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Our Journey With JCAD Core

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Why JCAD?

- Enabled proper risk management
- Helped us differentiate between risk descriptor, risk cause and control
- Changed the culture.
- Provided accountability and transparency
- Helped demonstrate regulatory compliance.

A good risk management process

The quote:

"There are known knowns; there are things we know we know.

We also know there are known unknowns; that is to say we know there are some things we do not know.

But there are also unknown unknowns – the ones we don't know we don't know."

Former United States Secretary of Defence, Donald Rumsfeld.

A good process:

- Captures the knowns
- identifies and make explicit as many of the unknowns as possible
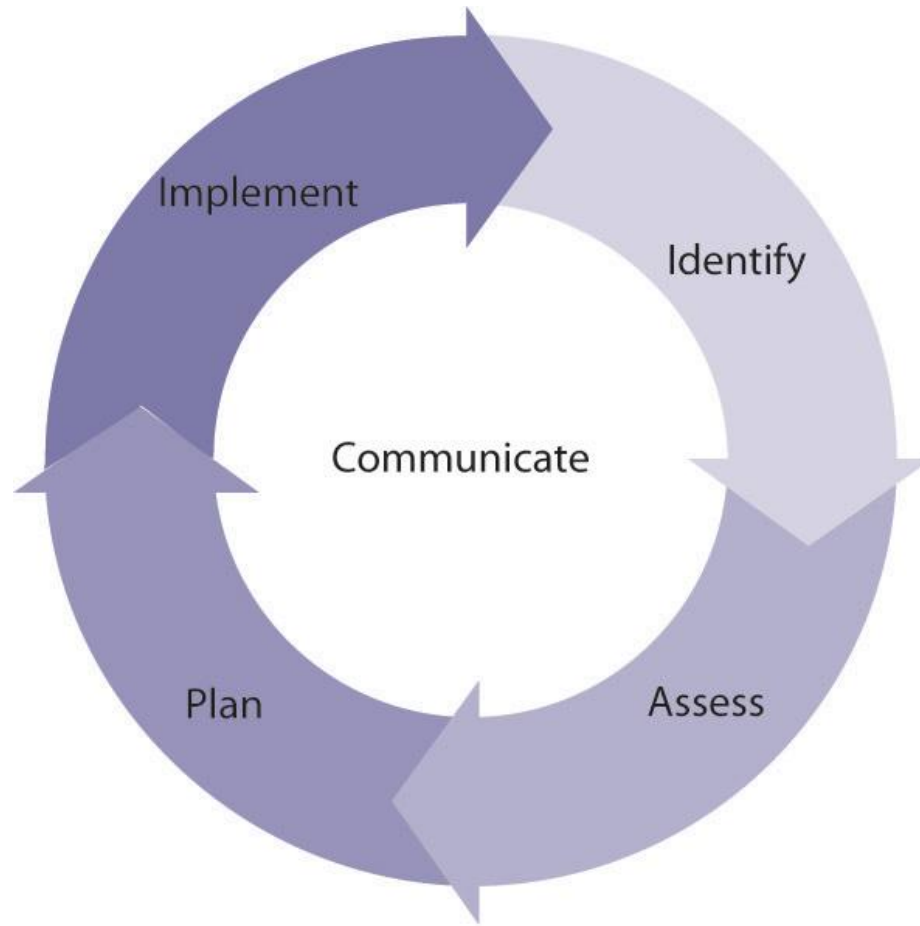- Is flexible enough to respond to the unknown unknowns when they arise.

