Guidance note – Risks versus Issues

1. Introduction

1.1 This note has been created based on feedback from those responsible for risk management activity across the University. It sets out the difference between risks and issues.

2. High level overview – what's the difference?

2.1 Figure 1 below illustrates the differences between risks and issues.

Figure 1 – risks versus issues

Risk	Issue
An event that **may** occur	An event that **has occurred** or **will definitely occur**
Has a material impact on objectives	Has a material impact on objectives
Could be mitigated against to prevent the risk from becoming an issue	**Prevention is not possible** due to the level of certainty that the event will occur/has occurred

2.2 In simple terms, the difference boils down to whether the event has the <u>potential</u> to occur (i.e. it is a risk), or has <u>already occurred</u> and the impact/consequence is now present (an issue).

3. Differences in treatment

3.1 The real difference is in the treatment. A **risk** can be planned for based on the anticipated likelihood and impact. We can use risk treatments to:

a) Avoid – either do not continue with the action that the risk is associated with, or alter the course of action so that the risk no longer exists
b) Minimize – put controls in place that would limit the likelihood and/or impact of the risk materialising – these controls become business as usual activity
c) Transfer – assign the loss associated with the risk to another party (for example via outsourcing or insurance)
d) Accept – acknowledge that the risk exists and budget for it – this involves accepting that you may need to shoulder a loss, and accounting for it

3.2 The key point to consider is that risk management is business as usual activity that is budgeted for and included within workload plans, and controls the likelihood and/or impact.

3.2 An **issue** is a problem that <u>has occurred</u> and has a material impact on objectives. Planned controls have not prevented it, therefore action to manage is not likely to have been accounted for. The only exception is where the materialisation of the issue is linked to an accepted risk (see bullet point (d) above), where the potential loss *has* been accounted for.