99 Problems But A Risk Ain't One

Enterprise Risk and Security in the Government Context

**Security Day,
Information Security Branch,
Office of the Chief Information Officer
Ministry of Technology, Innovation and
Citizens' Services
November 9th 2016**

Risk Management Branch
& Government Security Office

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Risk Management Branch and Government Security Office

The Risk Management Branch and Government Security Office is accountable for the effective management of the risks of loss to which the government is exposed by virtue of its assets, programs and operations.

- Develop policy (Guarantees and Indemnities, **Risk Management**, Security).
- Manage Government's Security Program.
- Approve indemnities.
- Create, operate and support risk financing programs (University, College and Institute Protection Program, Health Care Protection Program, Schools Protection Program, Crown Corporation Coverage Program).
- Manage property and liability claims and litigation for public sector entities.
- Provide consultant and advisory services to our public sector clients.
- **Support public sector clients with the creation and management of risk management plans using the B.C. Government's Risk Management Framework (implementation of Core Policy Chapter 14).**

Session Objectives

Introduction to Enterprise Risk Management
- What is ERM?
- Why is it important?

The Provincial Government's ERM Framework

The Risk Assessment Process

Risk Management Branch Resources and Tools

What is risk?

The effect of uncertainty
on objectives
(ISO 31000:2009)

What is risk management?

Coordinated activities to direct and control an organization with regard to risk.

What is enterprise risk management?

The integrated and coordinated application of risk management across and through an organization that aids strategic decision making, planning and resource allocation

Why is ERM Important?

No big surprises

- risks are understood and exposures are accepted throughout the organization

No big mistakes

- risks are identified, prioritized and managed effectively

No big missed opportunities

- organization is ready and able to accept greater risks based on risk / reward analysis

- increased certainty of business plan achievement

Communication

- ✓ Common tool
- ✓ Common process
- ✓ Common language

BC's ERM Framework

Government cannot make fully informed decisions without being aware of the numerous risks ... enterprise risk management provides a systematic and proactive approach to dealing with risks.

