

## Back to Basics Terminology & Acronyms of Risk Management

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# Terminology & Acronyms of Risk Management

JCAD



## ORM

**Operational Risk Management – concerned with inadequate or failed internal processes, people, systems or from external events**

## ERM

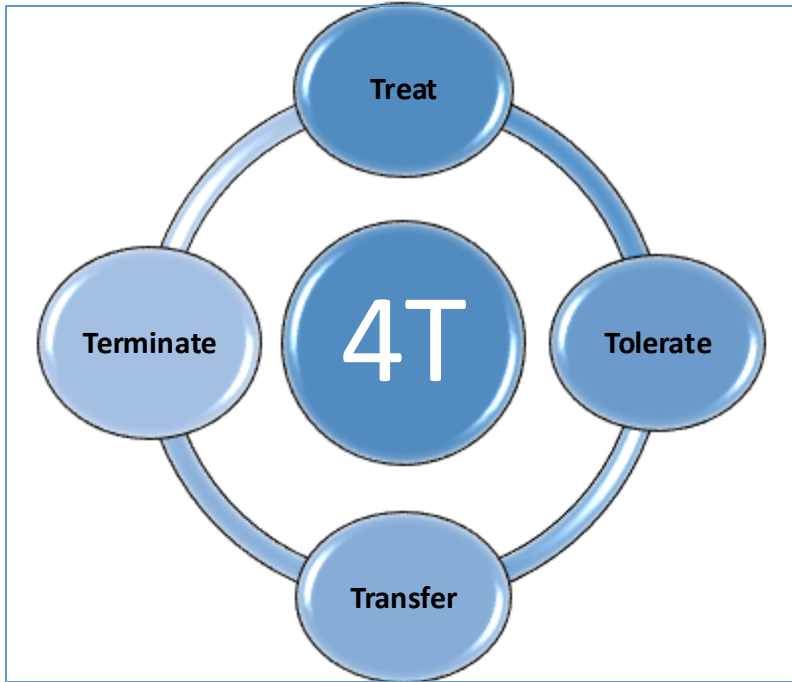
**Holistic approach to risk manager – Enterprise Risk Management – co-ordinated approach to assessing and responding to risks that affect the organisation’s strategic objectives**

## FIRM

**The FIRM Scorecard is a classification system – Financial, Infrastructure, Reputation and Marketplace (or Services)**

P – Political  
E – Economic  
S – Sociological  
T – Technological  
L – Legal  
E – Environmental

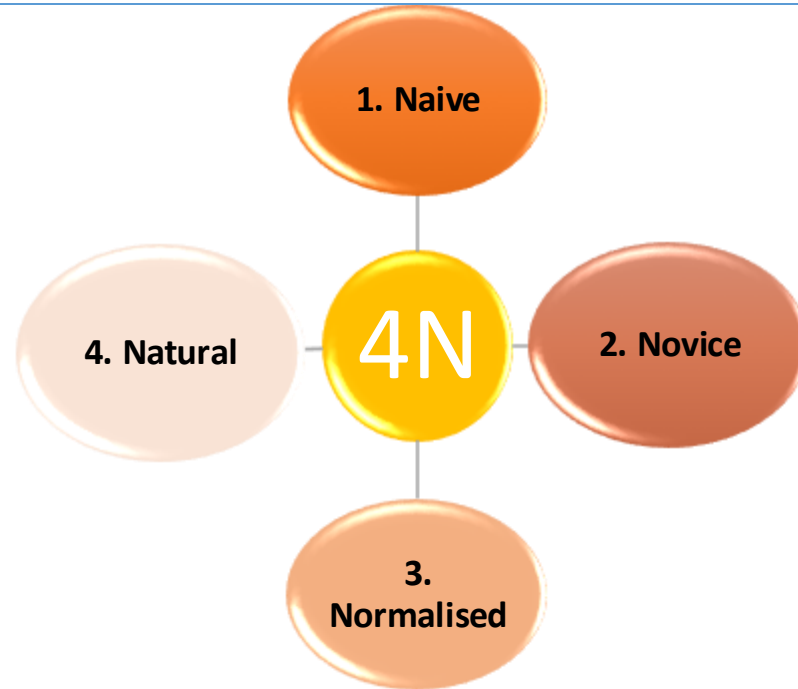
P – Political  
E – Economic  
R – Reputational  
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E – Environmental  
E - Ethical



