

# ICBS Re-engineering Project

## Risk Management Plan



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## **Introduction**

Project risks are events that may occur that will adversely impact the project's success by delaying implementation, increasing costs and compromising the quality or scope of deliverables.

"Risk" implies an uncertainty as to whether the event "may" occur or not. Project managers worry about risk events because of the uncertainty inherent in the risks and the adverse impacts these risk events may have on the project's success.

Risk management is a combination of risk assessment and risk control. Risk assessment includes identification, analysis and prioritization. Risk control includes identifying actions that can reduce the probability of occurrence of the risk event, implementing the mitigation actions for the most severe events, and then monitoring the situation.

Managing the risk can reduce the probability that the risk event may occur or reduce the impact on the project should the event actually occur. The severity of a risk event is the probability that the risk event will occur multiplied by the impact. Risk events are prioritized by severity.

It is not possible to mitigate all possible project risks. The theoretical effort that should be expended to mitigate a risk should not exceed the severity. The most severe risks (probability of occurrence X impact) will be mitigated. In addition, moderately severe risks that can be mitigated with little effort will also be addressed.

Risk management is not a single task but an ongoing process of identification, analysis, prioritization, mitigation and monitoring.

## **Purpose of this Plan**

The purpose of this risk management plan is to provide insurance that the project will be completed on time, on budget and deliver the expected products.

## **Risk Identification**

The Office of Management and Budget (OMB) consider all federal agency Information Technology (IT) projects "IT Investments." OMB requires that all IT project managers eliminate, mitigate or manage identified risks. Risk Assessments performed at the initial concept stage and then monitored and controlled throughout the life cycle of the project, and should include risk information from all stakeholders.

All ICBS-R team members have a responsibility of identifying risks to the Project Manager or Core Team. Risks may be identified by individuals from outside the project team (e.g. stakeholders). The more specific the information about the risk, the easier the Core Team can respond to and manage the risk.

## **Risk Areas**

OMB has established a list of risk areas (or categories) that each IT project must, at a minimum, address and manage. ICBS-R project risks will be described in each of these risk areas.

## OMB IT Project Risk Areas

<b>Risk Area</b>	<b>Description</b>
<b>Schedule</b>	Schedule slippage
<b>Initial costs</b>	Cost creep or miscalculation of initial costs
<b>Life-cycle costs</b>	Misestimating life-cycle costs; reliance on small number of vendors with insufficient cost controls
<b>Technical obsolescence</b>	Technology that becomes obsolete before the completion of the life-cycle
<b>Feasibility</b>	Failure of desired technological outcomes; business goals will not be achieved; program effectiveness targeted by project will not be achieved
<b>Reliability of systems</b>	Vulnerability or integrity of systems
<b>Dependencies and interoperability between this project and others</b>	Interoperable systems will not achieve desired outcomes; increased vulnerabilities between systems
<b>Surety (asset protection) considerations</b>	Loss/misuse of data or information; technical problems/failures with applications; security/vulnerability of systems
<b>Risk of creating a monopoly for future procurements</b>	Choosing an investment that depends on other technologies or applications that require future procurements to be from a particular vendor or supplier
<b>Capability of agency to manage the investment</b>	Financial investment management; poor operational or technical controls; business goals will not be achieved; program effectiveness targeted by project will not be achieved
<b>Overall risk of project failure</b>	Project/investment will not result in the desired outcomes
<b>Organizational and Change Management</b>	Organizational-, agency- or government-wide cultural resistance to change and standardization; bypassing of new systems and processes because of organizational structure and culture; inadequate training planning
<b>Business</b>	Business goals; proposed alternative fails to result in process efficiencies and streamlining
<b>Data/Info</b>	Loss/misuse of data or information
<b>Technology</b>	Immaturity of commercially available technology and reliance on small number of vendors;
<b>Strategic</b>	Proposed alternative fails to make contributions to government-wide goals (i.e. President's Management Agenda, e-Gov initiative goals)
<b>Security</b>	Security/vulnerability of systems, web sites, information and networks; intrusions and connectivity to other vulnerable systems;

Risk Area	Description
	criminal/fraudulent misuse of information
<b>Privacy</b>	Vulnerability of information collected on individuals; Vulnerability of proprietary information on businesses
<b>Project Resources</b>	Cost creep; miscalculation of life-cycle costs; reliance on small number of vendors; poor acquisition planning

Source: OMB Circular A-11

### **Risk Assessment**

As a general team operating procedure, the ICBS-R Core Team will evaluate all identified project risks and will assess each risk's severity at each core team meeting. At a minimum, this will be done quarterly. The Project Manager maintains ownership of the Project Risk Assessment Matrix and is responsible for keeping it current. This ICBS-R Risk Management Plan will be posted on a public website. The Project Risk Assessment Matrix, however, is considered internal project information and will be available only for project team use.

Risk severity is defined as follows:

The probability of the risk event occurring will be estimated from 0 (will never occur) to 1.0 (will occur with certainty).

The impact on the project will be estimated on a scale from 1-10 (1= little impact, 10=devastating impact).

The expected severity of the risk event will be derived by multiplying the probability by the impact.

The project risk list (matrix) will be sorted by severity, with the most severe risks becoming candidates for active management.

### **Risk Management**

There are four basic strategies for managing an identified risk:

1. Mitigate
2. Transfer
3. Avoid
4. Accept
  - o Passive Acceptance
  - o Active Acceptance = Contingencies

The most severe risks will be managed by identifying an action or actions that will reduce the probability of occurrence or reduce the expected impact.

The set of actions to manage the most severe risks will comprise the “Risk Response Strategy” and will be documented in the Project Risk Assessment Matrix. The actions themselves will ordinarily be added to the project plan so that accomplishment can be tracked.

Costs to manage risks are generally included in the life cycle costs for the project. Extraordinary risk management costs will be identified individually.

### **Monitoring & Maintenance of the Risk Management Plan**

The Top 10 Risks will be reported quarterly to the project sponsors along with the quarterly progress report and will also be posted on the project web site. New risks will be added to the risk list (matrix) as they surface. Risks that are effectively mitigated will be identified. Risk events that actually occur will also be identified as issues.

## **Appendix A – ICBS Re-engineering Project Risk Assessment Matrix**