(OAG 2011, Report 3)
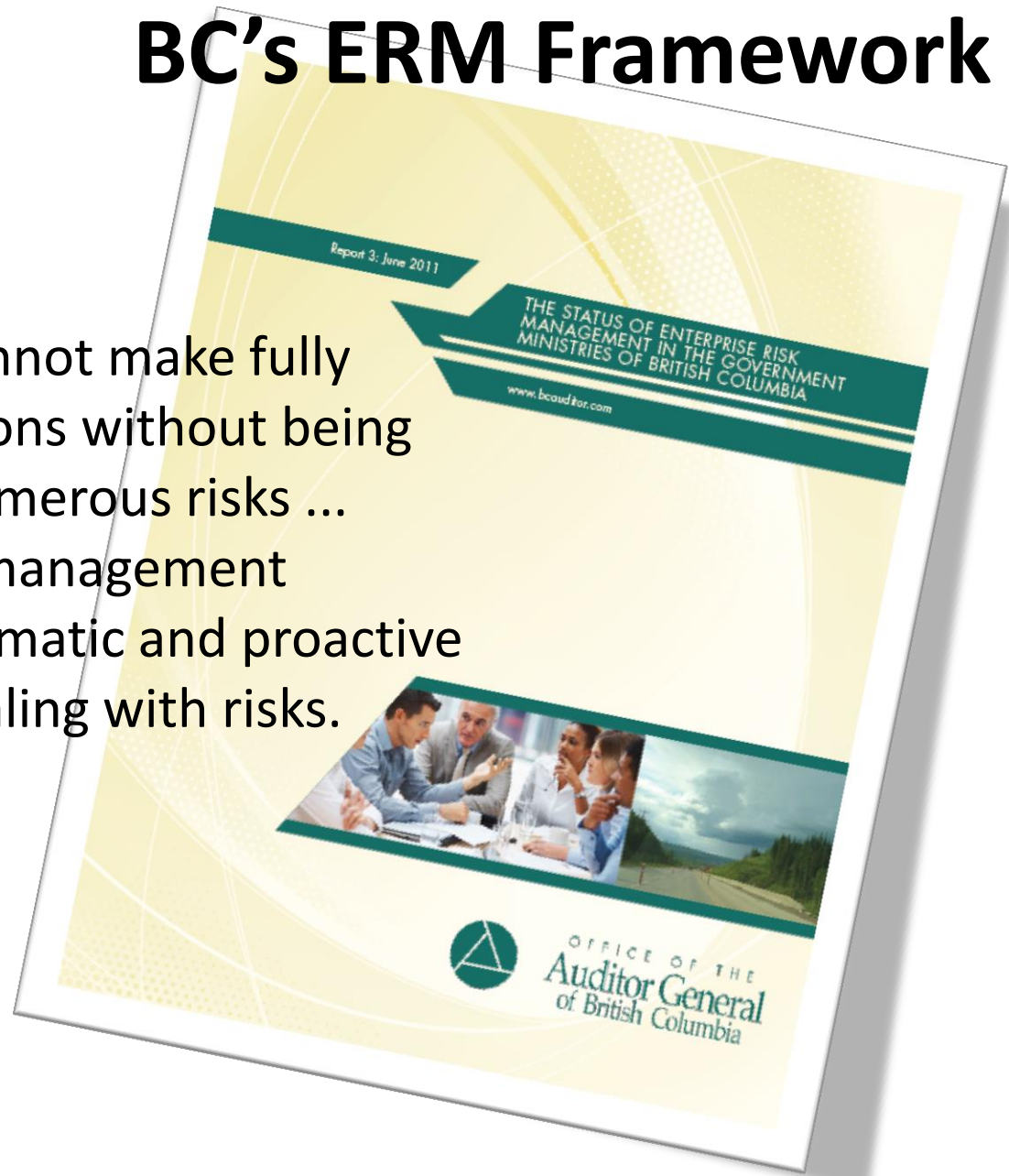
BC's ERM Framework

✓ Deputy Ministers are accountable for ERM implementation within their ministries

✓ Regular self-assessments of ERM maturity in ministries and regular reporting to Deputy Ministers' Council on progress towards implementation

✓ Annual risk registers and semi-annual updates with reporting to Deputy Ministers' Council

✓ Corporate risk register for all key government risks

✓ Utilization of standard tools, resources and practices throughout the public sector (ISO 31000)

Risk Quadrants

Hazard Risk
Arises from property, liability, or personnel loss exposures

Operational Risk
Arises from people, processes, systems, or controls

Property risk