**RISK**



**OPPORTUNITY**



## Uncontrolled

**Level of risk before any control activities are applied (also – Inherent, Initial, Gross or Absolute Risk)**

## Current

**Level of risk that currently exists, taking into account the controls that are already in place (also known as Net or Managed Risk)**

## Controlled

**This level is when all your future mitigations and actions have been completed, so where you're trying to get to (also known as Target or Future Risk)**

# Know Your Numbers - the 7 x Rs of Risk Management JCAD





# How PACED is your Risk Management?

## **P**ROPORTIONATE

To the level of risk  
faced by the  
organisation

## **A**LIGNED

With other business  
activities

## **C**OMPREHENSIVE

Risk management  
framework should be  
systemic and structural

## **E**MBEDDED

Within business  
procedures and other  
protocols

## **D**YNAMIC

Be responsive to  
emerging and  
changing risks



**P**LAN

Allows organisations to adapt quickly to changing circumstances and adjust risk management strategies accordingly

**I**MPLEMENT

**M**EASURE

**L**EARN

PLAN – DO – CHECK – ACT

**R**

**R**isk **A**rchitecture – The structure, terms of reference, roles & responsibilities, reporting requirements and assurance arrangements. Focuses on who does what within the organisation around Risk Management

**A**

**S**

**S**trategy refers to the arrangements for embedding risk management, so risk attitude and appetite, specific risk policies, risk identification and risk assessment techniques

**P**

**P**rotocol refers to the tools and techniques for risk identification, classifications, assessment procedures and how you respond to incidents, record keeping, training and audit procedures

**M**andatory – making sure  
all obligations are met

**A**ssurance that significant  
risks are being managed.

**MADE**

**D**ecisions, ensuring that  
risk-based information is  
available for good decision-  
making

**E**ffective and **E**fficient  
core processes

## Appetite

The amount of risk you are prepared to take in order to meet your objectives

## Tolerance

The boundaries of risk taking. Absolute limit of Risk Appetite.

## Threshold

The limit beyond which you will/cannot go

A company wants to take part in a tender. the total project cost is £1m. This is their **Appetite**.

The company decide that their bids will not go over an extra 10%. This is their **Tolerance** level.

The risk (tender) **Threshold** would therefore be £1,100,000. This is the limit beyond which the company will not go in order to win the tender.

