

Enterprise Risk Management:

Helpful Communication Tools

FMAC

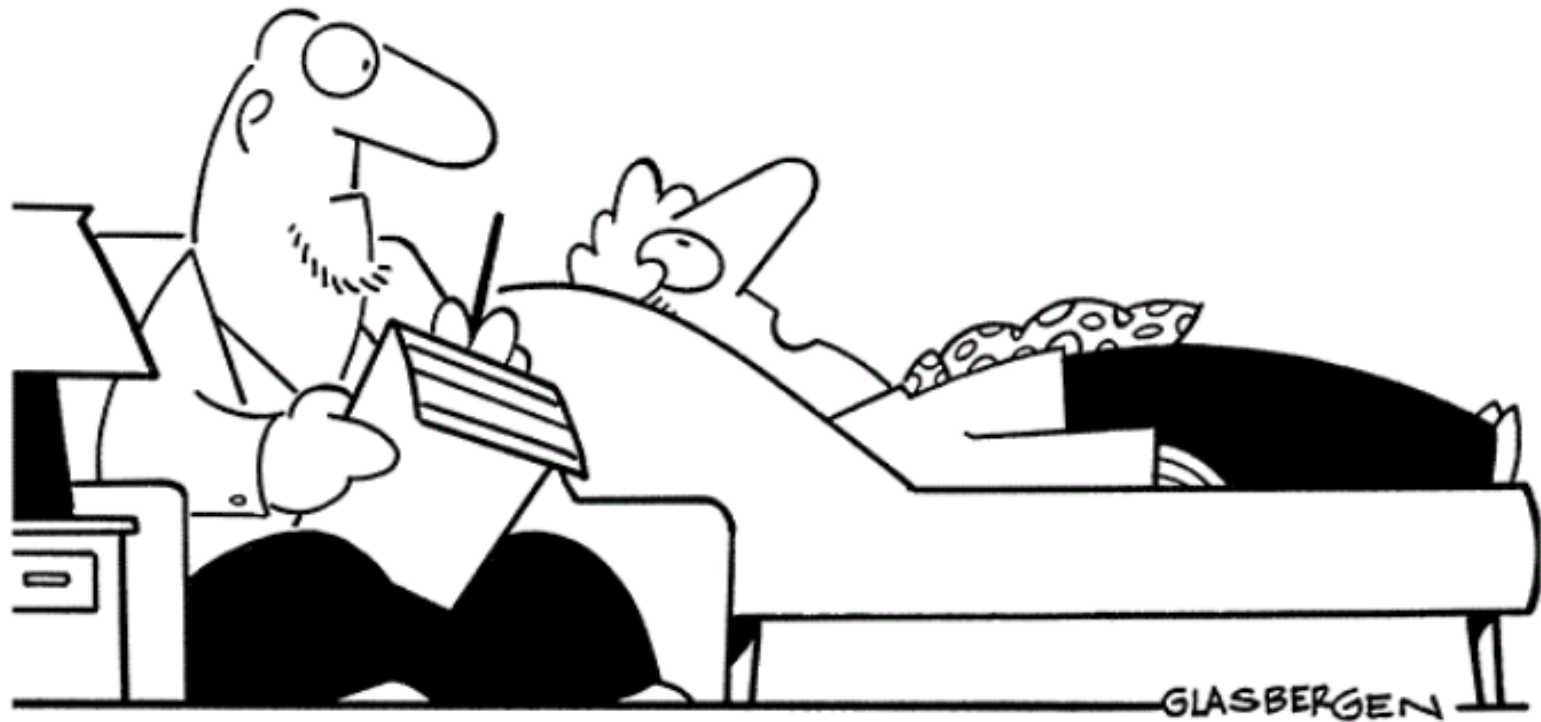
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*The only sure things in life
are death and taxes.
Too bad they aren't
in that order.*



© Randy Glasbergen



**“If I find happiness in my own back yard,
will it increase my property taxes?”**





What is ERM?

“Enterprise Risk Management (“ERM”) is a strategic business discipline that supports the achievement of an organization’s objectives by addressing the full spectrum of its risks and managing the combined impact of those risk as an interrelated risk portfolio”

- *Risk & Insurance Management Society
(RIMS)*

This is ERM too....



