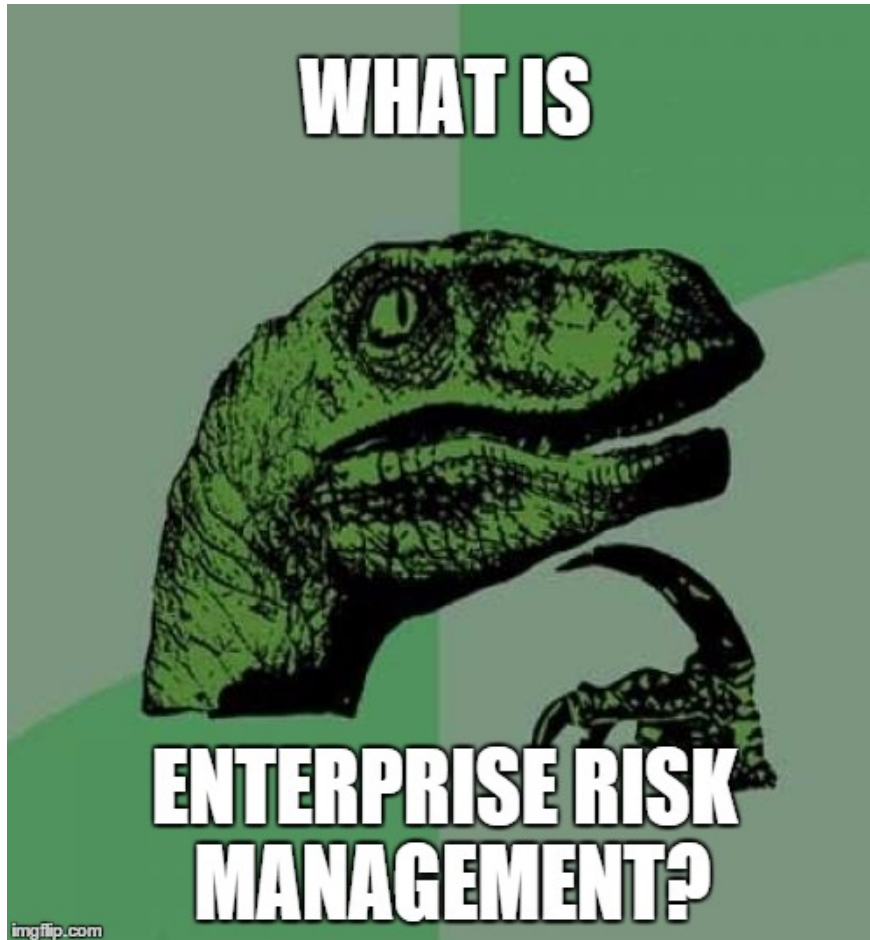


Growing an Enterprise Risk Management Program

Marcus Glasper, Deputy Director
Washington Department of Revenue
FTA Annual Conference 2016
Annapolis, MD



“This had better be good.”



A coordinated and disciplined approach used by organizations to manage risks and seize opportunities related to the achievement of objectives.

Provides a framework for identifying, assessing, responding to, and monitoring risks at the enterprise.

the stages of RISK MANAGEMENT



TRADITIONAL RISK MANAGEMENT

- Hazard-based risk identification
- Hazard-based risks managed in silos
- Insurance typically used to cover risks



ENTERPRISE RISK MANAGEMENT

- Enterprise risks are identified in a disciplined fashion
- Risks prioritized based on strategic impact to the mission
- Includes reputational risks
- Strategic risks incorporated into business planning
- Includes risk "opportunities"



ADVANCED RISK MANAGEMENT

- Departments trained in risk identification
- Risk assessments of key operations
- Risk prevention & reduction is proactive
- Establish key stakeholder group to encourage top-to-bottom integration of risk activities and risk ownership

