

ELI 9110
Risk Assessment and Management
Course Outline – Summer 2022

Instructor: Lucas Thung – LThung@uwo.ca

Office Hours: By Appointment via **Zoom**
<https://westernuniversity.zoom.us/my/LThung>

Class Schedule:

Lecture Location: **ONLINE** via Zoom **and** OWL

Section 001 “Saturday”

9 am to 12 pm and 2 pm to 5 pm **ET** (London, Canada)

- June 18, June 25, July 9, July 16

Individual Final Case Study

- Due on **Saturday, July 30th at 11:55 pm** via OWL (with **Turnitin** enabled).

Description:

This course introduces the concepts and general principles of risk analysis, assessment and management in engineering systems. The course discusses the qualitative risk identification methods and the quantitative risk assessment methods and techniques. It also explains in a detailed approach the risk management strategy and the process of managing risks, starting by the identification stage, and followed by the initial assessment and the response and mitigation stage. The risk management regime and the contingency management components are identified. The risk management tools and techniques are clarified through considering the risk and value management by different implemented case studies related to different Engineering fields. The principles of risk modeling will be introduced. Managing financial risks in major projects will be illustrated through case studies. Break-Even, sensitivity and risk decision models will be discussed by examples.

Risk management is not about predicting the future. It is about understanding a project and making a better decision regarding the management of that project, tomorrow. To achieve this aim a systematic approach is followed to identify the risk sources, then quantify their effects (risk analysis), hence develop management responses to risk, and finally to provide for residual risk in project estimates. These stages comprise the process of risk management. Risk management can be one of the most creative tasks of project management.

The benefits of risk management can be summarized as follows:

- Project issues are clarified, understood and considered from the start
- Decisions are supported by thorough analysis
- The definition and structure of the project are continually monitored
- Clearer understanding of specific risks associated with a project
- Compilation of historical data to assist future risk management procedures

Various case studies related to different engineering fields will be discussed.

Course General Objectives:

- To develop understanding of the general principles of risk management and increases the participants awareness on risk management implementation in the industry.
- To enable participants and future risk assessors to visualize the risk management strategy and enable them to find solutions to respond to these risks within their engineering projects or business growth.
- To enable participants to examine the potential pitfall along with the project's overall time, cost and quality targets, enables them to consider risk efficiency.

After completing this course, students should be able to:

- Learn the principles of risk assessment and management and how and when it can be implemented towards achieving project objectives.
- Develop the sense in identifying the hazards and risks sources and explore sufficient knowledge in creating the risk assessment and management model in case such hazards turned to be future risks.
- Become familiar with the different risk assessment techniques and decision models.
- Participants will have confidence in assessing project risks and responding for such risks with the most efficient mitigation strategies.
- Develop the experience in the risks calculations and taking decisions towards wise risk management strategies.
- Develop high awareness to deal with risk environment and its exposures.
- Through the case studies participants will visualize the efficient systematic approach of classifying the risks, calculating the risks factors for their projects which will help them in managing their projects smoothly.

Main Topics:

1. Nature of risk and its definition
2. Introduction to risk management
3. Risk assessment and management definitions and concepts
4. Risk vs. uncertainty
5. Risk assessment life cycle
6. Risk management vs. project management
7. Benefits of risk management
8. Risk analysis and management
9. Risk efficiency
10. Risk classification
11. Aggregating individual project risks
12. Internal, specific and external risks
13. Role of risk management in engineering systems
14. Decision making in risk management
15. The risk management strategy
16. The process of managing risks
17. The Risk Management Regime
 - Reporting
 - Contingency management

18. Identification and initial assessment

- Controllable and uncontrollable risks
- Brainstorming
- Interviews
- The Delphi technique
- Expert systems
- Questionnaires
- Combined approach
- Qualitative assessment
- Classification and reference
- Description of the risk
- Risk trigger
- Relationship to other risks
- Potential impact
- Likelihood of occurrence

19. Risk Management Response and Mitigation

- Risk avoidance
- Risk reduction
- Risk transfer
- Residual or retained risk

20. Detailed quantitative assessment of risk

- A brief introduction to statistics
- Methods of risk assessment
- Simple assessment
- Probabilistic analysis
- Multiple estimating using risk analysis
- Break-even analysis
- Sensitivity analysis
- Decision trees models
- Monte Carlo Simulation
- Latin Hypercube sampling
- Accident models

Note: The depth and coverage of the above topics will vary.

Required Textbook: None!

