



SAND2018-14070C

# Risk Management Training



## Contractor Assurance

Center 9200

PRESENTED BY

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# Welcome & Introductions

- Name
- Organization
- Why you are here

# Agenda



## What we will cover today

- Overview of the Labs' new *Identify and Manage Risks and Opportunities* Process



- Walkthrough of the risk module in Sage
  - Creating a New Risk Record
  - Developing a Risk Treatment Plan
  - Reports and Dashboards

# Timeline

**Sept 10,  
2018**

Soft  
launch  
training  
begins

**Oct 2018-  
March 2019**

Assessments  
module  
build-out &  
training  
continues

**Sept 30,  
2018**

Soft launch  
Risk &  
Issues  
modules

**April 1, 2019**

Sage launch  
(AIS turned off)

- Active AIS records moved
- Historical records moved to archival solution

# What's the difference?

## Risk vs Issue

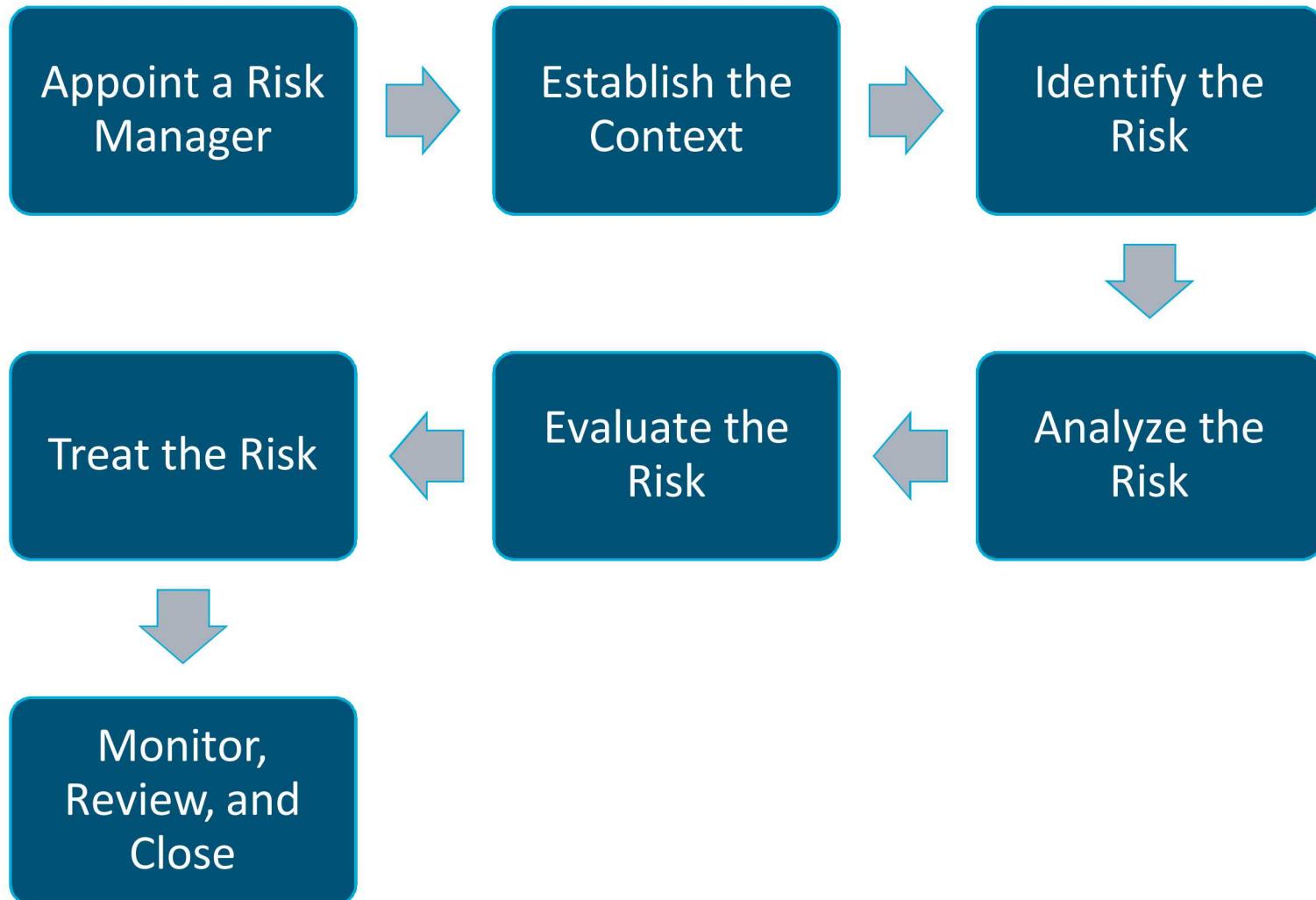
### Risk

- Events or conditions that MAY occur
- Responses are planned
- May have a negative impact
- Risks become issues if they occur

### Issue

- Event or condition that IS occurring
- Not predicted
- Always has negative impacts
- Must be addressed and corrected

# Risk Management Process



# Begin Risk Management Process

## Appoint a Risk Manager

- Oversees the overall risk implementation
- Has authority
- Identifies the risk owner or treatment plan owners
- Understands the process
- Identifies stakeholders

# Establishing the Context



Understand factors in the environment that could impact the achievement of business/mission objectives.

