



# Risk Management Case Study

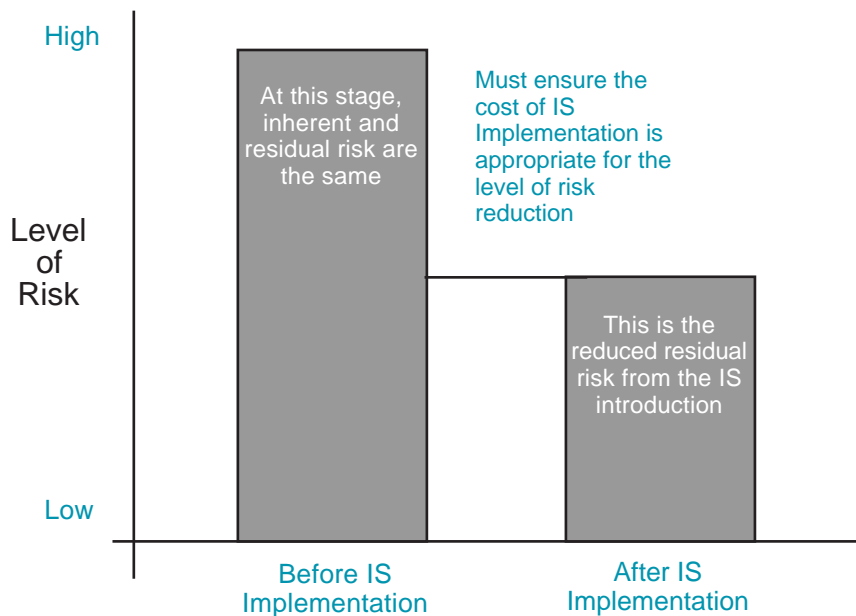
## Department of Public Works

### Background

451 Consulting were employed by this government department to assist them in understanding the levels of risk to their organisation associated with various recently issued government-wide Information Standards. The Information Standards concerned were wide reaching and complex - by taking a risk management approach to understanding their levels of exposure, the department would be able to prioritise the implementation of the mandatory standards, thus ensuring appropriate use of resources and budget.

### Process

Business Continuity Planning and a subset of it – Risk Management – is about ‘fit for purpose’ strategies to cover business or systems failure. It is a governance requirement that organisations plan for, manage, contain, and effectively recover from failure. The 451 approach focuses on risk management and not risk elimination to ensure you get value for your reduction in risk.



There is more to BCP than creating plans, procedures, and policy...it is about cultural change so risk management becomes an on-going focus within an organisation.

For this assignment, we established a team of business representatives covering all aspects of the department's various business units. Workshops were developed and run, helping the attendees to rank their part of the business in terms of risk likelihood, consequence and current compliance. The data thus gathered was then analysed to identify those aspects of the Information Standards where risk levels were unacceptable. Another series of workshops was then completed where the business was asked to propose appropriate treatments for the risks concerned.



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Our methods focus senior management on business impacts associated with system failure

The 451 approach quantifies the Gap between the Inherent and Residual Risk for each significant Risk. Critical risk Gaps are then balanced against their indicative Implementation cost to provide the final piece of information required to prioritise IS implementation.



Critical Risk Gap Analysis

|          |      |                                      |                          |
|----------|------|--------------------------------------|--------------------------|
| Risk Gap | High | * Risk1<br>High Priority<br>* Risk5  | High Priority<br>* Risk2 |
|          | Low  | * Risk4<br>Lower Priority<br>* Risk3 | Not Cost Justified       |
|          |      | Low                                  | High                     |

Implementation \$

Unfortunately many people approach risk management theory and practice from an auditing perspective.

### Outcomes

The result of the assignment was a set of Information Standards clearly prioritised according to the risk exposure in the Department. In addition, likely treatments were identified to serve as the starting point for the subsequent programme of risk mitigation work.

### Testimonial

"451 Consulting helped us to gain a clearer insight in the levels of risk exposure within our business. Their experience ensured we have achieved the desired outcomes whilst getting value for our expenditure."

Tony Woodward, Director of Finance and Information Technology, Department of Public Works