

“Building Bridges with Risk Management”

**IIA FIJI – 2014 CONFERENCE
DECEMBER 2014**

Concurrent Session 1A:

“Building Bridges with Risk Management”

Ships are safe in harbours

Ships are not build for harbours

Background

Origins of Risk

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Risk Manager Profile

- ▣ Conductor
- ▣ Counsellor
- ▣ Educator
- ▣ Facilitator
- ▣ Analyser
- ▣ Investigator
- ▣ Researcher

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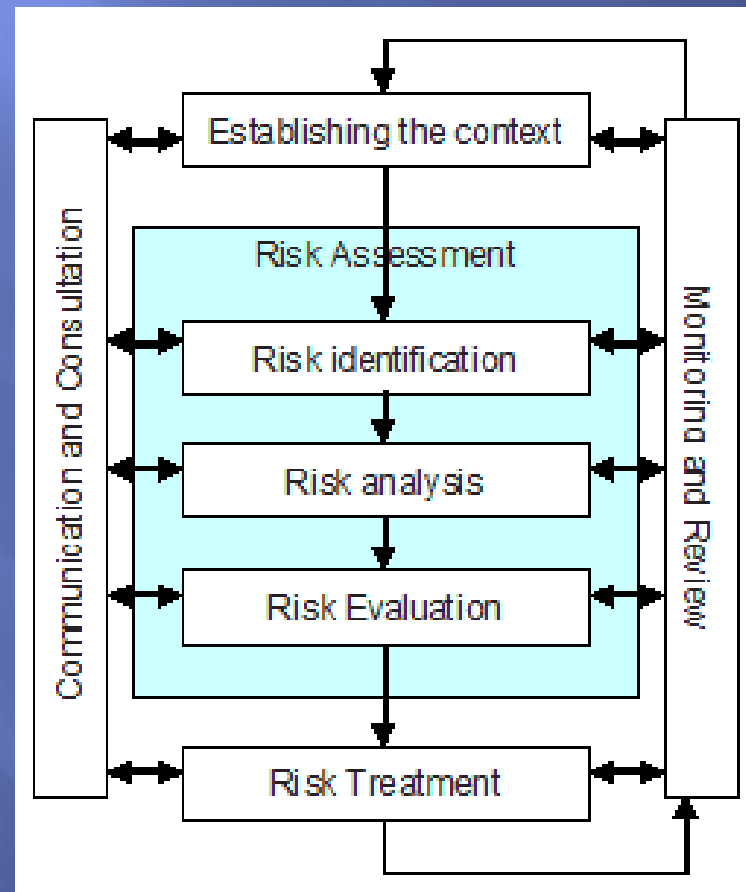
Risk Definition*

- ▣ Effect of uncertainty on objectives
 - ▣ An effect is a deviation from the expected positive or negative.
 - ▣ Objectives can have different aspect eg H&S, Finance and at different levels (Operational / Strategic).
 - ▣ Expressed in consequence and likelihood.
 - ▣ Uncertainty is the state, even partial, of deficiency of information related to understanding or Knowledge of an event, its consequence or likelihood.

**ISO 31000*

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Risk Process



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Risk Process

- Communication & Consultation
- Context
- Risk Assessment
 - Identification
 - Analysis
 - Evaluation
- Risk Treatment
- Monitoring & Review

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Risk Matrix

Likelihood	Consequences				
	Insignificant <i>Risk is easily mitigated by normal day to day process</i>	Minor <i>Delays up to 10% of Schedule Additional cost up to 10% of Budget</i>	Moderate <i>Delays up to 30% of Schedule Additional cost up to 30% of Budget</i>	Major <i>Delays up to 50% of Schedule Additional cost up to 50% of Budget</i>	Catastrophic <i>Project abandoned</i>
Certain <i>>90% chance</i>	High	High	Extreme	Extreme	Extreme
Likely <i>50% - 90% chance</i>	Moderate	High	High	Extreme	Extreme
Moderate <i>10% - 50% chance</i>	Low	Moderate	High	Extreme	Extreme
Unlikely <i>3% - 10% chance</i>	Low	Low	Moderate	High	Extreme
Rare <i><3% chance</i>	Low	Low	Moderate	High	High