Legal risk
Personnel risk
Consequential loss

People risk
IT risk
Management oversight
Business processes

Pure Risk

Market risk
Credit risk
Price risk
Liquidity risk

Economic environment
Political environment
Demographics
Competition

Speculative Risk

Financial Risk
Arises from the effect of market forces on financial assets or liabilities

Strategic Risk
Arises from trends in the economy and society

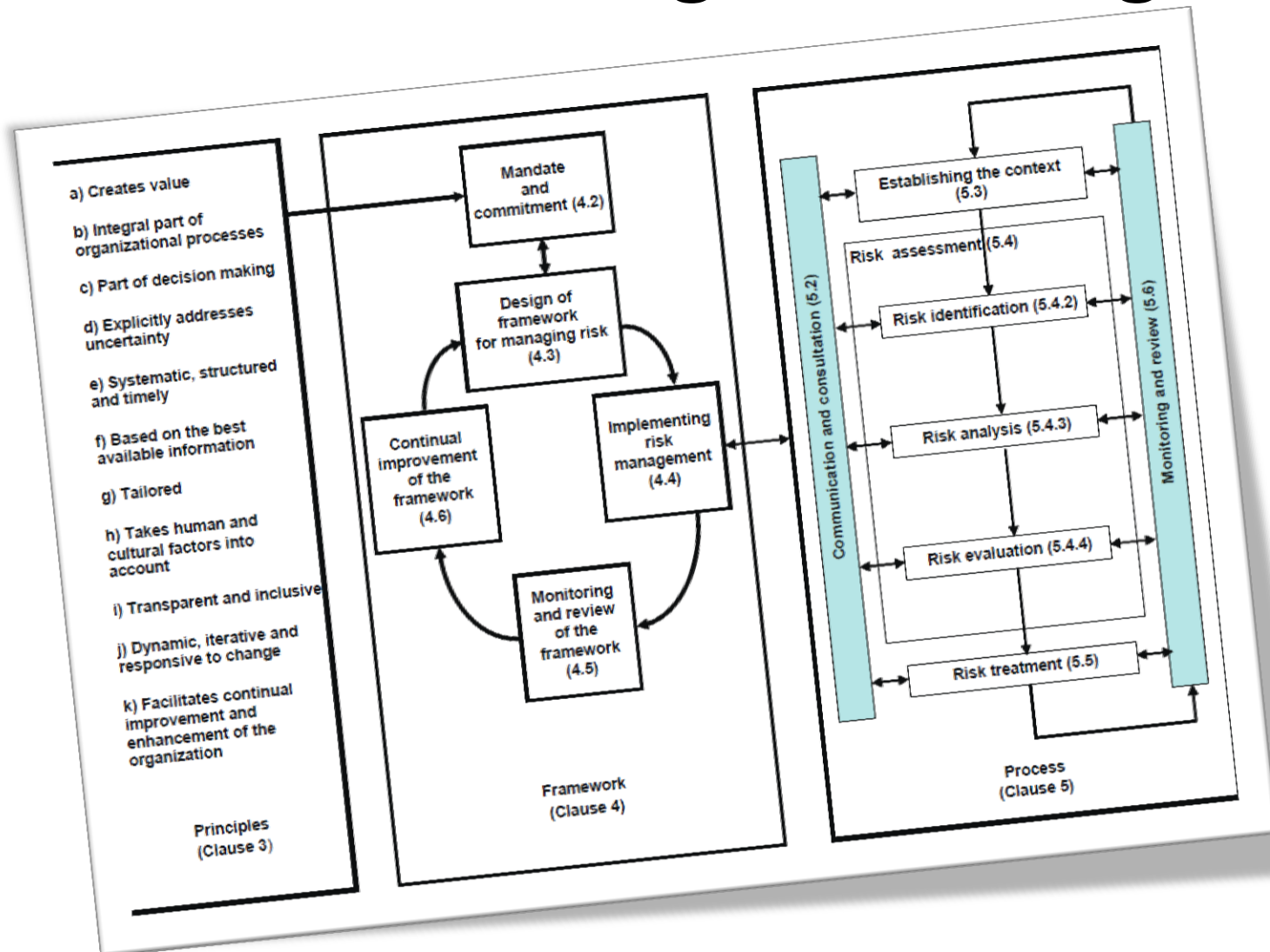Note: The above risk classifications are general and not meant to cover every risk faced by an organization. There can be overlap among the various categories. Each organization should develop risk classifications that best suit its need for assessing and treating risks.