Traditional Risk Management

Fragmented –
risk is managed
independently from other
departments

Ad hoc –
risk is managed whenever
the need arises

Narrowly focused –
primarily insurable risk and
financial risks

Enterprise Risk Management

Integrated –
risk management
coordinated with senior
level oversight; its
everyone's job

Continuous –
risk management process
is on-going

Broadly focused –
all business risks and
opportunities considered

Revenue's Approach to ERM

- An integrated approach to *identify, prioritize, evaluate and mitigate* strategic risks
- A tool for allocating agency resources (time and money)
- A framework that promotes efficiency
- A discipline that protects the agency's integrity



RISK FRAMEWORK



RISK FRAMEWORK

- Risk measures
- Formalized monitoring

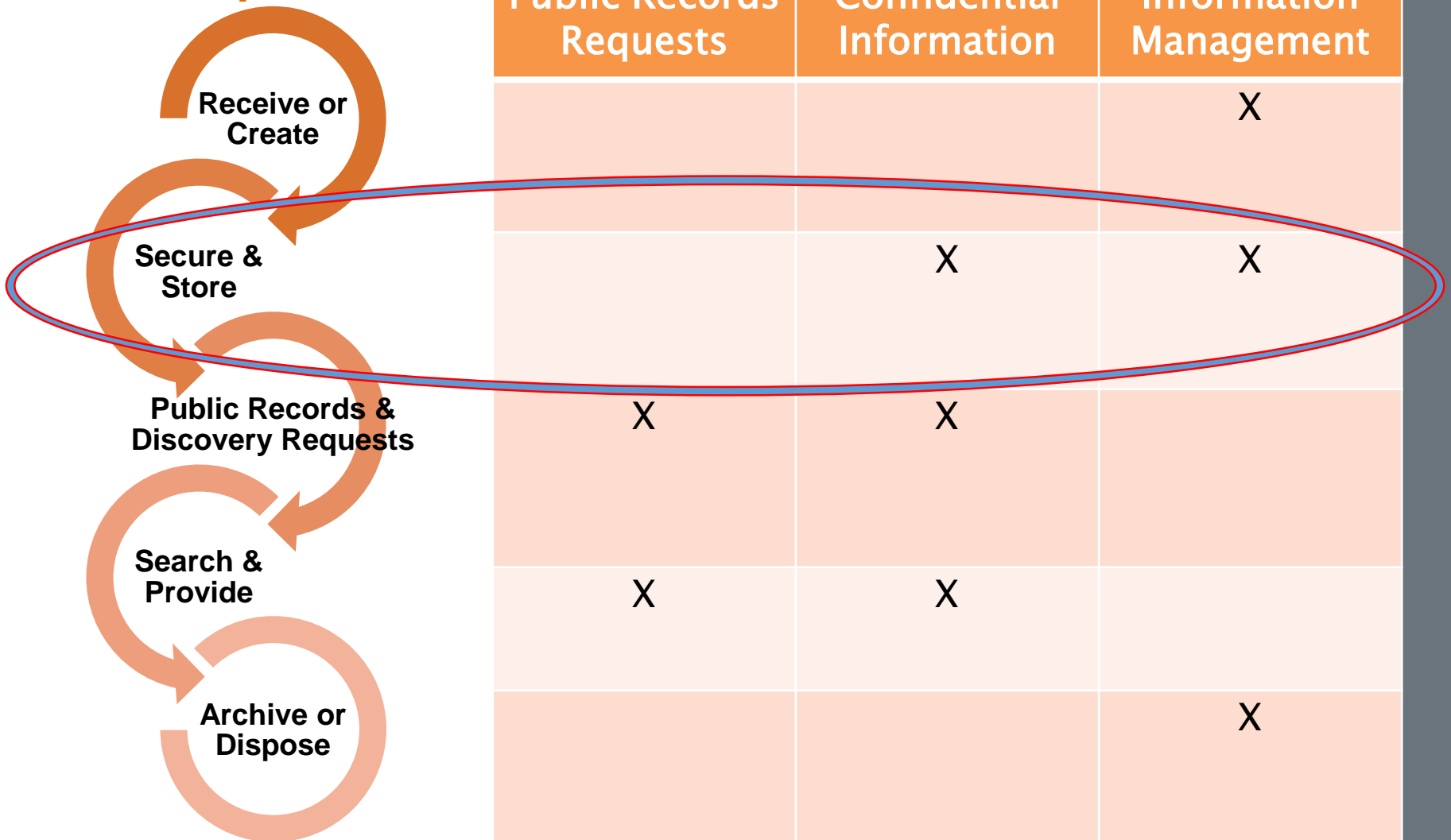


- Risk Registers
- Risk Updates

Risk Owner Observations

- The LT doesn't understand my risk
- Votes reflect opinions about how the latest “fire” was handled
- Votes reflect opinions about events that were mitigated a long time ago
- Lack of clarity: is a small, medium, or large risk reduction expected
- Lack of clarity: which of the many “causes” triggered the high risk voting results

