Enterprise Risk Management (ERM) Update

PRESENTED BY

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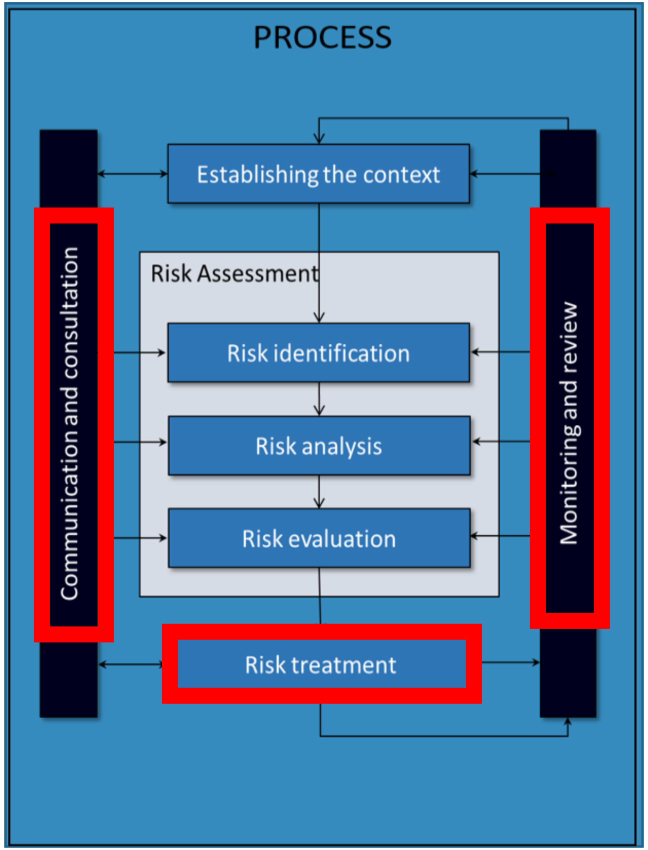
Agenda

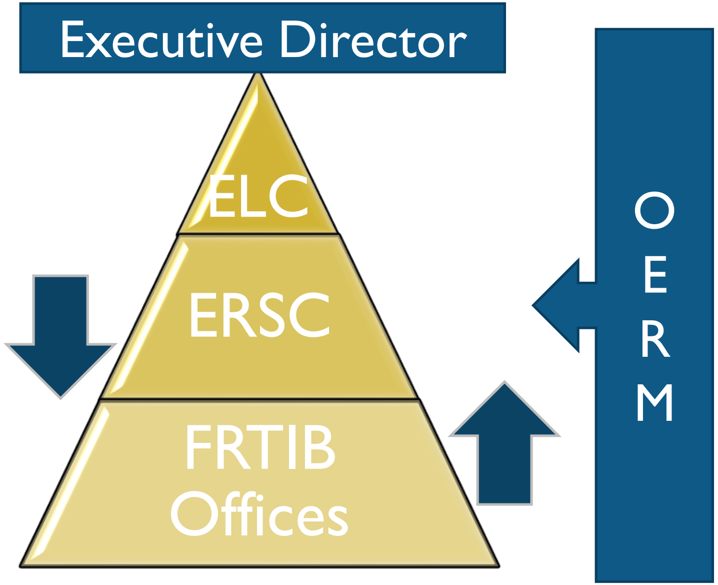
- OERM’s Role in Managing Agency’s Risks
- Agency’s ERM Framework and Governance
- Calendar Year (CY) 2019 Enterprise Risk Profile
- Progress of Risk Treatment Initiatives

OERM’s Role in Managing Agency’s Risks

- Enhance enterprise governance, in partnership with Agency offices, by identifying, assessing and managing risks that reduce or eliminate potential for disruptive events.