Ministry Risk Management Program

Ministry Risk Management Program

Ministry Risk Management Program

a) Creates value

b) Integral part of organizational processes

c) Part of decision making

d) Explicitly addresses uncertainty

e) Systematic, structured and timely

f) Based on the best available information

h) Takes human and cultural factors into account

i) Transparent and inclusive

j) Dynamic, iterative and responsive to change

k) Facilitates continual improvement and enhancement of the organization

Principles (Clause 3)

Mandate and commitment (4.2)

Design of framework for managing risk (4.3)

Continual improvement of the framework (4.6)

Implementing risk management (4.4)

Monitoring and review of the framework (4.5)

Framework (Clause 4)

Establishing the context (5.3)

Risk assessment (5.4)

Risk identification (5.4.2)

Risk analysis (5.4.3)

Risk evaluation (5.4.4)

Risk treatment (5.5)

Communication and consultation (5.2)

Monitoring and review (5.6)

Process (Clause 5)

1. Principles   2. Framework   3. Process
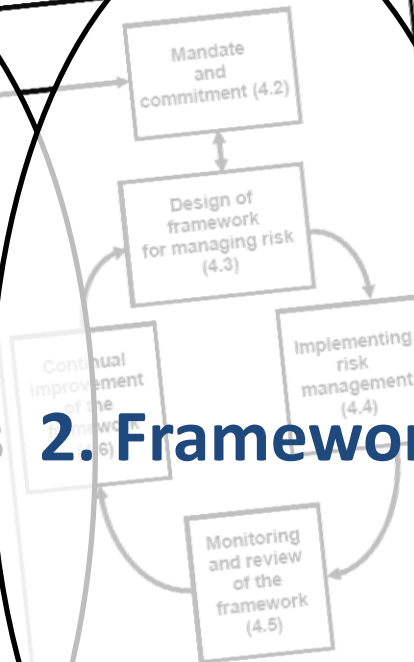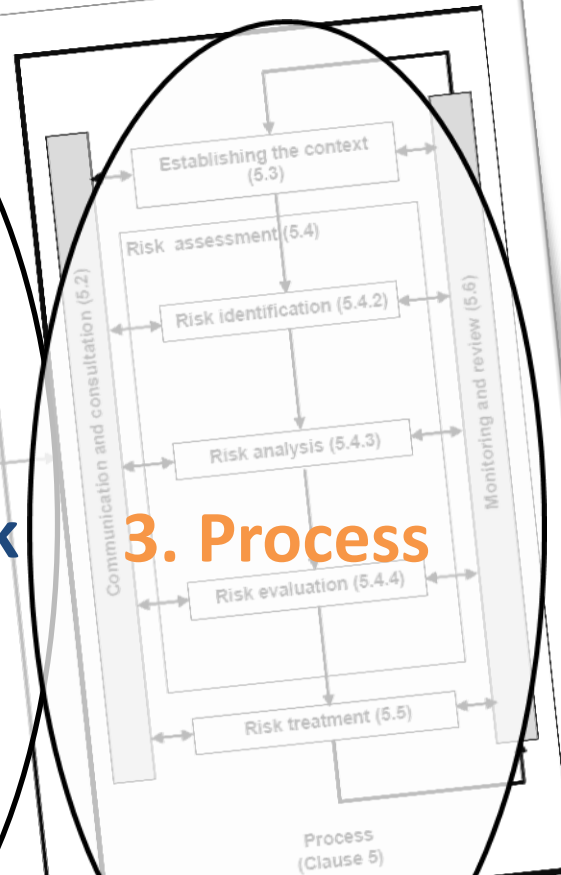
The Risk Management Process
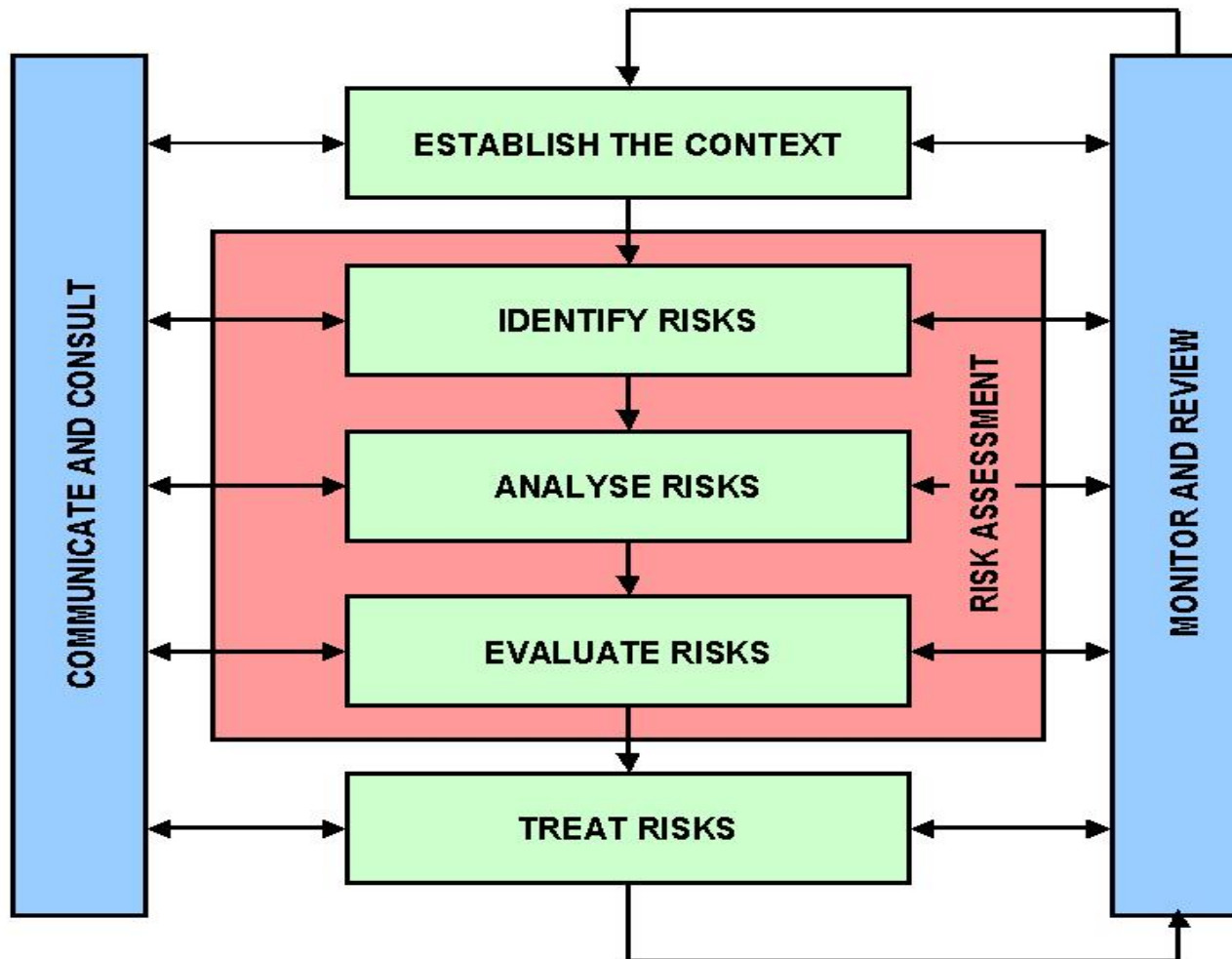
The Standard (CSA/ISO 31000) and B.C. Government Guidelines can be found on RMB's Intranet site gww.fin.gov.bc.ca/gws/pt/rmb/fg.stm

The Risk Management Process

- Set the Context (Let's come back to that.)

- What **EVENTS** might prevent or excel their achievement?

- What might **CAUSE** those events?

- What might the **IMPACTS** be?

- What are we doing about it now?

- Is that enough?

- Are we comfortable with that?

- If not, what else should we do?

Context Matters

- Articulates the problem i.e. Why are we here? What are we trying to get done?