# 9 Context Examples

## External Environment



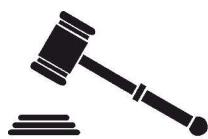
Climate



Economy



Political



Legal

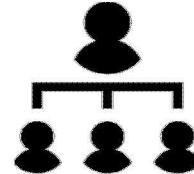


Regulatory

## Internal Environment



Organizational Culture



Organizational Structure



Policies and Processes



Resources



Project Requirements

# Identifying the Risk



- Brainstorming
- Review lessons learned
- Change in customer requirements
- Review audits and assessments
- Meetings with the Sandia Field Office or Senior Leadership Team
- Review previous issues

# Analyze the Risk



- Identify whether the risk is systemic (occurring across several organizations)
- Determine the ***likelihood*** of the risk occurring
  - Scale of 1 (very low) to 5 (very high)
- Determine the ***consequence*** of the risk, should it occur
  - Scale of 1 (very low) to 5 (very high)

# Likelihood Descriptors

Rating	Description	Likelihood of Occurrence
1	<b>Very Low</b> 1%-20%	Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will.
2	<b>Low</b> 21%-40%	Not expected, but there's a slight possibility it may occur at some time.
3	<b>Moderate</b> 41%-60%	The event might occur at some time.
4	<b>High</b> 61%-80%	There is a strong possibility the event will occur.
5	<b>Very High</b> 81%-100%	Very likely. The event is expected to occur.

# Consequence Descriptors, “Very Low” example

Range from 1=very low to 5=very high

Rating	Level	Schedule	Cost	Environment Safety & Health	Mission Impact	Reputation & Image	Security	Strategy
1	Very Low	1-2 weeks or 3% total schedule delay to the critical path or near critical path.	Unallowable costs <\$5K or % of budget cost impact < 3.5%	Virtually no inherent ability to result in injury, illness; use no chemicals or materials; minimum ergonomic exposure; and/or do not involve travel.	Negligible degradation in performance, requirements can be met. Redesign will not be required.  Suitable facilities and equipment exist and are in use.  Critical systems unavailable for less than one hour.	Limited public awareness that's easily resolved.	Minimal or no potential for security-related impacts or occurrences.	Negligible impact to achieving strategic results which can be resolved as part of day-to-day management activities.



## Initial Risk

- Status *before* anything is done

## Residual Risk

- Prediction of the status *after* the actions to address the risk are complete

# Evaluate the Risk



- Review the risk matrix generated by the tool
- Prioritize risks

Qualitative Risk Analysis Matrix						
Likelihood	Very High (5)	Low 5	Moderate 10	High 15	High 20	High 25
	High (4)	Low 4	Moderate 8	Moderate 12	High 16	High 20
	Moderate (3)	Low 3	Low 6	Moderate 9	Moderate 12	High 15
	Low (2)	Low 2	Low 4	Low 6	Moderate 8	Moderate 10
	Very Low (1)	Low 1	Low 2	Low 3	Low 4	Moderate 5
	Very Low (1)	Low (2)	Moderate (3)	High (4)	Very High (5)	
	Consequence					

# Treat the Risk



## Risk Treatment Options

### Avoid

- The risk by not starting or by ending the activity if the risks outweigh the benefits of the activity.

### Mitigate

- The risk by identifying ways to reduce its likelihood or consequences.

### Accept

- The risk without treatment. In this instance, the risk should be monitored.

### Transfer

- The responsibility to another party that is in the best position to address the risk.



### Risk Treatment Plan

#### Risk A

- 1.
- 2.
- 3.

# Monitor, Review & Close a Risk



## Monitor and Review

- Review overall risks
- Status on reach risk or treatment

## Close a risk *with* monitoring

- Risk level has been reduced to a very low level
- Need to reevaluate the risk if conditions have changed

## Close a risk *without* monitoring

- Risk has been eliminated
- Condition no longer exists
- Risk has become an issue

# Risk Process Workflow



Discussions take place outside Sage

General Information  
(Sage)

Evaluation & Analysis  
(Sage)

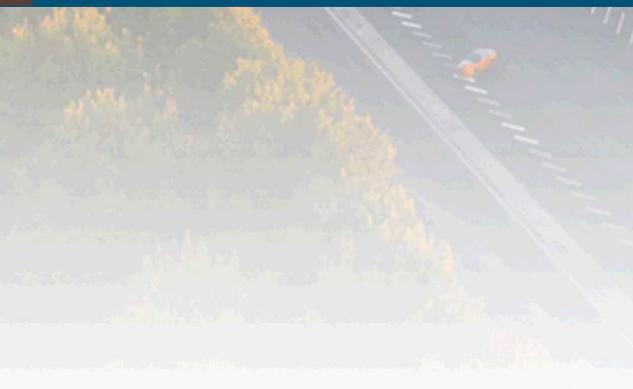
Response &  
Treatment  
Plans  
(Sage)

Monitor  
& Review  
(Sage)

Communication with Stakeholders



# Risk Demonstration



# Resources

- New process can now be found in LPS

Please complete the feedback form!

Questions on Risk Process & Tool?

Contact **Nicole Elzy, Risk SME**

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