Components of a good risk management process – governance

- Clear accountability and ownership – culture

- Well-integrated

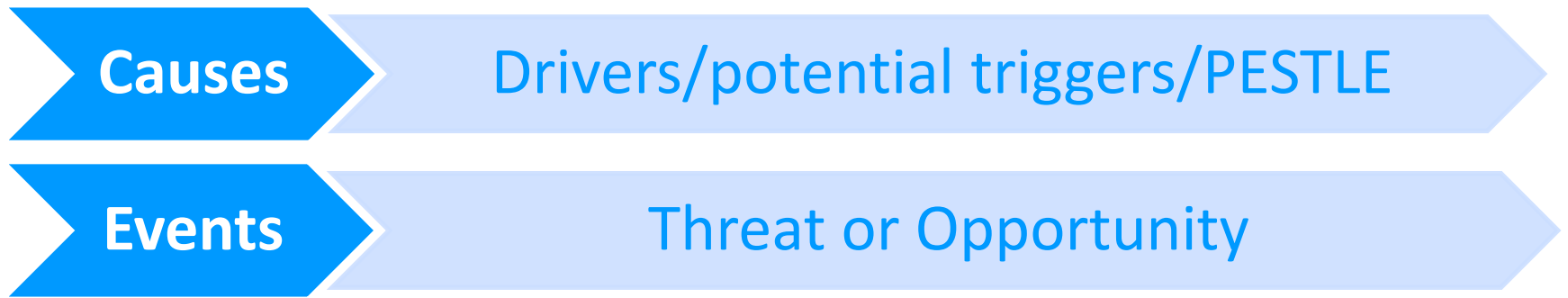- Transparent

- Comprehensive

- Risks interrelated
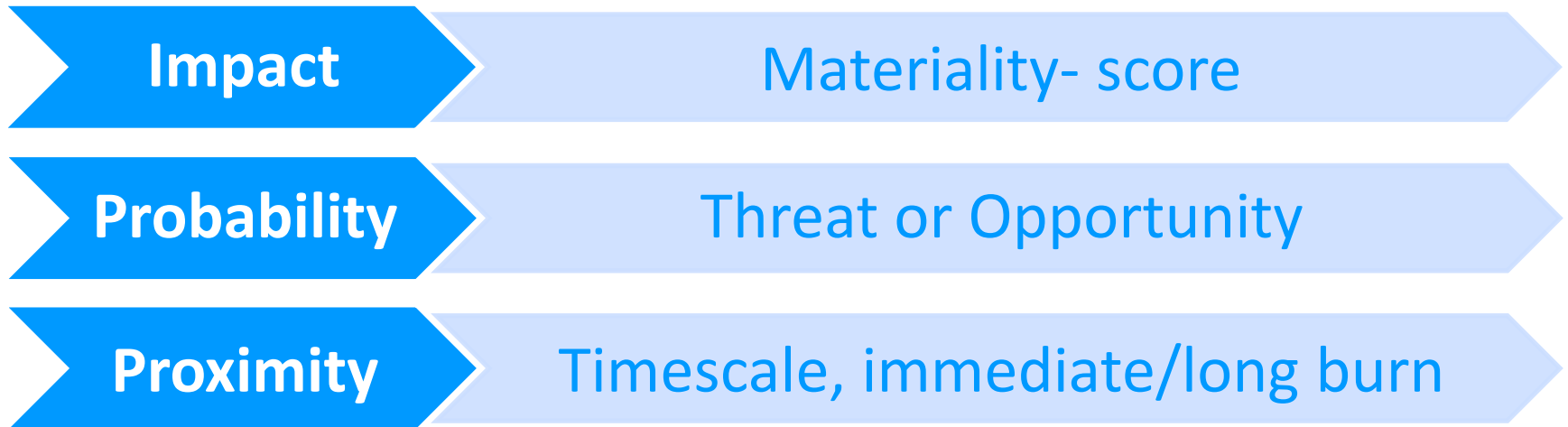
  But also

- Proportionate/VFM
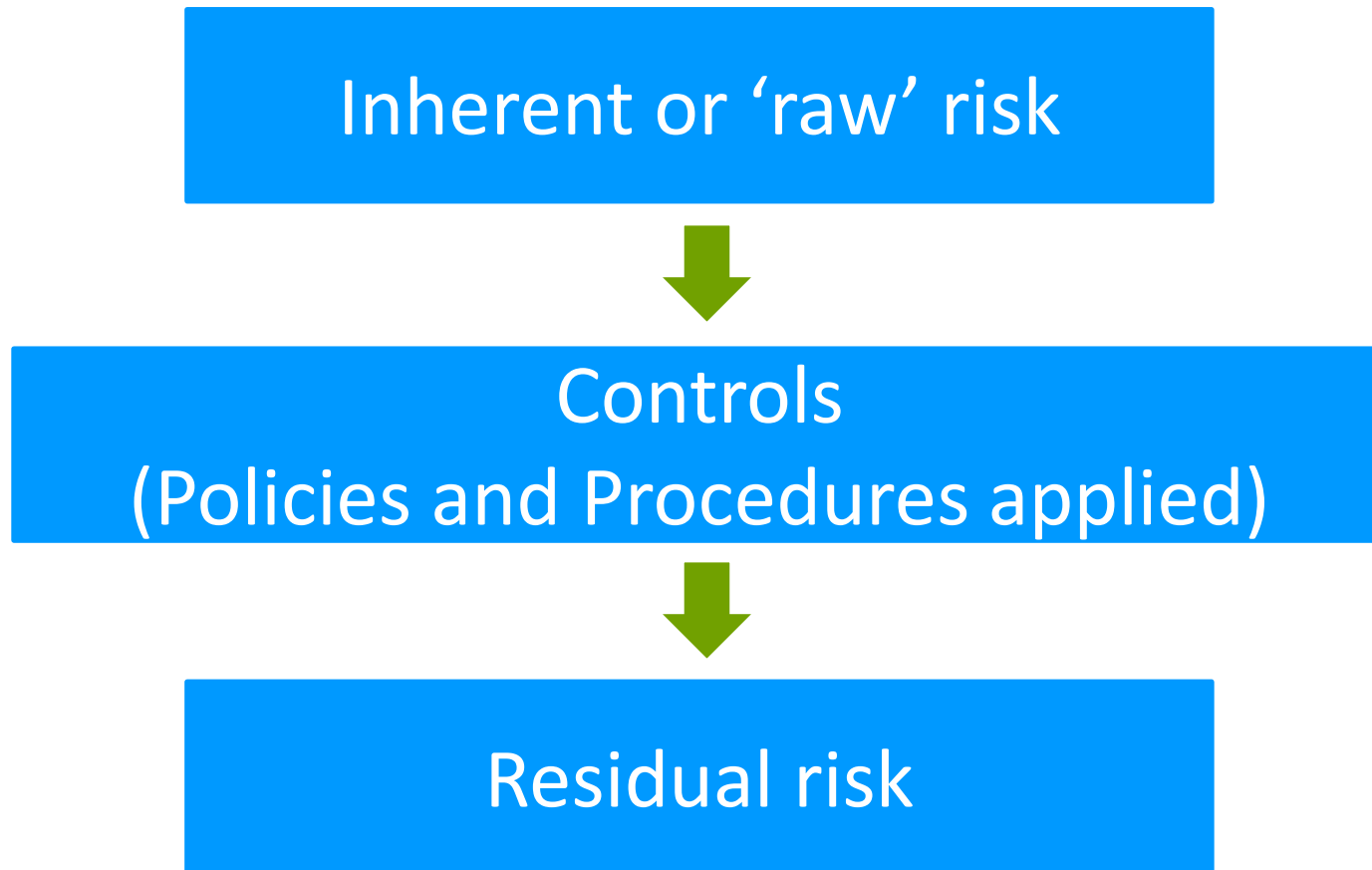
How Sovereign uses the system