- Defines scope i.e. What's in and what's out? What does this not consider?
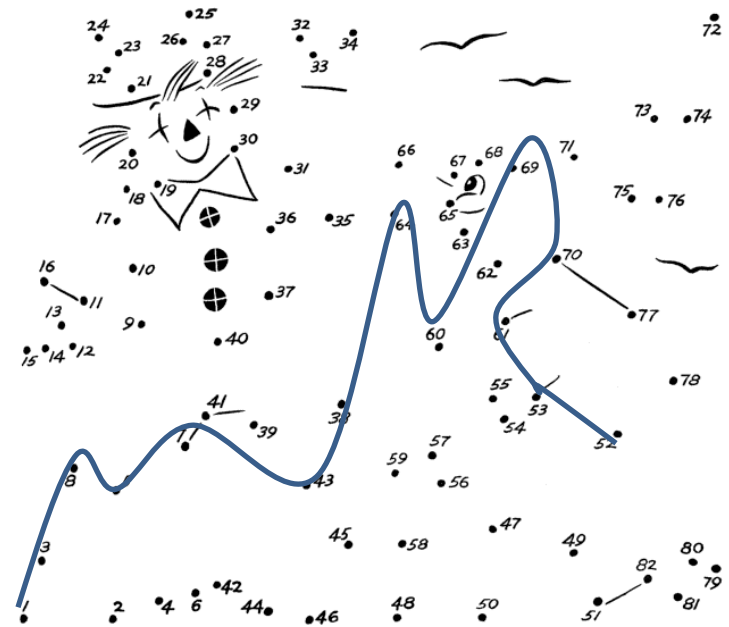
A Risk Assessment Context Paper template can be found on RMB's Intranet site
gww.fin.gov.bc.ca/gws/pt/rmb/fg.stm

Setting the Context

- Confirm the subject of the risk assessment

- Confirm goals and objectives

- Alignment with guiding principles of the organization

- Identify stakeholders

- Identify constraints and limitations

A Risk Assessment Context Paper template can be found on RMB's Intranet site
gww.fin.gov.bc.ca/gws/pt/rmb/fg.stm

Identify Risks
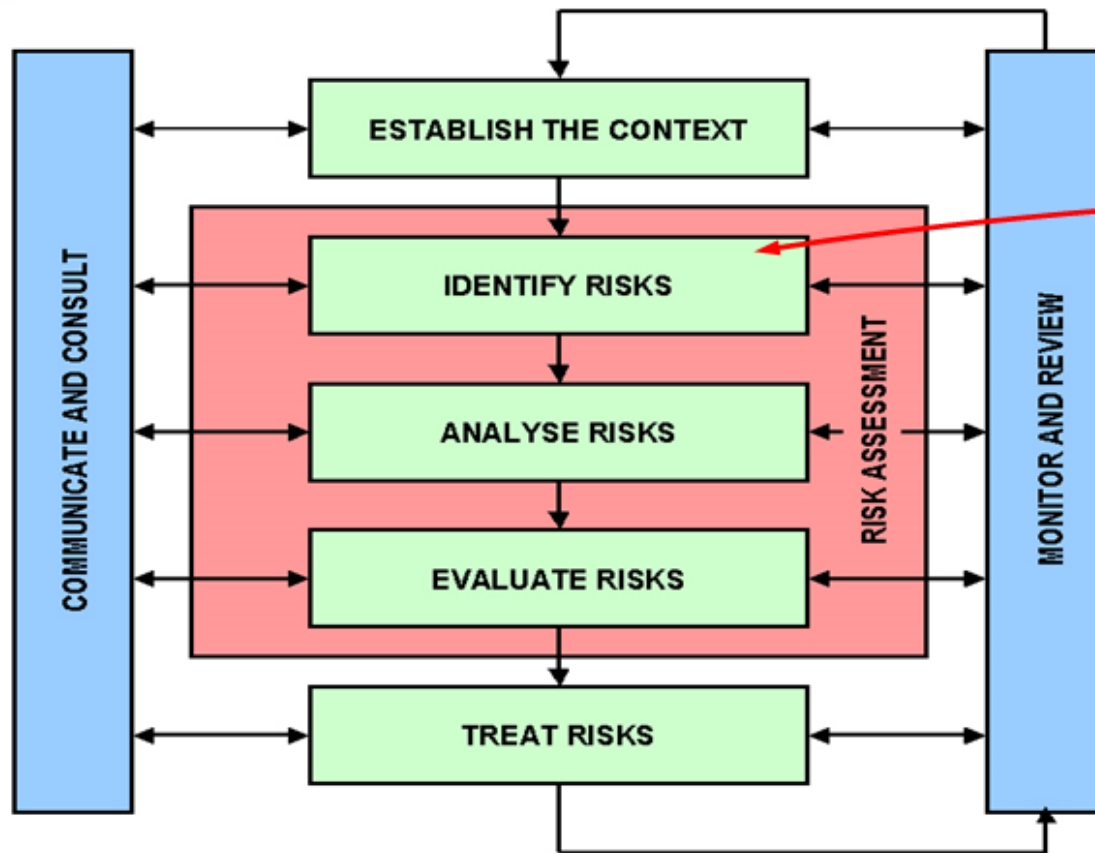
2. IDENTIFY RISKS by asking:

What **Risk Event** could occur that would have an impact on our objectives (positive or negative)?" Risks have three key elements: **Event, causes, impacts.**

What are the **Risk Causes** i.e. triggers, sources or circumstances that could act alone or together to increase the likelihood of the Risk Event occurring (there are usually multiple causes leading to a Risk Event)

What are the **Impacts or Consequences** should the Risk Event occur? Are there longer-term or cumulative consequences?

