

Everyone's Smart University

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Introduction

There are many sources of risk in the project of technical, financial, and many others. Identify Risks believes both individual project risks and sources of overall project risk. Though in initiating Financial department project, the members in risk classification activities include the following: project manager, project team members, and the project manager and the team consult a project risk specialist and professionals from outside.

Project manager also discuss the risk with end users, other project managers, operations managers, and risk management experts within the organization. Participating in risk identification, develop and maintain a sense of ownership, responsibility for project risks, the level of overall project risk, and associated risk response actions.

Brain Storming

The Project manager and the team hold a meeting to identify the overall risks with financial experts, certified accountants, treasury managers and financial controllers who get ACCA and CPA certificates.

Meeting starting with brainstorming and trying to generalize sources of risks, and after a while getting constructed and categorized risks. Project manager conclude an RBS Risk Break Down potential sources of risk to categories and help identifying risk:

Resources of Risk Project:

1. Technical Risk
 - 1.1. System Design
 - 1.2. System Compatibility with other systems, CRM, PMIS
 - 1.3. Servers, system failure and backup
 - 1.4. IT Security
2. Management Risk
 - 2.1. Funding & Budget
 - 2.2. Financial Standards
 - 2.3. Managerial authorities and delegation
 - 2.4. Work Process
 - 2.5. Coordination within Organizations
 - 2.6. Human Resource diversity
 - 2.7. Segregation between financial sectors
3. Commercial Risk
 - 3.1. Contracts and subcontracts
 - 3.2. Company client stability
4. External Risk
 - 4.1. National & international Financial Legislations
 - 4.2. Environment & weather and community insurance
 - 4.3. Exchange rates
 - 4.4. Competitive Vendors Pricing

Probability and Impact Matrix:

Then project manager and the team figure out the risks from risk register and build a probability and impact matrix to configure which is highly/medium/low risks and Prioritizing.

Probability \ Impact			
	(LOW) 0.3	(Medium)0.5	(High)0.8
low			
Medium			
high			

Risk identification:

Project manager and the team after the risk brainstorm meeting, identify and distilled list of risks to make a risk probability/impact matrix.

Risk no. 1: Fund Availability:

Whether the company could fund the department for a year with its affiliated facilities, what is the probabilities and the impact upon the performance. And rated as Medium Probability and High Impact.

Risk no. 2: System and Financial software.

Committee identify the financial software system as one of the highest risks, and the capability of the system, backups, servers. And its sustainability, availability, and reliability. Also, accessibility. Though the project manager and the team rated as High probability and high impact.

Risk no. 3: New employee's compatibility to the organization policies and culture.

For this risk has been negotiated for how far the new employees will get adapted with each other's and with the systems. Moreover, adaptability with the software organizational culture and with the company business model. And rated as low probability and low impact.

Risk no. 4: Handling and migration of old data to the new financial department.

Project managers negotiate in risk meeting with experts the risk of handling old finance and accounting paperwork by the new employees, time, cost, and risk of mis posting errors and so. And this rated as medium probability and medium impact.

No	Risk	PI
R1	Fund unavailability	MH
R2	System and Financial software Incompatibility	HH
R3	Compatibility to the Organization policies and	LL
R4	Migration Old data to the New	MM

Risk Analysis

Project manager, team, and risk officer analyze information about sources of individual and overall project risks, and how it affects scope, schedule, quality of work, cost, and others.

1. Fund Unavailability:

- 1.1. Schedule: This risk may delay project schedule, and eventually cause project slippage. And not getting the deliverables at project end date, and handover of work to the new financial department.
- 1.2. Cost: baseline will be affected by reducing or eliminating fund.
- 1.3. Quality: Also, funding unavailability raise the risk of project quality, and cause hiring low quality human resources, un expert or unqualified. Also, technical resources will be affected software and hardware and then financial services performance would be risk exposed.

2. Incompatibility of System and Financial software:

- 2.1. Quality: of the project would be exposed to the risk by the incompatibility of the technical and financial software, if its compromised or not meeting the specifications which defined in the project plan. And this will affect project deliverables, and the employee and project performance.

3. Compatibility of employee to the Organization policies:

- 3.1. Schedule: Human Resources who do not understand corporate policies cause project reworking and shift schedule.
- 3.2. Quality: Incompatibility to corporate policy will cause low quality performance.

4. Migration Old data to the New:

- 4.1. **Schedule:** This risk will change project schedule, and other processes will depend on it. Then it affects the schedule baseline.
- 4.2. **Cost:** Incorrect change methodology will threat accuracy and cause cost overruns.

Indicators and triggers

Continuous monitoring of the risk all over project processes will lead to better managing of project risk. Then whenever risk triggers or indicator rise the project manager and team could early tackle it to choose the best risk response strategies to it.

1. Fund Unavailability

- 1.1. Trigger:** If the dedicated liquidity in bank account reach 70%, this considered as a trigger.
- 1.2. Risk Response Strategies:** As a Strategies for threats, project manager should escalate the risk issue to the CEO as a project sponsor.

2. Incompatibility of System and Financial software

- 2.1. Trigger:** If the probability of errors impacted more than 5 reported major complains or fall from the users within 48 hours, this considered as a trigger.
- 2.2. Risk Response Strategies:** Early **mitigation** action is often more effective than trying to repair the damage after the threat has occurred. Adopting fewer complex processes, conducting more tests, or choosing a more stable seller are examples of mitigation actions. Mitigation may involve prototype development to reduce the risk of scaling up from a bench-scale model of a process or product.

3. Late of Migration Old data to the New

- 3.1. Trigger:** The risk trigger here will appear if there is a delay or shift of schedule by one week, because of the dependencies and this task relay within the critical path.

1. Compatibility of employee to the Organization policies

1.1. Trigger: If there are reported harsh debates or views conflicts appears frequently. Within each other's or within the organization. And could not be handled kindly. This considered as a risk trigger.

1.2. Risk Response Strategies: Transfer involves shifting ownership of a threat to a third party to manage the risk and to bear the impact if the threat occurs. Risk transfer often involves payment of a risk premium to the party taking on the threat. And this could be a recruitment agency which can manage many arrangements.

EMV – Expected Monetary Value

The Expected Monetary Value for the 4 Risks calculated derived from the Probability and Impact matrix as below:

No	Probability	Impact	EMV
R1	45000	0.8	36,000
R2	80000	0.8	64,000
R3	25000	0.3	7,500
R4	45000	0.5	22,500

References:

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