REVENUE'S APPROACH TO ERM

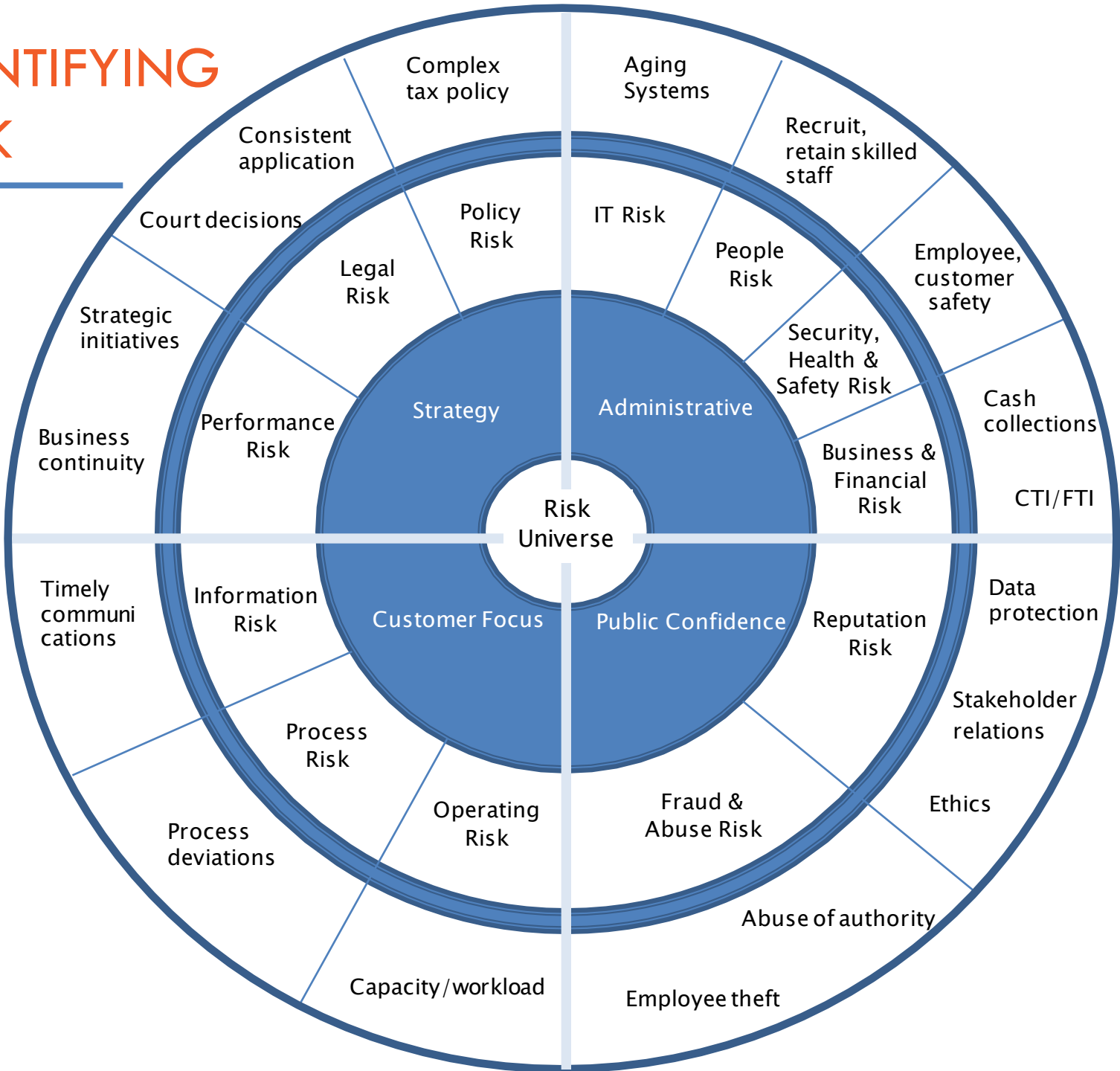
- An integrated approach to *identify, prioritize, evaluate and mitigate* risks in ongoing programs and activities
- A tool for allocating agency resources (time and money)
- A framework that promotes efficiency
- A discipline that protects the agency's integrity