What's in a risk?

✓ Event

✓ Cause

✓ Impact

Analyze Risks


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                    │  ESTABLISH THE CONTEXT │
                    └──────────────────────┘
                    ┌──────────────────────┐
                    │     IDENTIFY RISKS     │
                    └──────────────────────┘
COMMUNICATE         ┌──────────────────────┐        MONITOR AND
AND CONSULT         │     ANALYSE RISKS      │        REVIEW
                    └──────────────────────┘
            RISK ASSESSMENT
                    ┌──────────────────────┐
                    │     EVALUATE RISKS     │
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                    │      TREAT RISKS       │
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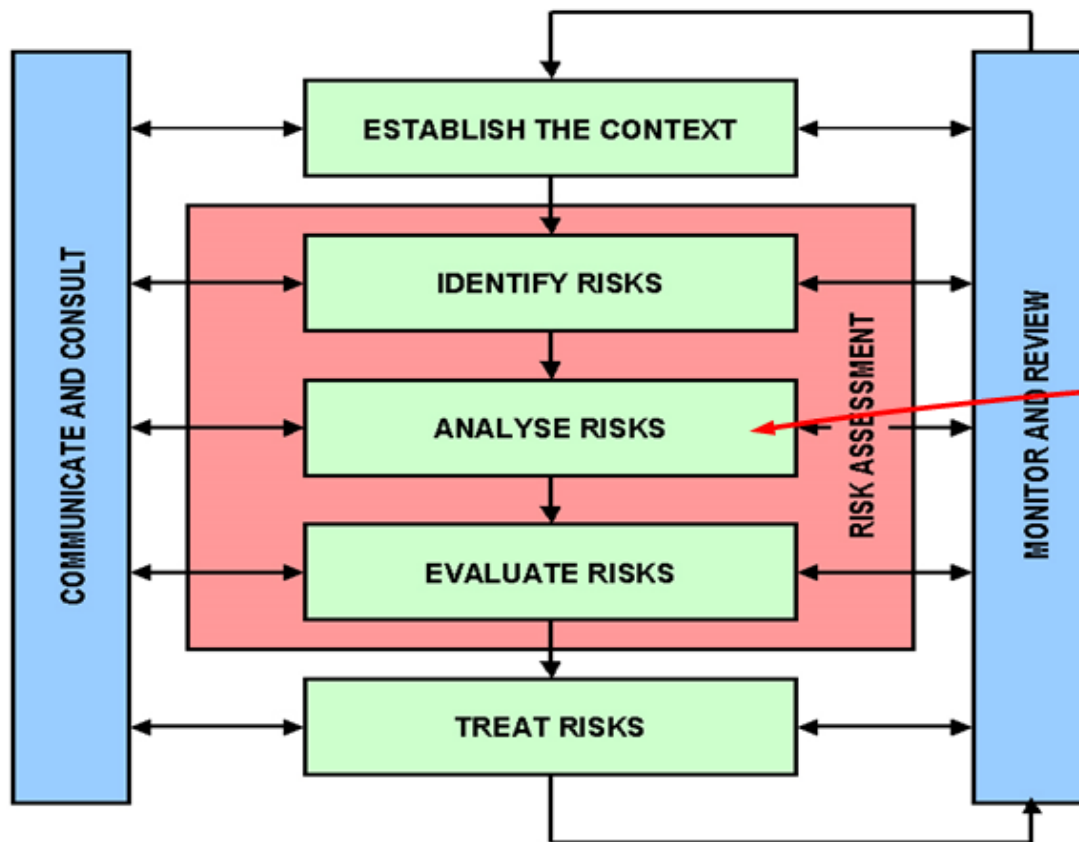
3. Risks ANALYSIS involves acknowledging **treatments already in place** that effect this risk and then **ranking the likelihood and consequence using a 1-5 scale**