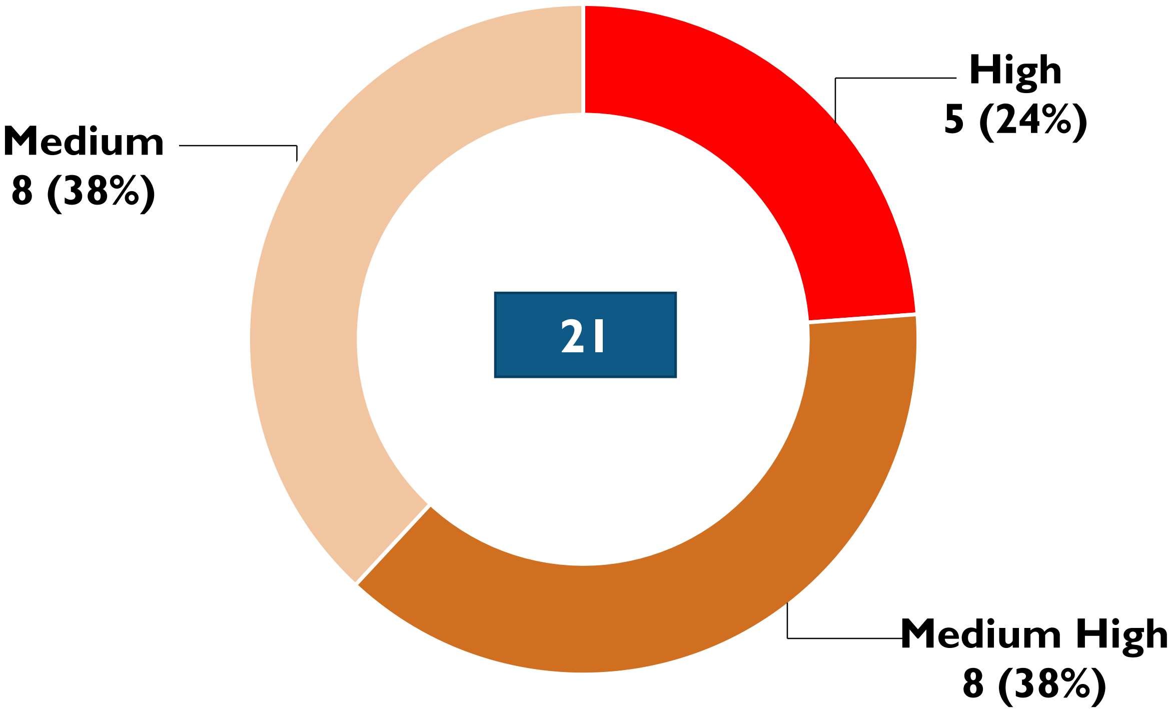
Agency's ERM Framework and Governance





ELC: Executive Leadership Council
ERSC: Enterprise Risk Steering Committee

Enterprise Risk Profile for CY 2019



CY 2019 Accomplishments To Date

- Supported risk owners in developing and implementing Risk Treatment Plans for Top Five Risks.
- Implementation of the Risk Treatment Plans will reduce the risk to the Agency and to TSP participants.
- Refined methodology and collaborated with Agency offices to mature Enterprise Risk Management program.

Progress of Risk Treatment Initiatives

Risk: Information Security

Executive Owner: OTS

Risk Statement

Failure to protect and secure information that results from weaknesses or gaps in a security program allowing unauthorized access, denial of services or compromise of sensitive information.

Accomplishments

- Encryption of data in transit (to external agencies) largely completed.
- Endpoint security technology implemented.
- Identity, Credential and Access Management (ICAM) Authorization to Operate issued.
- Interconnection Security Agreements with external organizations on track for completion.
- Commenced implementation of the Department of Homeland Security (DHS) Continuous Diagnostics and Mitigation (CDM) Program, improving security posture.

Current Risk Score (12/31/18)	Risk Treatment Plan Status* (6/24/19)	Future Risk Score** (12/31/19)
High	On Target	High

*** Categorization of Risk Treatment Plans:**

- **On Target**
- **Some Delay = 1-4 months**
- **Delayed = 4+ months**

**** Future Risk Score: reflects the successful implementation of the Risk Treatment Plan.**

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Progress of Risk Treatment Initiatives (continued)

Risk: Disaster Recovery

Executive Owner: OTS

Risk Statement

Lack of adequate processes to ensure service continuity across the entire range of potential disruptions covering the primary and alternate processing facilities, results in a loss of FRTIB status as a trusted provider of retirement services.

