

DIPLOMA IN LAW ENFORCEMENT

DLE 2163: SECURITY RISK MANAGEMENT

Chapter 3

Key Terms & Definitions



LEARNING OUTCOMES

Upon completion of the syllabus topics, students should be able to:

1. Identify the importance of risk management.
2. Demonstrate comprehension of various aspects of risk management.
3. Apply risk management techniques to risk management issues.
4. Demonstrate risk management skills in work.

TOPIC 3

Key Terms and Definitions

Key terms in Risk Management

- **Risk Management** - the Process of identifying, assessing and prioritizing organizational risk.
- **Risk** - the potential of gain or losing something that is of value to an organization.
- **Asset** - a resource or information required by an organization to conduct its business.
 - For e.g. inventory and buildings, cash, information, hardware and software, products & services, documents, personnel, brand recognition and organization reputation
- **Threat** - any circumstance or event that may cause harm to an asset.
 - For e.g. natural or man-made disasters, terrorism, errors, malicious attacks, fraud, theft..

Key Terms in Risk Management

- **Vulnerability** - the characteristic of an asset that can be exploited by a threat to cause harm.
- **Control** (countermeasure or safeguard) - a measure to detect, prevent, or mitigate the risk associated with a threat. It describes processes, procedures, or tools for reducing risk to an acceptable level. (e.g. actions, devices, procedures)

Key Terms in Risk Management

- **Impact** - the loss when a threat exploits a vulnerability.
- **Mitigate** - action taken to reduce the likelihood of a threat occurring.
- **Residual risk** - Any risks that remain after implementing controls. Residual risks can be further evaluated to identify where additional controls are required to further reduce risk
- **Risk appetite** - The level risk that an organization is willing to accept while pursuing its objectives.

Key Term in Risk Management

- **Risk assessment / analysis (RA)** - the process of analyzing an environment to identify the threats, vulnerabilities, and mitigating actions to determine the impact of an event on a project, program, or business.
- **Risk Treatment / Mitigation** – the process of prioritizing, implementing & maintaining appropriate risk reducing measures (recommended from RA)

Key Term in Risk Management

- **Qualitative risk assessment** - the process of subjectively determining the impact of an event that affects a project, program, or business.
- **Quantitative risk assessment** - the process of objectively determining the impact of an event that affects a project, program, or business.

Key Term in Risk Management

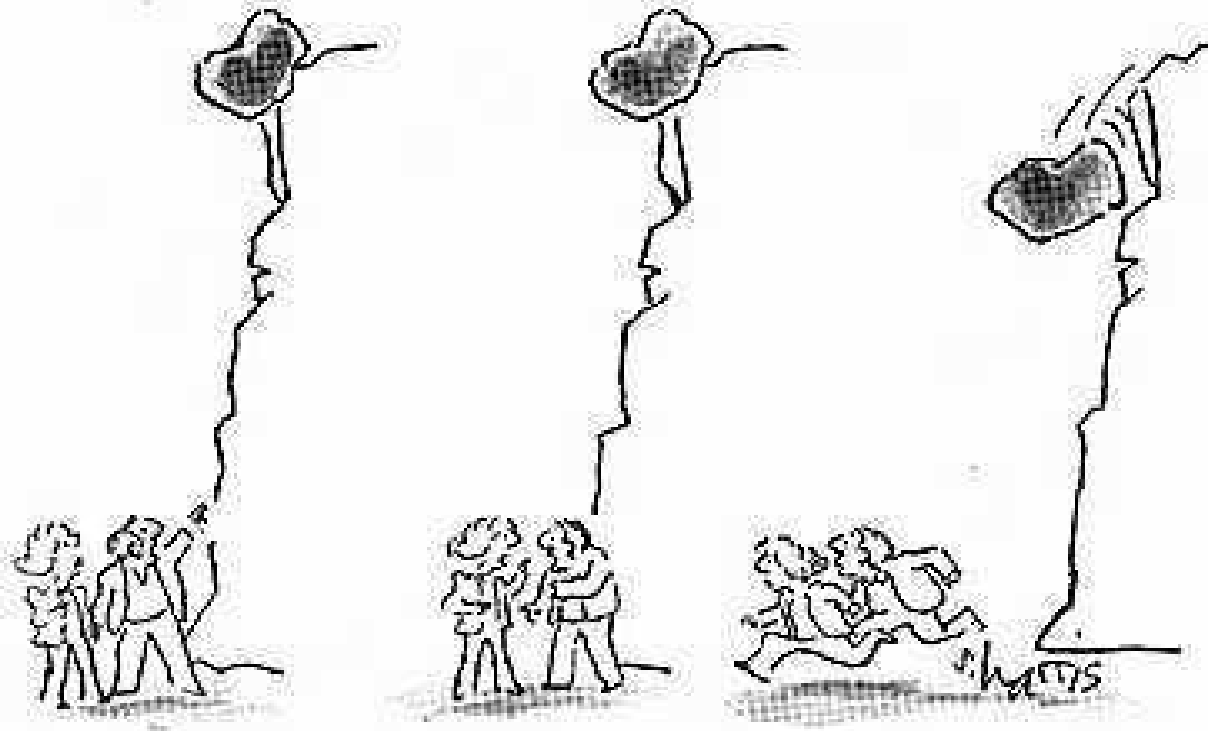
- **Compliance** - Obligations to external authorities and information security reviews.
- **Tangible assets** - Assets that have physical presence and identifiable value.
- **Intangible assets** - Assets that are not physical but still represent a value to the organization's image, its operations and the ability to compete in the market.
- **Exposure factor** - A potential percent of loss to a specific assets if a particular threat is realized.
- **Risk Exposure** - A quantifiable loss potential.