Evaluate Risks
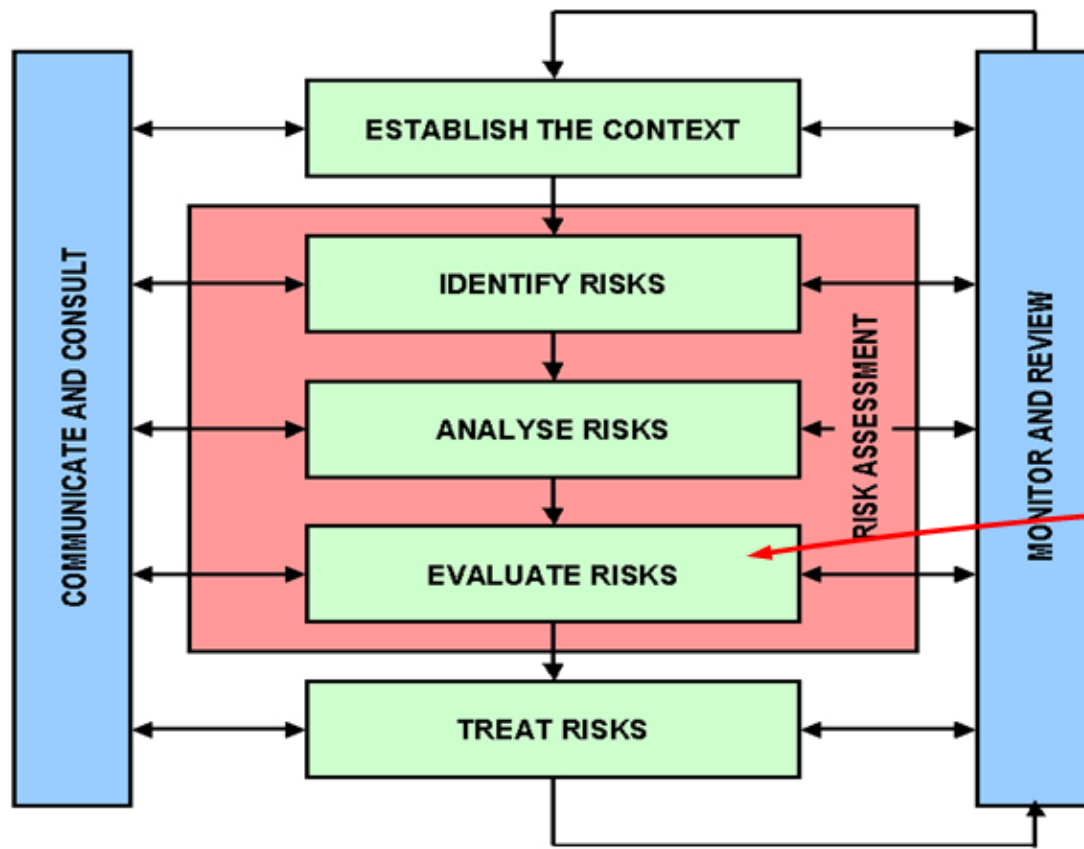
4. In order to EVALUATE risks the group reviews the effectiveness and appropriateness of the current controls in place. Is this enough?

If not, what are you going to do about it? Will you **MONITOR, TREAT, TRANSFER** or **AVOID** the risk?

Treat Risks
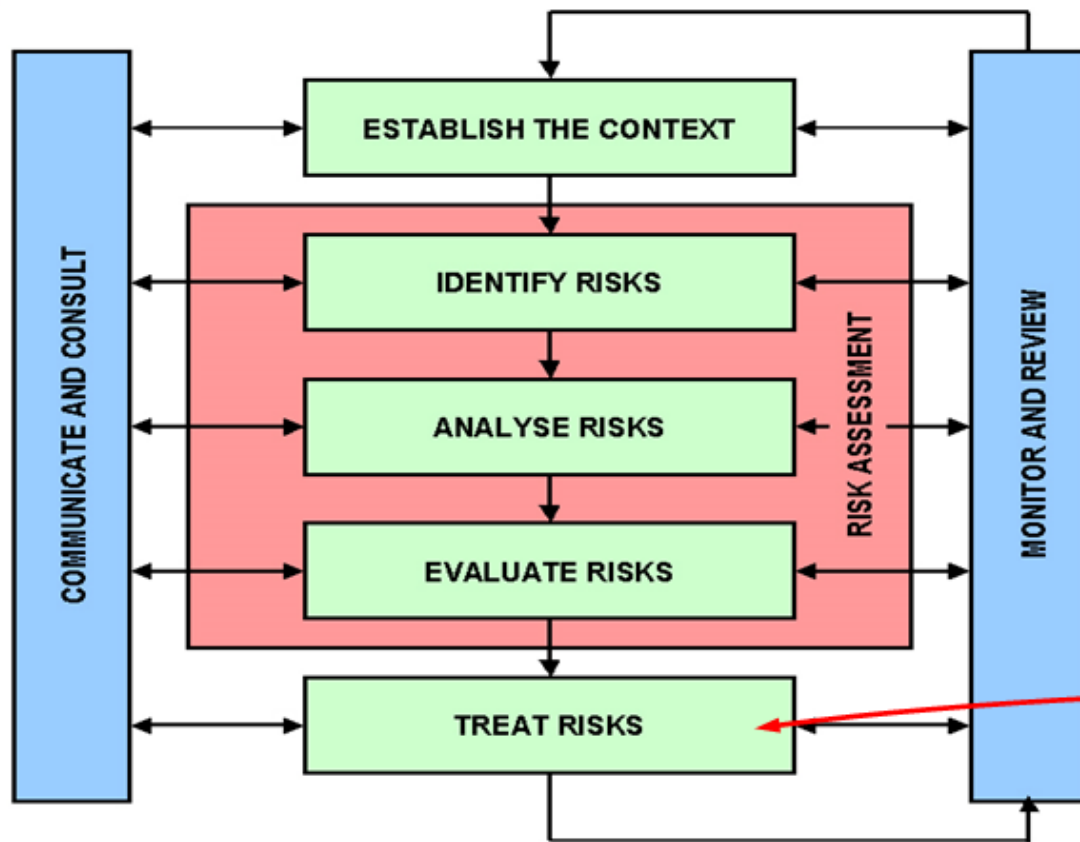
5. Risk TREATMENT is the activity (s) you are going to implement to better manage your exposures. Your treatments will reduce the likelihood and/or consequence of negative risk events occurring.