RISK FRAMEWORK



IDENTIFYING RISK

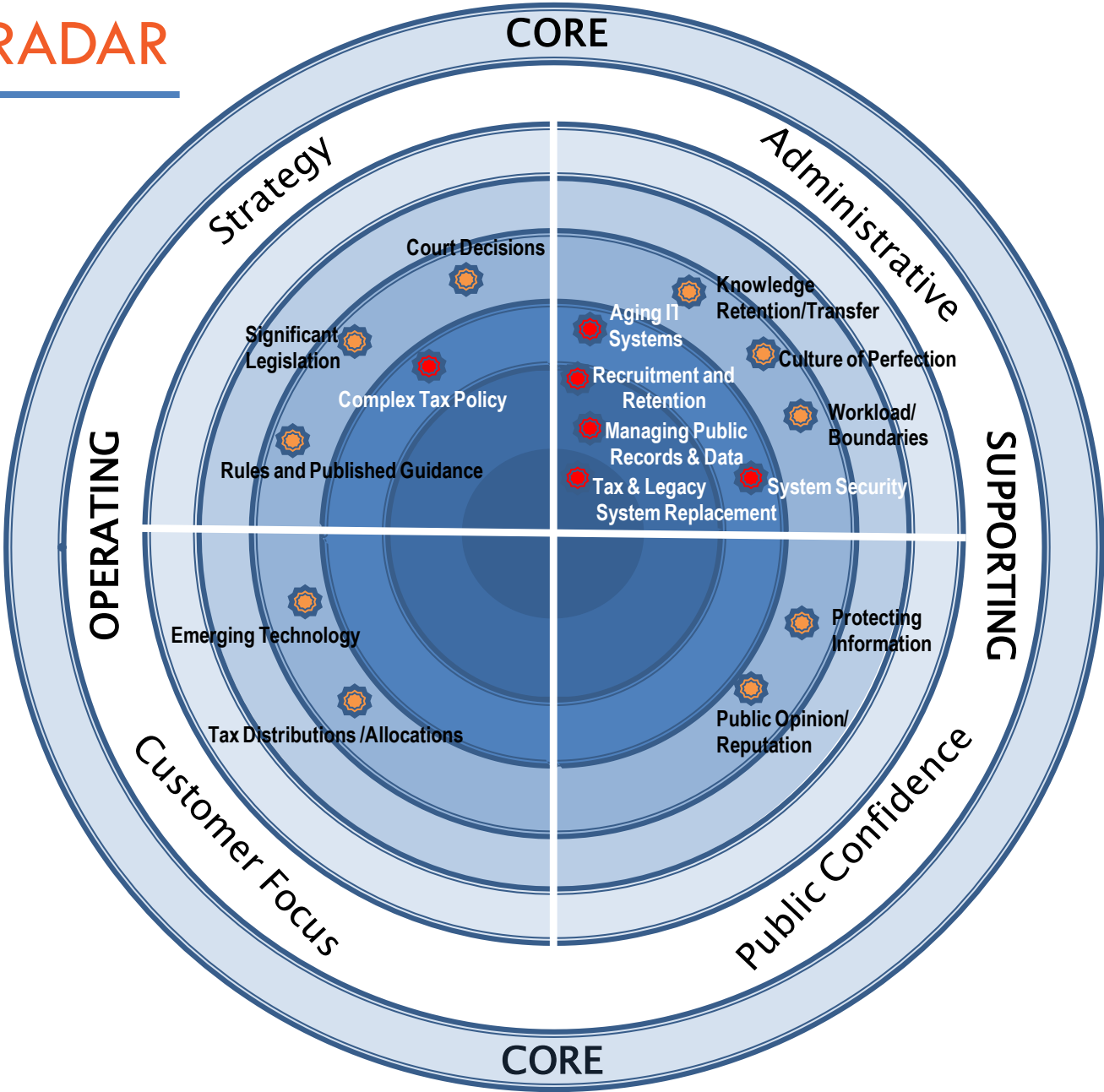


MAPPING YOUR RISKS

- Heat Map
- Voting
- Most severe risks will fall in the red zone
- Limited resources of people, time, and money, so pick the most severe risks to work on

Risk Matrix					
Likelihood	Impact				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost certain (5)	(5)	(10)	(15)	(20)	(25)
Likely (4)	(4)	(8)	(12)	(16)	(20)
Possible (3)	(3)	(6)	(9)	(12)	(15)
Unlikely (2)	(2)	(4)	(6)	(8)	(10)
Rare (1)	(1)	(2)	(3)	(4)	(5)

