

LO#06: Explain Risk Management Concepts and Frameworks

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Risk Management



- Risk management is the process of reducing and maintaining risk at an **acceptable level** by means of a well-defined and actively employed security program
- Involves identifying, assessing, and responding to risks by implementing controls to help the organization manage potential effects
- Has a **prominent** place throughout the system's security life-cycle



Risk Management Benefits

- Focuses on potential risk impact areas
- Addresses Risks according to the Risk level
- Improves the risk handling process
- Allows security officers to act effectively in adverse situations
- Enables the effective use of risk handling resources
- Minimizes the effect of risk on the organization's revenue
- Identifies suitable controls for security

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Risk Management Framework: Enterprise Risk Management Framework (ERM)



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Goals of the ERM Framework



1. Integrate the enterprise risk management with the **organization's performance management**
2. Communicate the **benefits** of risk management
3. Define the **roles and responsibilities** for managing risk in the organization
4. Standardize the **risk reporting** and escalating process
5. Set a **standard approach** to manage risks in the organization
6. Assist resources in **managing risks**
7. Set the scope for and application of **risk management** in the organization
8. Mandate **periodic review and verification** for improvement to the ERM

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