Accomplishments

- Additional bandwidth purchased for both data centers to improve Thriftline capacity and improve communications.
- Completed data storage replacement/upgrades at PA Data Center.
- Enabled High Availability capability for Contact Center applications.
- Migration to cloud-based services underway for several applications (e.g., email; telephony; security monitoring).

Note: delay due to change in Disaster Recovery strategy (modified to reduce dependency on second site).

Current Risk Score (12/31/18)	Risk Treatment Plan Status* (6/24/19)	Future Risk Score** (12/31/19)
High	Delayed	High

*** Categorization of Risk Treatment Plans:**

- **On Target**
- **Some Delay = 1-4 months**
- **Delayed = 4+ months**

**** Future Risk Score: reflects the successful implementation of the Risk Treatment Plan.**

Progress of Risk Treatment Initiatives (continued)

Risk: Business Continuity

Executive Owner: ORM

Risk Statement

Lack of an implemented formal process and technology to enable quick resumption of critical business processes impacted by natural or human events, results in a loss of FRTIB status as a trusted provider of retirement services.

Accomplishments

- Completed actions to reduce the likelihood of business disruption to include creation of an Agency business continuity plan, policy and procedures and business impact analysis.
- Identified and designated Mission Essential employees to support critical business processes.

Note: Delay due to dependence on Disaster Recovery Risk Treatment Plan.

Current Risk Score (12/31/18)	Risk Treatment Plan Status* (6/24/19)	Future Risk Score** (12/31/19)
High	Delayed	High

*** Categorization of Risk Treatment Plans:**

- **On Target**
- **Some Delay = 1-4 months**
- **Delayed = 4+ months**

**** Future Risk Score: reflects the successful implementation of the Risk Treatment Plan.**

Progress of Risk Treatment Initiatives (continued)

Risk: Insider Threat Management

Executive Owner: **OERM**

Risk Statement

Failure to monitor, protect and secure critical assets from insiders who have access to FRTIB's network, system, or data, and/or if employees intentionally exceed or intentionally use that access, results in the significant loss of confidentiality, integrity, or availability of FRTIB's information and/or systems.

Accomplishments

- Executive Owner established.
- Working Group membership established.
- Insider Threat Program Manager training completed.
- Insider Threat Program Policy developed and approved.
- Insider Threat Program Charter developed and approved.

Note: Delay due to contractor support onboarding.

Current Risk Score (12/31/18)	Risk Treatment Plan Status* (6/24/19)	Future Risk Score** (12/31/19)
High	Some Delay	Medium High

*** Categorization of Risk Treatment Plans:**

- **On Target**
- **Some Delay = 1-4 months**
- **Delayed = 4+ months**

**** Future Risk Score: reflects the successful implementation of the Risk Treatment Plan.**

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Progress of Risk Treatment Initiatives (continued)

Risk: TSP Fraud

Executive Owner: OPS

Risk Statement

Fraudulent/unauthorized access to TSP participant funds could result in financial damage plus a loss of FRTIB status as a trusted provider of retirement services.

Accomplishments

- Two-factor authentication (TSP website) implemented.
- Escalation and reporting process enhanced.
- Fraud refresher training at contact center implemented.
- Enhanced manual mail hold functionality, increasing responsiveness to account security issues.
- Participant elected account hold implemented.

Current Risk Score (12/31/18)	Risk Treatment Plan Status* (6/24/19)	Future Risk Score** (12/31/19)
High	On Target	Medium High

*** Categorization of Risk Treatment Plans:**

- **On Target**
- **Some Delay = 1-4 months**
- **Delayed = 4+ months**

**** Future Risk Score: reflects the successful implementation of the Risk Treatment Plan.**

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Upcoming Key Initiatives

- Promote a more risk aware culture through training and workshops.
- Conduct the CY 2020 Agency risk assessment.
- Introduce and promote Agency Risk Appetite Statement; will help inform risk ranking and risk treatment plans.