# Do you like LILAC?

**Leadership**

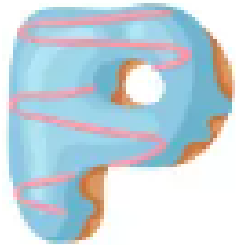
**Learning**

**Communication**

**Involvement**

**Accountability**





## Preventative

e.g. Segregation of Duties /  
Authorisation of Transactions

## Corrective

e.g. Training procedures,  
continuous improvement processes

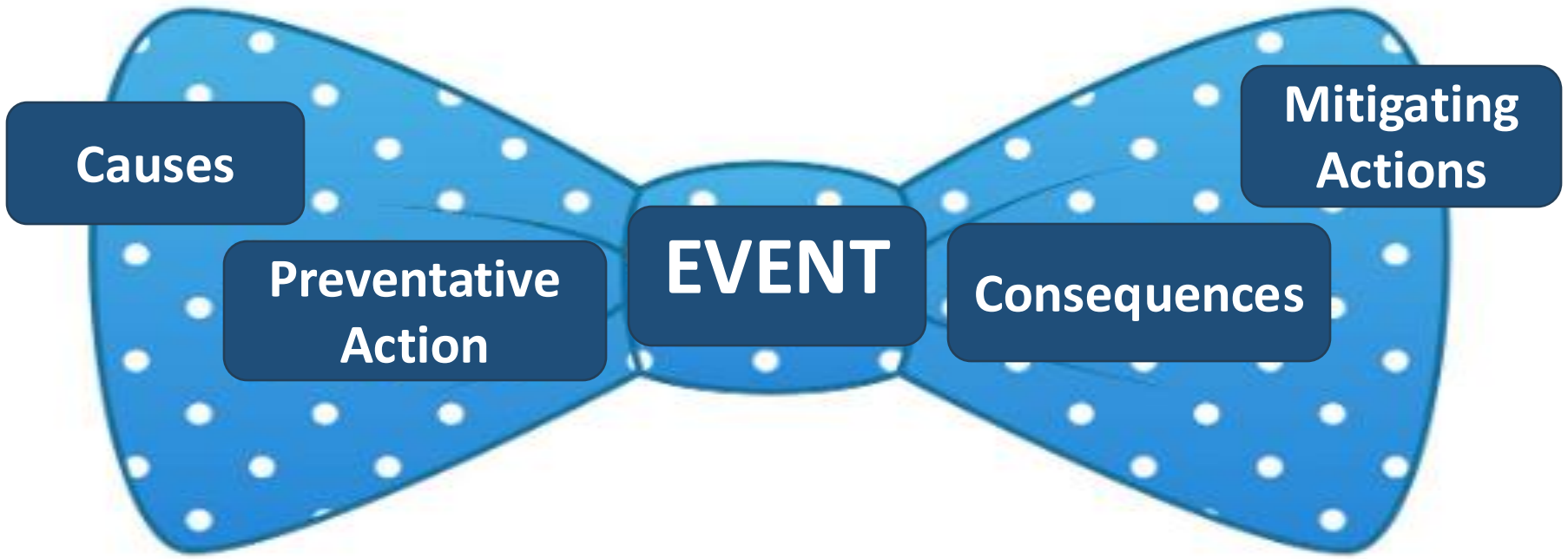
## Directive

e.g. Cross-departmental processes such as  
Standard Operating Procedures or Fire Evacuation processes

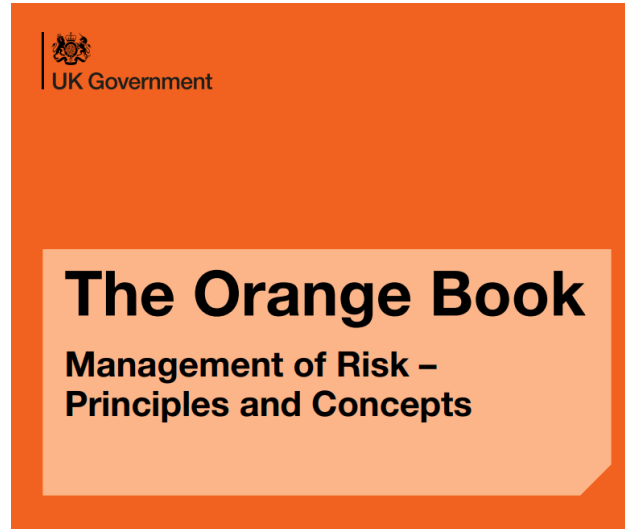
## Detective

e.g. Auditing processes or  
Exception Reporting









## JCAD CORE RISK MANAGEMENT INFORMATION SYSTEM

Would you like a demo of our user-friendly and customisable Core system, Our demos take just 30-40 minutes over Teams or, if you prefer, we can arrange to attend your offices.

We are also now offering consultancy services to help you reinvigorate your risk management processes and help you get the very best out of your JCAD CORE system

Package	Price	Plus Expenses	Key Features
BRONZE	£2500	plus expenses	One day on-site visit to scope out what is required Teams consultancy then on Report with Recommendations <b>ORDER</b>
SILVER	£3000	plus expenses	One day on-site visit to scope out what is required 1-2 further days on site consultancy Report with Recommendations
GOLD	£3500	plus expenses	One day on-site visit to scope out what is required 2-3 further days on site consultancy/training Administrator training Risk Champion Training Report with Recommendations/ Powerpoint presentation

## Thank you for attending today

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