

Spotlight

Office of Financial Management
Risk Management Division

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Agency Focus

Washington State Investment Board

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As a leader in risk management, the Washington State Investment Board continues to fine-tune its enterprise risk management (ERM) approach—transforming it to meet growth and change. Risk and Compliance Director Beth Vandehey shared successful agency strategies with *Spotlight*.

First, the board eliminated its early risk reporting database. Initially, the database was used to identify agency risks events. “As managers became more skilled at identifying and mitigating risk in their processes, the system eventually became underused,” she said. But this effort was not wasted because using the system gave staff a foundation of risk identification experience that helped advance ERM practices.

The ERM team discovered many of the reported risk events occurred during times when business projects and initiatives were launched. So the board created a business coordination group (BCG), to focus on this area. Using ERM principles, it *proactively* analyzes projects to ensure coordination among work units to involve all parties in planning and implementation. It found this strategy leads to successful change or project completion and improves communication within the agency.

“As managers became more skilled at identifying and mitigating risk, the system eventually became underused.” Beth Vandehey, WSIB Risk and Compliance Director.

The addition of the BCG group also reduced the number of risks the ERM team monitors, leaving room for the team to conduct forward-looking scenario analysis. A scenario analysis in early 2008 focused on several “what ifs”: what if financial markets were to take a significant hit or what if a number of board members turned over. Not long after the analysis, these “what-ifs” materialized. Having done the scenario analysis, the board was much better prepared to effectively manage these changes.

Instead of 46 risks, the board now focuses three business areas, managing the assets, managing the organization and safeguarding reputation, with these risks:

- fiduciary
- market
- operational
- governmental and environmental
- strategic
- reputation

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Public University Among *BI* '2009 Risk Manager of the Year' Winners

The 2009 *Business Insurance* Risk Manager of the Year award goes to Select Staffing Inc. Other contenders and honor roll winners are United Rentals, Inc., Microsoft Corporation and a public entity — Pennsylvania State University.

Penn State’s Risk Manager Gary W. Langsdale discusses the university’s risk management program as part of its five-year strategic plan. Read more about Penn State and the other [winning risk managers’ programs](#). Visit [Penn State’s risk management website](#) for more information .

Washington State Investment Board (continued)

The ERM team steers agency risk discussions into one of these key areas so resources and risk mitigation activities are effectively communicated to executive management.

Root cause analysis principles (introduced by OFM's Risk Management Division) are used in a scaled-down version for quick reviews. Staff members understand that the process is meant to identify breakdowns in business processes, not assign blame.

These changes also align with investment principles of the new Risk Principles for Asset (Investment) Managers guidelines revised in February 2008. With the guidelines, the board determined more in-depth data analysis was needed for market risk. As a result, a quantitative risk analyst position was created to handle information from a new data warehouse that will focus on reports on risks in the market, liquidity, leverage, credit and interest rate.

Board members appreciate the ERM meetings and the value they create. The board continues to use the influence of its good reputation to guide and perfect its ERM approach.

Created in 1982, the Washington State Investment Board has a staff of about 74 employees. Its structure is similar to most investment management organizations, with a board and executive committees providing leadership, and major operating units for investment management, operations and risk control, financial management and administration, and public affairs or client services.

Visit its website at <http://www.sib.wa.gov/>.

PRIMA: Conference and National Meeting Highlights

John Nacht is the risk management administrator for the Employment Security Department. He serves as a board member at the national level of the Public Risk Management Association (PRIMA). Here is his report.



John Nacht, ARM

PRIMA 2009 Dallas Conference

Despite difficult economic conditions, the three-day conference attracted more than 900 public entity risk managers, program sponsors, exhibitors and services companies.

PRIMA Board Meeting

PRIMA continues to expand its training options. The board discussed how to best serve small entity risk managers, especially during hard economic conditions. Board members agreed to continue programs and expand the new webinar series to include 'hot topics.' PRIMA's core risk management educational services now include the following:

- Online programs
- Workshops in various locations
- PRIMA Institute for new risk managers
- The PRIMA Cybrary
- Public Risk Magazine
- Webinar series, including the latest 'hot topic' about complying with Medicaid's new rules

PRIMA 2010 Orlando Conference Planning

I will chair PRIMA's 2010 Conference which will take place June 6-9 in Orlando. The call for papers has been posted and I encourage risk managers to submit presentations for consideration and to attend an excellent educational forum.

For more information, visit www.PRIMACentral.org.

Orange: The Color of Work Zone Safety

The Washington State Department of Transportation Headquarters Building in Olympia and the regional headquarters in Union Gap proudly displayed their orange to highlight work zone safety. (See more of the story at <http://www.yakima-herald.com/stories/2009/04/22/state-dot-remembers-fallen-road-workers>.)



An employee fastens vests to the WSDOT building in Union Gap. Photo by Andy Sawyer, Yakima-Herald Re-

While work zone safety focuses on workers, an overwhelming majority of people injured or killed in work zones are drivers and passengers. Share the following work zone safety tips with family, friends and colleagues.

WORK ZONE SAFETY TIPS



- Slow down, pay attention and stay calm
- Eliminate distractions
- Merge as soon as safely possible
- Try an alternate route
- Expect delays, plan for them and leave early to reach your destination on time
- Observe the posted signs until you see the one that says "end roadwork"

Did You Know?

- Most likely time for a work zone incident: daylight on a clear or cloudy Wednesday in August.
- Workers most at risk: traffic flaggers.
- Top three types of work zone collisions: rear-end collision with another vehicle, striking a fixed object and sideswiping.
- Top two reasons for work zone crashes: speeding and inattentive driving.
- It takes less than a minute more to travel through a two-mile long work zone at 45 mph than at 65 mph.
- At 60 mph., a vehicle travels 88 feet per second. In the 3/4 second it takes to put your foot on the brake, you have traveled 66 feet and will travel another 180-220 feet before the car stops. In other words, if you are speeding, by the time you see a problem, you are probably out of luck!

Courtesy of WSDOT website at <http://wsdot.wa.gov/safety/brake/>



Risk Management Roundtable

CLAIMS

Tip: When filling out the [SF 137 Vehicle Accident /Collision Report](#), select a computer font type and size easily read in an electronic or hard copy version. Small fonts require extra staff time to decipher.

LOSS PREVENTION

The latest Loss Prevention Review Team Report, "Examination of Employee Driver Safety in Washington," is available at <http://www.ofm.wa.gov/rmd/lprt/reports.asp>. Contact drew.zavatsky@ofm.wa.gov or 360-902-9813 with questions.

For copies of presentation materials from the Demographics Risk forum training session held June 1 in Olympia, contact shannon.hatton@ofm.wa.gov.

Reserve a copy of "Mixing Four Generations in the Workplace," the DVD presented at the Demographics Risk forum at <http://www.ofm.wa.gov/rmd/loss/videos.asp>. (Includes a CD with downloadable training materials.)

COMMERCIAL INSURANCE

This July, renewals for the property policy, and coverage for the ferry system and for aviation services, were continued at existing terms and with an overall reduction in premiums. Contact claudia.schmitz@ofm.wa.gov or 360-902-7306 with questions.