

# Risk Likelihood Criteria

The following table highlights common likelihood categories and descriptors.

Before considering “likelihood” you should assess how effective are the current controls (also known as risk mitigation measures). The more effective a set of controls, the less likely the risk is to arise. See our “Risk Management Framework” template for guidance on controls effectiveness.

| LIKELIHOOD     | RATING | DEFINITION  |
|----------------|--------|---|
| Almost Certain | 5      | <ul style="list-style-type: none"> <li>The risk is expected to occur at least once in the next 12 months</li> <li><b>Less than 10%</b> of the risk controls are Effective or Mostly Effective</li> <li>Without control improvement, it is almost certain this risk will eventuate at some point in the next 12 months.</li> </ul>   |
| Likely         | 4      | <ul style="list-style-type: none"> <li>There is a strong possibility that the risk will occur in the next 24 months</li> <li><b>Only 10-30%</b> of the risk controls are Effective or Mostly Effective</li> <li>Without control improvement, it is more likely than not this risk will eventuate in the next 24 months</li> </ul>   |
| Possible       | 3      | <ul style="list-style-type: none"> <li>The risk might occur in the next 3 years</li> <li><b>30-70%</b> of the risk controls are either Effective or Mostly Effective</li> <li>Without control improvement, the risk may eventuate in the next 3 years</li> </ul>  |
| Unlikely       | 2      | <ul style="list-style-type: none"> <li>There is a small possibility that the risk will occur in the next 3 years</li> <li><b>70-90%</b> of the risk controls are rated Effective or Mostly Effective</li> <li>The strength of the internal controls means it is more likely the risk would eventuate caused by external factors</li> </ul>                                      |
| Rare           | 1      | <ul style="list-style-type: none"> <li>There is a remote possibility the risk will occur in 3-5 years</li> <li><b>90%</b> or more of the risk controls are rated Effective or Mostly Effective</li> <li>The strength of the controls means that if the risk eventuates it is most likely result of external circumstances outside of the control of the organisation</li> </ul> |

**NOTE: These are examples only.** Risk Likelihood Criteria should be developed for your organisation’s context and current and future circumstances.

If you would like to speak to someone about your Enterprise Risk program email us at [info@ansvarrisk.com.au](mailto:info@ansvarrisk.com.au)

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