What is Risk Management?

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ASSESSMENT

RISK
MANAGEMENT



Risk
Perception

Risk
Assessment

Risk
Management

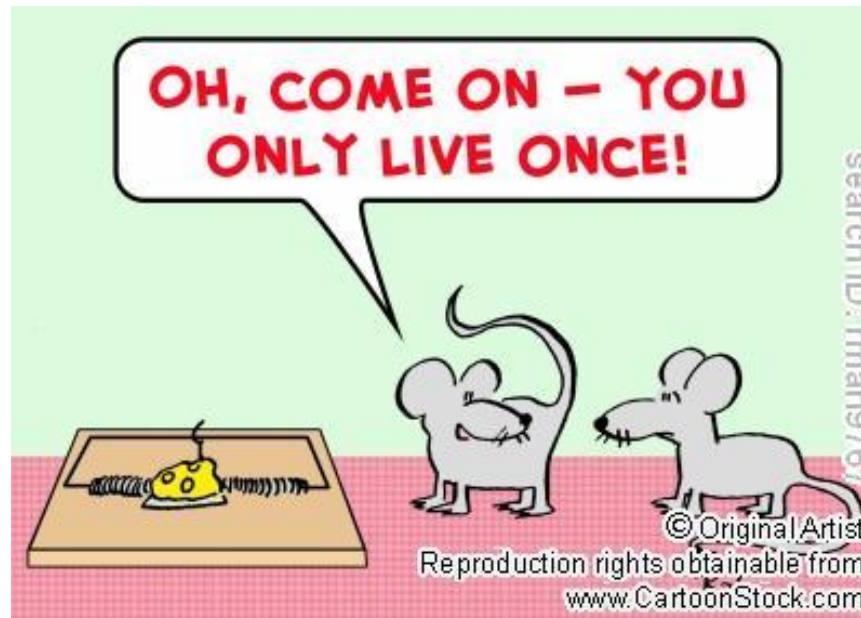
What is Risk?



Risk Management? No, never heard of it. Can you pass me that wrench.

Definitions of Risk

- Risk is the possibility of losing something of value. Values (such as physical health, social status, emotional well-being, or financial wealth) can be gained or lost when taking risk resulting from a given action or inaction, foreseen or unforeseen (planned or not planned).



Definitions of Risk...cont.

- Risk can also be defined as the intentional interaction with **uncertainty**.
- Uncertainty is a potential, unpredictable, and uncontrollable outcome; risk is a consequence of action taken in spite of uncertainty.



Definitions of Risk...cont.

- Therefore, risk is “the possibility that something unpleasant will happen” or “a situation which puts a person in danger”.



Security Risk Management

- Security risk management involves protection of assets from harm caused by deliberate acts.
- A security risk is any event that could result in the compromise of organizational assets.
- For example: the unauthorized use, loss, damage, disclosure or modification of organizational assets for the profit of personal interest or groups and includes the risk of harm to people.

Security Risk Management...cont.

- Compromise of organizational assets may adversely affect the company, its business units and their clients.
- As such, consideration of security risk is a vital component of risk management.

Overview of Risk Management



Overview of Risk Management

- Risk management can be described as a decision-making process.
- Effective risk management avoids costly oversights and unexpected problems.
- Industry best practices state that effective risk management involves treating it as an ongoing process.

Overview of Risk Management

- Risk management is an essential element of management.
- It encompasses all the actions to:
 - Reduce complexity.
 - Increase objectivity.
 - Identify important decision factors.