RISK RADAR



RISK REGISTER

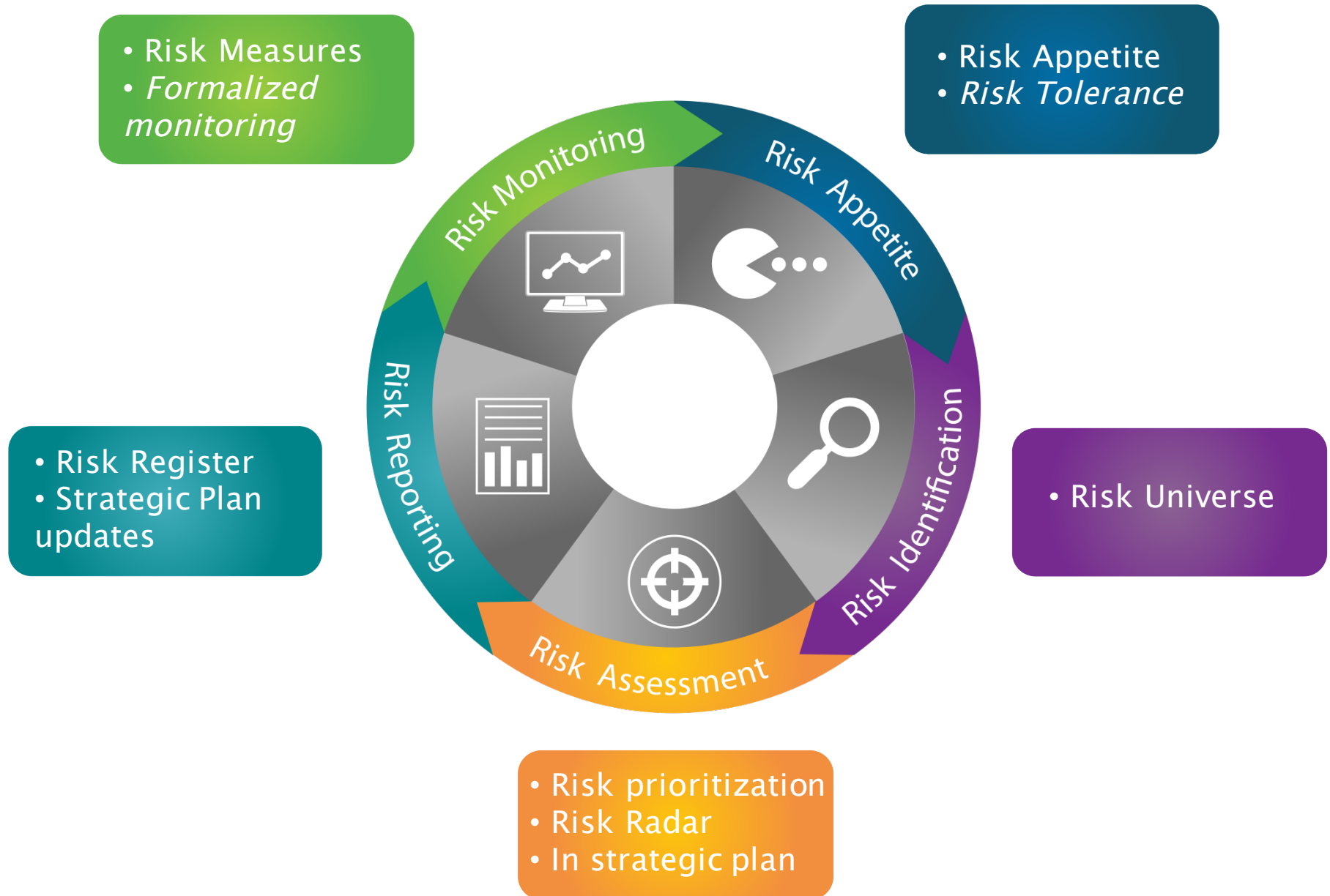
Risk Title	Heat Map Score	Brief Description of Risk (Risk Event)	Risks to Manage/Mitigate (Consequence/Opportunity)	Treatment Chosen	Major Actions Taken (2013-2015)	Risk Owner	Status
Aging IT Systems	20 - Severe	Tax and licensing systems are old, complex and fragile; starting to fail; difficult to maintain 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

RISK APPETITE MODEL

	Willingness to accept risk				
	Averse		Guarded		Willing
	1	2	3	4	5
Customer Focus					
Strategy					
People					
Business & Financial					
IT					
Public Confidence/Reputation					

Risk Appetite Statement: *Revenue is a relatively conservative organization that is willing to take on limited or strongly justified risks in certain business areas during implementation of our new tax and licensing systems.”*

RISK FRAMEWORK



TAKEAWAYS

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



Questions?

