Enterprise Risk Management

PART A

	Risk type	Loss	Risk rating (High, Medium, Low)	Risk strategy (Mitigate, Control, Share, Accept)
a.	Operational loss	Losses arise due to legal actions taken by customers if sensitive information and items are lost.	High (Probability – High Risk of errors if transaction volumes exceeds capacity. Impact – Significant Loss of business due to drop in customer confidence.	Mitigate through • Investing in capacity building exercises such as software which is capable of handling high volumes. • Staff training to be more efficient.
b.	Loss of people	Slowdown in critical functions due to loss of key personals. Loss of competitive advantage if business secrets are lost.	High (Extremely high) Probability - High Highly skilled staff employed in a competitive industry. There is a high probability to staff being head hunted. Impact – Medium Can be replaced due to steady supply of in the market.	Mitigate through • Develop succession plans for key personals. • Improve training and development within the company to replace employees.
c.	Technology/ Mechanical failure	Financial losses due to business disruption since technical failures or breakdown.	Medium Probability – Medium Technical service providers in the industry are highly reliable and they provide quality services. Impact – Moderate Currently many critical operations are conducted through systems. However, ability to recover within short time period.	Control through • Conducting continuous tests and maintenance. • Having Annual maintenance agreement with technical service providers and developers. Mitigate through • Having secondary system to use in

			case of system failure.
d. Loss of access	Financial loss due to fraudulent act. Disrupt the operation.	High Probability – Medium Probability is comparatively low due to tight security measure. On the other hand, there are many difference cyber threats such as hackers, viruses, spams etc. Impact – Significant This disrupt the operation and also could lead to data loss. Possibility of losing trust and confidence of customers due to lose of sensitive information.	Control through • Strengthen the access control. • Having proper policy to grant access. Mitigate through • Recovering data.
e. Public liability	Financial losses due to paying compensations to customers and third parties.	Medium Probability – Medium Company handle huge amount of deliveries. Therefore, some of items can be damaged. Impact – Moderate This will lead to reduce the confidence of customers. However, this is common issue of the industry.	Transfer through • Getting public liability insurance. Mitigate through • Strong package and safe handling.

Risk Matrix

Probability	Negligible	Minor	Moderate	Significant	Severe
Vere High					b
High				a	
Medium			c, e	d	
Low					
Very Low					

Impact

Risk Rating

🟥	Extremely High Risk
🟧	High Risk
🟨	Medium Risk
🟩	Low Risk
🟩	Extremely Low

a. Operational Loss

b. Loss of people

c. Technology/Mechanical failure

d. Loss of Access

e. Public Liability