ICCSS PRINCIPLES AND RISKS MANAGEMENT EXPLAINED

ICCSS Enterprise Risk Management (ERM) implementation ensures that objectives and deliverables project activities are clearly defined and easy to measure. ICCSS Enterprise Risk Management are defined as the process of identifying and assessing the enterprise wide risks that the ICCSS is exposed to and reviewing the control in place and other actions to be taken to mitigate these. It is also the monitoring and periodic reporting of these risks.

Consequently ICCSS Risk Management (RM) is the same process as ERM but related to risks of one or more programs or projects rather than the ICCSS wide risks. ERM/RM gives ICCSS managers and partners tools to view our organization and our programmes including the deliverables and processes in a systematic way and from a risk and control perspective. It provides information on what risks are restraining the achievement of the objectives contained in project documents.

Five steps of an ERM/RM system for ICCSS:

1. Identifying the risks ICCSS wide and within program or project
2. Determine the exposure for ICCSS
3. Identifying and implementing mitigating controls and actions
4. Monitor significant risks
5. Periodic reporting on significant risks

IDENTIFICATION

The identification of risks is normally done by the managers themselves who often obtain help from someone familiar with ERM/RM methodology.

RISK EXPOSURE FOR ICCSS - ASSESSMENT

The risk **assessment** is the estimate of risk exposure which is a combination of the following elements:

- An estimate of the ***probability or likelihood*** that a risk would materialize with the resulting consequences. The probability is usually taken over the period of a year.
- An estimate of the ***consequence, damage or impact*** that a risk could potentially cause if it would happen. This could be in terms of inability to deliver the mandate or objectives; reputation image or embarrassment to ICCSS; or direct or indirect financial losses.
- An estimate of the ***risk exposure*** obtained by combining the estimates of probability and consequence.

MITIGATING CONTROLS AND ACTIONS

Risk assessment is done within the context of the existing procedures and controls in place. This is referred to as the <u>before situation</u> and gives the **inherent risk.** Risks are once more assessed after additional controls and actions to mitigate the risk have been taken. This is referred to as the <u>after situation</u> which could occur take place after several months or even longer and it gives the **residual risk**.

MONITORING SIGNIFICANT RISKS

Mitigating Actions entail:

- Management deciding their risk appetite (this can be implicit and related to each risk)
- Determining whether to add or reduce controls and implementing this accordingly
- Take actions to get the risks at right level
- Be aware of the residual risks and how to measure or monitor them

Monitoring and reporting significant risks

N°	Risk	Monitoring measure	Assurance Management Independent	Risk exposure	Management comments

Risk monitoring is the process whereby each risk with an exposure of extreme, high and in some cases even medium is periodically examined to ensure that it has not materialized and is causing damage to the organization. This is done by the manager and reported upon. It is crucial to have a benchmark to measure against.

RISK MANAGEMENT RELATED TO PROJECTS

The characteristics of projects managed by the ICCSS as executing or leading agency or on their own behalf leads to specific risks that require identification, and management attention. The defined start and end of a project implies that RM needs to focus on the duration of the project. The alignment of a project with the ICCSS objectives is a must and without it any success of a project is doubtful.

Projects need to demonstrate the existence of a political will from all parties including those who sponsor the project and its recipients. If the political will is missing a project could well become a three legged stool with each leg a different lengths. Projects depend on careful planning. The scope needs to be defined and achievable in terms of the project limitations of the financial, human and other resources assigned and the expectations the stated results within a defined time period. The relative short duration of a project requires that there is continuous monitoring and that corrective actions are quickly taken at the appropriate level.

The final importance of a project lies in the ability of the ICCSS to demonstrate its success. Hence project evaluation and against milestones and performance measures are important aspects of the final ICCSS accountability for the project it delivers.