Communicate and Consult Monitor and Review

Risk Register Template

Risk Register Template

RISK RATING	ADEQUACY OF EXISTING MITIGATIONS (Non-existent, Inadequate, Adequate, Robust, Excessive)	MONITOR, TREAT, TRANSFER, AVOID	ADDITIONAL MITIGATIONS (What additional measures/steps will be taken to lower the risk?)	DELIVERABLE (What form will this mitigation take? A formal plan, a report, TB or Cab Sub ... Etc.)	REQUIRED RESOURCES (What is needed to develop and implement the mitigation?)	TASK OWNER (Who has been assigned responsibility for this mitigation?)	DUE DATE (When is the deliverable to be ready?)
HIGH	Inadequate	Treat	Long term: - System replacement Short term: - Update training manual - Commit more staff time.	- re System replacement strategy - Revised training manual and web counterpart - Staffing solution for short term	re System replacement strategy: - Confer with IT Director and budget shop to confirm process and criteria for business case. Re Training manual: - Assign lead Re Staff assignment: - Review workload breakdown and skills set.	re Systems replacement: Tom re Training manual: Sarah re Staff review: Tom	re System replacement strategy: - End of fiscal re Training manual: - February 14th re Staffing review and recomendation: - February 7th

EVALUATION

MITIGATIONS MANAGEMENT

Risk Register Template

(X) DATE ...deliverable ...eady?)	RESIDUAL RISK RATING (Risk rating expected / predicted once all mitigations Additional Mitigations are in place.)				CURRENT RISK RATING (Current level of risk in light of mitigations implemented at this report period.)				RISK TOLERANCE RATING (Maximum level of risk executive is willing to accept. This should be provided by executive after having been briefed on the risk, existing and planned mitigations, and associated costs.)				TRACKING			
	LIKELIHOOD (1-5)	CONSEQUENCE (1-5)	TOTAL SCORE (1-25)	RISK RATING	LIKELIHOOD (1-5)	CONSEQUENCE (1-5)	TOTAL SCORE (1-25)	RISK RATING	LIKELIHOOD (1-5)	CONSEQUENCE (1-5)	TOTAL SCORE (1-25)	RISK RATING	PROGRESS % (e.g. 25 percent complete)	COMMENTS/ ISSUES (e.g. Explain why something may not be proceeding as planned.)	FURTHER ACTION (e.g. Is a decision needed, funding approval, and by whom?)	COMPLETION DATE (e.g. Date this mitigation w... be in place.)
...lacement / ...nual: / ...n / ...ew and / ...:	2	4	8.00	MEDIUM	3	4	12.00	HIGH	2	4	8.00	MEDIUM	25% - Initial planning complete. Implementation expected once additiopnal staff sourced.	Further progress is dependant upon staffing approval		
			0.00	UNRATED												
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RMB Tools & Resources

Call us anytime: Todd Orchard (Todd.Orchard@gov.bc.ca) and
Anna Maria Campbell (Anna.Maria.Campbell@gov.bc.ca), ERM Managers

RMB Internet Site www.fin.gov.bc.ca/pt/rmb, including access to the ISO Standard

Documents, BC Public Services Risk Management Guidelines and the Risk Register template

Government of Canada's Risk Management Policy www.tbs-sct.gc.ca/hgw-cgf/pol/rm-gr/index-eng.asp

BC Risk & Insurance Management Association (BCRIMA)

www.britishcolumbia.rims.org

Canadian Risk Management Program (CRM) www.sfu.ca/continuing-studies.html

Questions?