Overview of Risk Management

- Businesses need to take risks to retain their competitive edge.
- As a result, risk management must be done as part of managing any project.
- To succeed, one needs to manage risks better.
- Risk management is both a skill and a task.
- Depending on the size of the project and the amount of risk involved, risk management can be simple or complex.

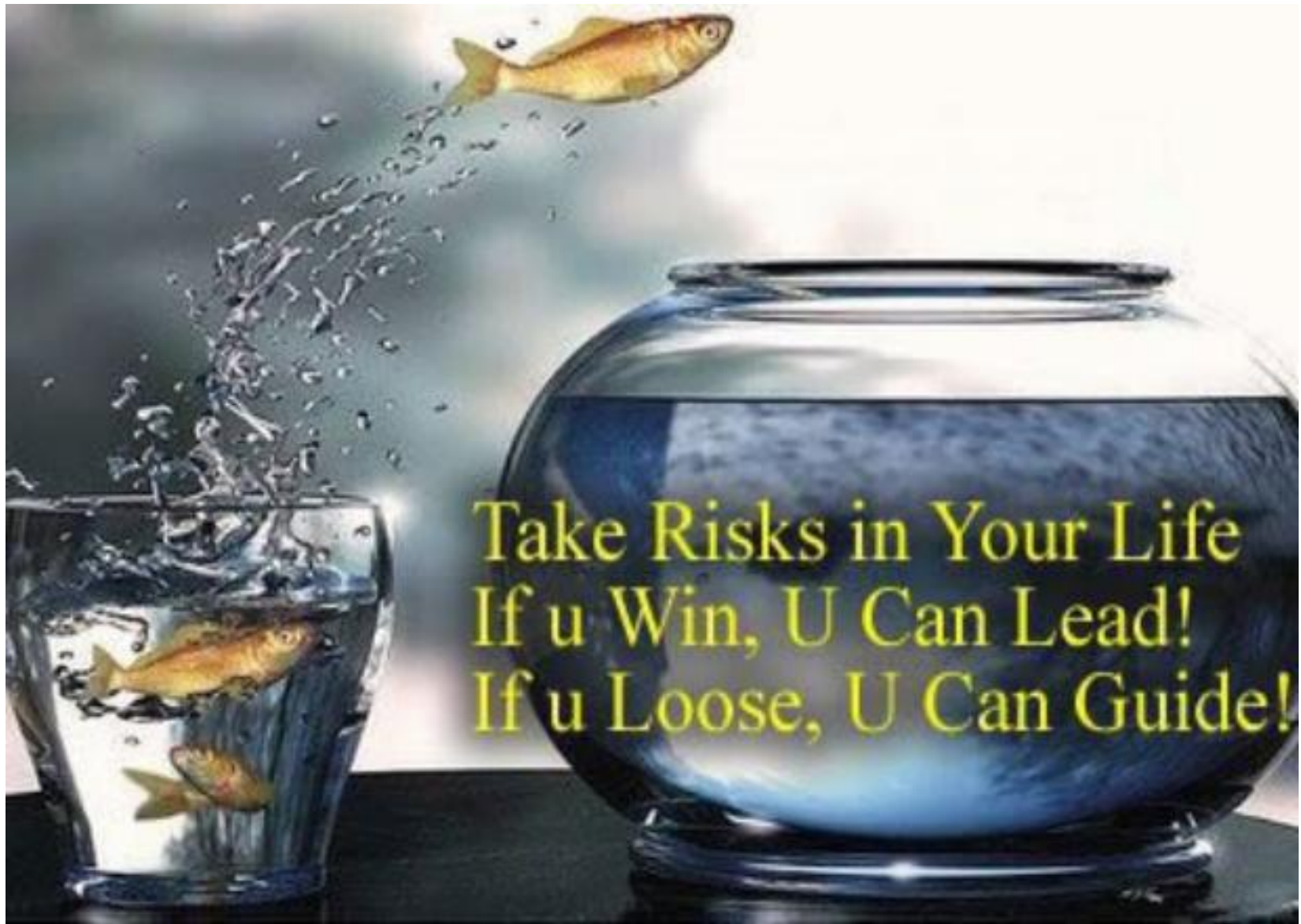
Describing a Risk

- It is not only important to understand the definition of risk, but it is equally important to know how best to describe risk.
- A badly described risk can result in false assumptions being made about the risk and, at worst, result in the wrong actions being taken to control the risk which turn out to be completely ineffective.

Describing a Risk...cont.

- Risk is essentially made up of three components, these being:
 1. Threats or Opportunities
 2. Risk Events
 3. Risk Impacts





Take Risks in Your Life
If u Win, U Can Lead!
If u Loose, U Can Guide!