Identify

Causes	Drivers/potential triggers/PESTLE
Events	Threat or Opportunity

Assess

Impact	Materiality- score
Probability	Threat or Opportunity
Proximity	Timescale, immediate/long burn

Outcome – risk scoring matrix

Probability

				Impact (1)	Impact (2)	Impact (3)	Impact (4)	Impact (5)
Event is expected to occur in most circumstances	>80%	Almost Certain	5	5	10	15	20	25
Event will probably occur in most circumstances	50-80%	Likely	4	4	8	12	16	20
Event should occur at some time	20-50%	Possible	3	3	6	9	12	15
Event could occur at some time	5-20%	Unlikely	2	2	4	6	8	10
Event may occur in only exceptional circumstances	<5%	Rare	1	1	2	3	4	5
				1	2	3	4	5

Impact (Note – these are indicative)

Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)

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Measuring risk

Inherent or 'raw' risk

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Controls
(Policies and Procedures applied)
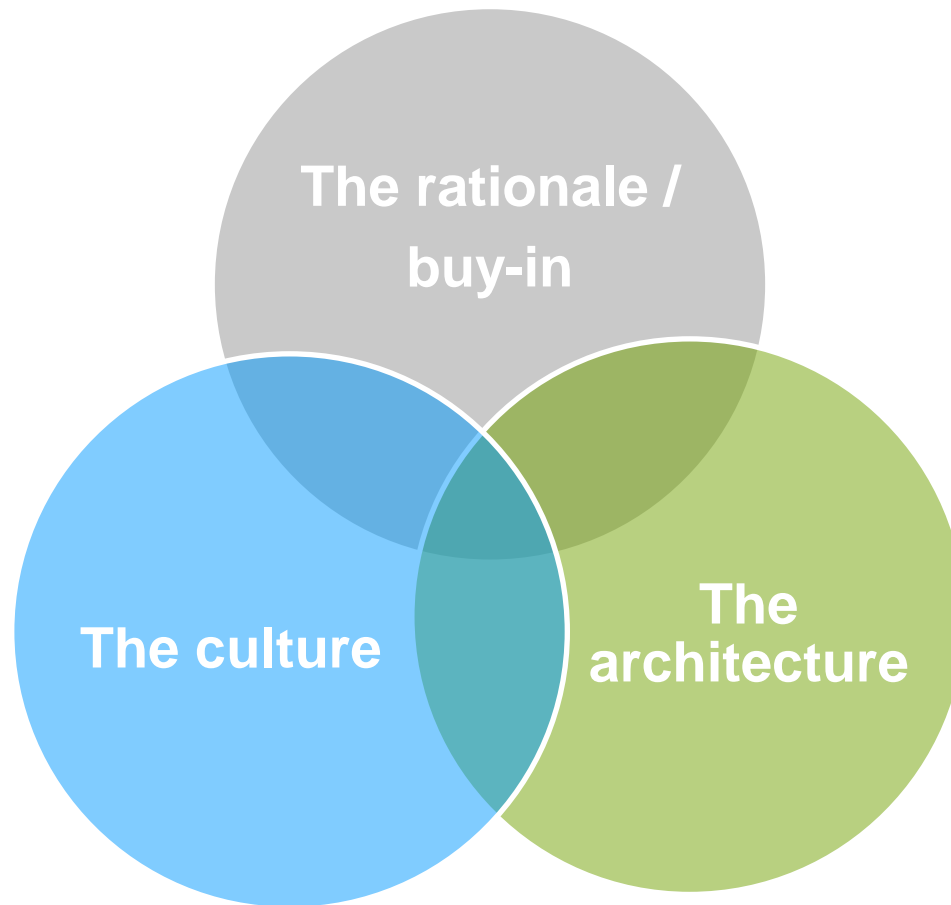
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Residual risk