References:

- 1) Ang, A. and Tang, W. (1975). *Probability Concepts in Engineering Planning and Design, Vol. 1, Basic Principles*. John Wiley & Sons
- 2) Ang, A. and Tang, W. (1975). *Probability Concepts in Engineering Planning and Design, Vol. 2, Decision, Risks, and Reliability*. John Wiley & Sons
- 3) Aven, T. (2011). *Quantitative Risk Assessment: The Scientific Platform*. Cambridge University Press
- 4) Jardine, A.K.S. and Tsang, A.H.C. (2013). *Maintenance, Replacement, and Reliability: Theory and Applications*. CRC Press
- 5) Modarres, M. (2006). *Risk Analysis in Engineering: Techniques, Tools and Trends*. Taylor & Francis
- 6) Rausand, M. and Hoyland, A. (2003). *System Reliability Theory: Models, Statistical Methods, and Applications*. John Wiley & Sons

Evaluation:

1) “Open Book” Group Quizzes [top three (3)]	15%
2) Group Project	40%
3) Individual Research Project	15%
4) Individual Final Case Study	30%
Total	100%

1) Group Quizzes [top three (3)]

Students will work in **self-selected** groups to solve “Open Book” Quizzes throughout the course. **Top three (3)** Quiz marks will count toward the Final Grade. **No** “Makeup Quiz” for **any** reason.

2) Group Project

Students will work in groups to apply Risk Management and Assessment to engineering cases.

The Instructor will **randomly** assign students into different groups to:

- Allow ample time for each group to present their projects followed by a “Questions and Answers (Q&A)” session.
- Simulate a realistic work situation since employees rarely have the option of selecting their group members. Students will be challenged with the task of working with other individuals whom they may not normally work with.

Students will also discuss the effects and benefits of their efforts in class interactively.

3) Individual Research Project

Students must select one area of interest and write **eight (8) pages** (excluding references) of literature review of the application of Risk Assessment to that field. The area of interest may be consulted with the Instructor.

Notes:

- Must be academic in style and content
- Must have a clear focus
- Must present ideas in a logical and well thought-out flow
- Arguments, analysis and conclusions must be based on clearly identified research
- Must cite all references from other sources
- Must be typewritten (Times New Roman, Font 12; Double spaced; MS Word format)
- Use 1" margins (i.e. top, bottom, left, right)

4) Individual Final Case Study

Details will be posted to OWL.

Late Assignments:

Late Assignments will **not** be accepted. If you miss any part of the course due to a medical condition (i.e. a valid medical certificate must be produced), the weight of the missed assignment(s) will be added to the Final Exam.

Example: If you missed the **Group Project** due to a medical condition, then your **Individual Final Case Study** will be worth **70% [= 30% + 40%]**.

Communication Policy:

- 1) **OWL** will be used in this course for the purposes of posting lecture slides, assignments and conveying announcements.
- 2) Do **not** email "***general, class-related***" questions to the Instructor. Please post such questions to **OWL** so others can benefit from your questions and the replies. Questions posted to **OWL** will be answered within two (2) business days.
- 3) Do email "***specific, student-related***" questions to the Instructor.
 - a. Please email such questions using your **Western University issued email address** (i.e. **@uwo.ca**), including "**ELI 9110**" in the **subject line**.
 - b. The Instructor will respond (i.e. either via email or in class) to students' emails within two (2) business days.

Repeating All Components of the Course:

In accordance with Senate and Faculty Policy, students who have failed an engineering course must repeat all components of the course. No special permissions will be granted enabling a student to retain any marks from previous years. Previously completed assignments and laboratories **cannot be resubmitted** for grading by the student in subsequent years.

Use of English:

In accordance with Senate and Faculty Policy, students may be penalized up to 10% of the marks on all deliverables for the improper use of English. If resubmission of the work is permitted, it may be graded with marks deducted for poor English and/or late submission.

Attendance:

Any student who, in the opinion of the Instructor, is absent too frequently from class in any course, will be reported to the Associate Chair (Graduate), after due warning has been given.

Cheating:

University policy states that cheating is a scholastic offence.

The commission of a scholastic offence is attended by academic penalties, which might include expulsion from the program. If you are caught cheating, there will be no second warning (*see Scholastic Offence Policy in the Western Academic Calendar*).

Plagiarism:

Students must write their essays and assignments in their own words. Whenever students take an idea or a passage from another author, they must acknowledge their debt both by using quotation marks where appropriate and by proper referencing such as footnotes or citations. Plagiarism is a major academic offence (*see Scholastic Offence Policy in the Western Academic Calendar*). Western University has software for plagiarism checking (**Turnitin**). Students will be required to submit their work in electronic form to **Turnitin** for plagiarism checking.

Conduct:

Students are expected to arrive at lectures on time, and to conduct themselves during class in a professional and respectful manner that is not disruptive to others.

Sickness and Other Problems:

Students should immediately consult with the Instructor or Associate Chair (Graduate) if they have problems that could affect their performance in the course. Students should seek advice from the Instructor or Associate Chair (Graduate) regarding how to best deal with the problem(s). Failure to notify the Instructor or the Associate Chair (Graduate) immediately (or as soon as possible thereafter) will have a negative effect on any appeal.

Please contact the Instructor if you require material in an alternate format or if any other arrangements can make this course more accessible to you. You may also wish to contact Services for Students with Disabilities (SSD) at 519-661-2111 x 82147 for any specific question regarding an accommodation.

Notices:

Students are responsible for regularly checking their @uwo.ca Western University email **and** notices posted on **OWL** course website.

Consultation:

Students are encouraged to discuss problems with the Instructor.
Office hours will be arranged for the students to see the Instructor.
Other individual consultation can be arranged by appointment with the Instructor.