

Example

Please note the notes following the first hypothetical example are notes to explain that diagram. Also there are no notes to follow the second example.

Hypothetical example to illustrate various risk treatments:
- Inherent risk: risk of damage to glass plate negatives due to poor housing in flimsy box and shelving on shelf that is too small.
- Treatment 1: Move to wider shelf.
- Slides still vulnerable if box is moved as box is likely to fall apart during handling.
- Treatment 2: Provide new undamaged box.
- The new position on a wider shelf is not an effective treatment of the risk as there is an item behind this box that needs to be accessed, hence the boxed slides are still moved around regularly.
- Treatment 3: Move to another position where shelf is wide enough and access to other items is not an issue.
- On the rare occasions that box of glass slides has to be moved, the slides are still vulnerable as they are not secure in the box and can move around.
- Treatment 4: fit the box with slotted foam to secure the individual slides.
- There is still a residual risk but this risk is acceptable and is thus retained.

Risk Register

- Risk register is one component of the documentation that is widely used
  - risk register is a means of recording
  - information on risks
  - their ratings and priority for treatment
  - current controls and any new controls
  - risk owner
  - person/s responsibility for implementing the controls
  - effect the controls have on the likelihood and consequences

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Consequences / Likelihood

Risk

Residual risk

Residual risk acceptable based on cost/benefit analysis

Risk treatment 1 creates another risk

Risk Register

- no set formula for creating the register
- based on the organisation's or project's needs
- many places have separate register for business units with highest rated risks being logged on a corporate register
- this reflects levels of responsibility for dealing with risk

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Treating risks

- Treatment phase also includes an assessment of the residual risk after the treatment has been applied
  - if the residual risk is still unacceptable, further risk treatment is likely
  - risk treatments can give rise to new risks or impact on other areas of the organisation
  - these risks in turn need to be assessed and evaluated

Successful Risk Management

- level of effort put into risk management should be **proportionate** to the level of risk faced
- it should be **aligned** with other activities within the organisation
- it should be comprehensive, covering all activities of the organisation and all risks it faces
- it should be **embedded** within the organisation, with wide understanding and acceptance – a risk aware organisation
- it needs respond to changes in the business or operating environment – it should be **dynamic** and **flexible**

Documentation

- Documentation of the risk management process is important and contributes to the ongoing effectiveness of the process by recording
  - what decisions have been made
  - the context in which they have been made
  - what has worked and what has not

  Documentation provides an auditable record

Risk Management & Collection Care

- RM:
  - Tool to be used in collection care
  - Can aid in prioritising collection care activities
  - Aid to communication with others that are not collection focussed
  - Helps to put collections on same footing as other risks

:Risk Awareness Profiling Tool

RAPT is a tool that enables you, as a manager in a museum, library or other heritage institution, to assess the level of risk awareness in your organisation. It provides you with a profile that indicates areas where awareness in the organisation is good, and areas where improvement is needed. RAPT also provides guidance to help develop better awareness of risks to your business.

What questions will I be asked?

RAPT asks a number of simple questions about planning, policies and procedures, some of which will lead you to further more detailed questions. The first-level questions are grouped into four areas covering the essential elements of the organisation and its business.

ASSETS   SYSTEMS   FINANCE   AUDIENCE

Communication & Persuasion

- **ethos**, concerning the credibility and moral competence of the source of the message

- **logos**, concerning the rationality and logicality of the message itself

- **pathos**, the emotions of the audience

Enterprise–wide risk management is a very good tool for communicating conservation issues within an organisation.

In any organisation that has a sound risk management framework and agreed risk management approach, communication of risks across finance, OHS, public programs, investments, collections, building programs and projects can be reported using a shared and agreed language.

Vicki Humphrey has worked in heritage conservation for over 25 years. After completing her training in Library and Archive Conservation at Camberwell School of Art and Crafts in Britain, Vicki set up a conservation unit at the Royal Botanic Gardens, Kew. After this, she moved to Artlab Australia, a South Australian Government conservation service provider, where she headed the book, paper, and photographic conservation programmes and coordinated Artlab's preventive conservation training programmes.

In 2003, Vicki became Head of Conservation at the British Library – with 85 conservators caring for a collection of over 150 million items. Since leaving Britain, Vicki has provided consultancy services to a number of organisations – including collection protection assurance and conservation service reviews for the National Library of New Zealand and Alexander Turnbull Library.

In 2011, Vicki took up the role of Head of Conservation at the National Museum of Australia, and became the Vice President of the Australian Institute for the Conservation of Cultural Material (AICCM). She has an International Certificate in Risk Management from Britain and runs workshops on risk management for collecting organisations.