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Risk capacity and appetite
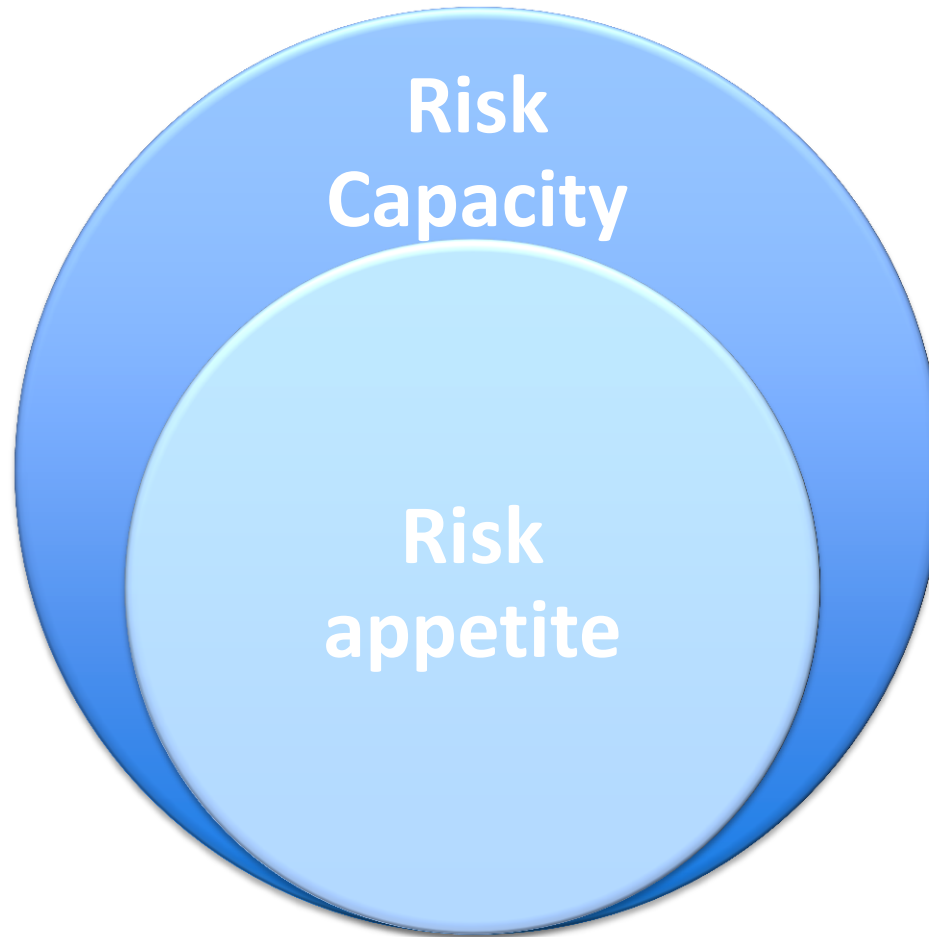
Planning and implementation

- *"There are risks and costs to a program of action. But they are far less than the long range costs and risks of comfortable inaction" – John F Kennedy*

- The 4 T's:
  - Tolerating
  - Treating
  - Transferring
  - Terminating

Working to make it happen

The rationale / buy-in

The culture

The architecture

Benefits and Buy-in

- Delivery of the strategic plan and seizing opportunities

- Internal and external assurance: Local Authorities lenders , funders.

- Efficiency

- Value for money

The architecture

- User friendly/ assessable

- Easy to update

- Non technical language

- Good reporting mechanisms

- Enables interlinkages and

  'golden Strategic thread'

The culture

- Leadership

- Risk management valued

- Focus on training, induction and support

- Time for environment scanning, networking.

How we do this in practice

Live demo by Simon.

- The risk register showing causes and controls

- Controls assurance

- The suite of reports