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Strategic Risk

- ▣ Definitions
- ▣ Development
- ▣ Process
- ▣ Risks

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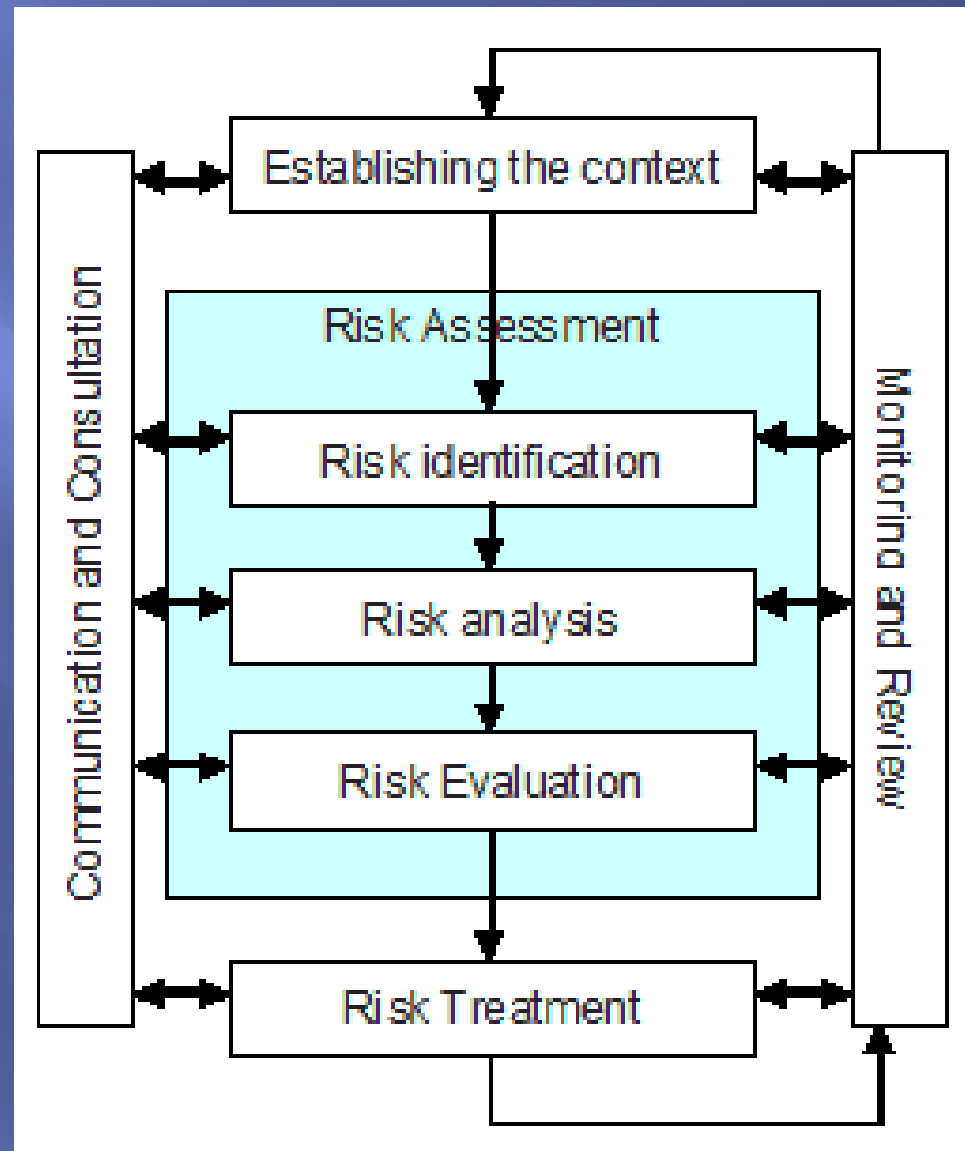
- ▣ Definition of Strategic Risk:
 - Are those threats or opportunities that materially affect the ability of any organisation to survive.
 - Is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to industry changes.
 - Are those risks that arise from the fundamental decisions that directors take concerning an organisation's objectives.

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- ▣ Development
 - ▣ Identification
 - ▣ Assessment
 - ▣ Mitigations

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▣ Process



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- ▣ Risks
 - Technology
 - Cell phone
 - Cloud computing
 - Social media
 - IT systems
 - Finance
 - Cyber Activity
 - Sustainability

Conclusion

- ▣ Risk is both a process and a function.
- ▣ The power of Operational Risk
- ▣ Strategic Risk, Performance and Objectives
- ▣ ISO31000
- ▣ Communication, Communication, Communication
- ▣ Accuracy and completeness