Public Records Life Cycle



THE BRAIN SEES WHAT IT WANTS TO SEE



One of our tools

Risk Title	2013 Heat Map Score	2015 Heat Map Score	2015 Risk Treatment		2017 Inherent / Residual	Likelihood	Impact	2017 Preliminary Heat Map Score
Retention	16	20	Reduce		Inherent Risk	4. Likely	3. Major	High
				RO Pick	ACTUAL Residual Risk	3. Possible	3. Major	Medium
					TARGET Residual Risk	3. Possible	2. Minor	Medium
				Voter Pick	Inherent Risk			
					ACTUAL Residual Risk			
					TARGET Residual Risk			

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Risk Register

Risk Title	Heat Map Score	Brief Description of Risk (Risk Event)	Risks to Manage/Mitigate (Consequence/Opportunity)	Treatment Chosen	Major Actions Taken (2013-2015)	Risk Owner	Status
Aging IT Systems	20 - Severe	Tax and licensing systems are old, complex and fragile; starting to fail; difficult to maintain and use.	<ul style="list-style-type: none"> - Inability to maintain (system failure, system errors) - Inability to configure legislative-driven changes - Inability to hire needed programmers - Inability to improve usability and expand online services 	Reduce	<ul style="list-style-type: none"> - Began HP Nonstop upgrade - Began Windows 2012 server upgrade - Completed CAPS rewrite - Initiated legacy system replacement project (see #5) - Developed technology roadmap 	David Sorrell	Managing
Increased cash mgmt (I-502)	Re-prioritized by Director	Increased cash flow at public offices due to marijuana tax payments increase safety risk for employees and customers.	<ul style="list-style-type: none"> - Robbery - Burglary/theft - Injury/death 	Reduce	<ul style="list-style-type: none"> - Security manager hired - Armored car service implemented - Video cameras implemented - High-capacity safes purchased - Alarm systems implemented - New policies/procedures implemented - Safety training provided - Began annual certification of field office physical security 	Marcus Glasper	Stable
Protecting sensitive and confidential information	12 - High	Inappropriate or inadvertent release of personal or sensitive information about employees or taxpayers.	<ul style="list-style-type: none"> - Lawsuits - Damaged credibility - Employee investigations - Penalties (FTI) - Identity theft 	Reduce	<ul style="list-style-type: none"> - Required training for all employees - Specialized training for employees working directly with CTI/FTI. 	Janetta Taylor/ Marcus Glasper	Managing
Knowledge retention and transfer	12 - High	Large percentage of experienced staff eligible for retirement in the next 5 years.	<ul style="list-style-type: none"> - Loss of institutional knowledge - Delays in fulfilling external requests - Impact on revenue, fairness, consistency - Decrease in customer service 	Reduce	<ul style="list-style-type: none"> - Offer job shadowing - Encourage internal promotion - Increased documentation of processes 	Katie Gerard	Managing

Records and Information Management

Risk Description

Risk Objective

Ensure records are retained in an organized manner to promote agency efficiency and legal compliance.

Link to Strategic Goals

- Deliver customer-focused services
- Administer programs & services efficiently & effectively

Risk Description

Inability to locate records and information to serve our customers and fulfill our legal responsibilities may result in potential fines under the Public Records Act and Discovery sanctions, as well as poor customer service and frustrated employees.

Risk Impacts

- Lawsuits
 - Reputation hit
-

Records and Information Management

Causes	FY18 Mitigations
Too many records kept/Records not maintained in an organized manner	<ul style="list-style-type: none">• Reduced Agency Unique Records Retention Schedule from 120 to 30.• Secured Executive Sponsorship for Electronic Records Management Initiative with the goal to have organized, centralized electronic storage that is easy to administer, use, and maintain.• Streamlined records destruction approval process by making it paperless.• Completed Records Assessment, identifying location of different records types and their retention.
Lack of staff awareness	<ul style="list-style-type: none">• Created new all staff Records Management training.• Provided training for destroying email records which have been retained beyond their required retention period.• Created Records Coordinator "Tip-of-the-Month".• Created Training Plan and Certification Process for Records Coordinators.

Integrated Timeline

[illegible]

Takeaways

- Start simple
- Creating an ERM program is a journey, not a destination
- Customize existing resources and tools
- Believe!



Questions?

