



Thrift Savings Plan

Office of Enterprise Risk Management (OERM) Report

FRTIB Board Meeting
August 21, 2014

Agenda



OERM's Functional Statement



Categorization of Risks & Lines of Defense



Our Approach to Manage Risks



Our Path Forward

OERM's Functional Statement

To enhance enterprise governance by embedding risk management into key Agency operations and strategic decision making.

Categorization of Risks

Preventable Risks

Risks arising from within the Agency that generate no strategic benefits

Strategy Risks

Risks taken for superior strategic outcomes

External Risks

External, uncontrollable risks

RISK MITIGATION OBJECTIVE

Avoid or eliminate occurrence cost-effectively

Reduce likelihood of failure and related impact cost-effectively

Reduce impact cost-effectively should risk event occur

CONTROL MODEL

Integrated culture-and-compliance model: Develop mission statement; values and belief systems; rules and boundary systems; standard operating procedures; internal controls and internal audit

Internal discussions about risks to strategic objectives/opportunities using tools such as:

- Maps of likelihood and impact of identified risks
- Key risk indicator (KRI) scorecards

Resource allocation to mitigate critical risk events

Envisioning risks that may occur.

ROLE OF RISK MANAGEMENT STAFF FUNCTION

Coordinates, evaluates and oversees operational risks and related controls

- Runs risk workshop and risk review meetings
- Helps develop portfolio of risk initiatives and their funding
- Acts as devil's advocates

- Runs stress-testing, scenario-planning and war-gaming exercises with management team
- Acts as devil's advocates

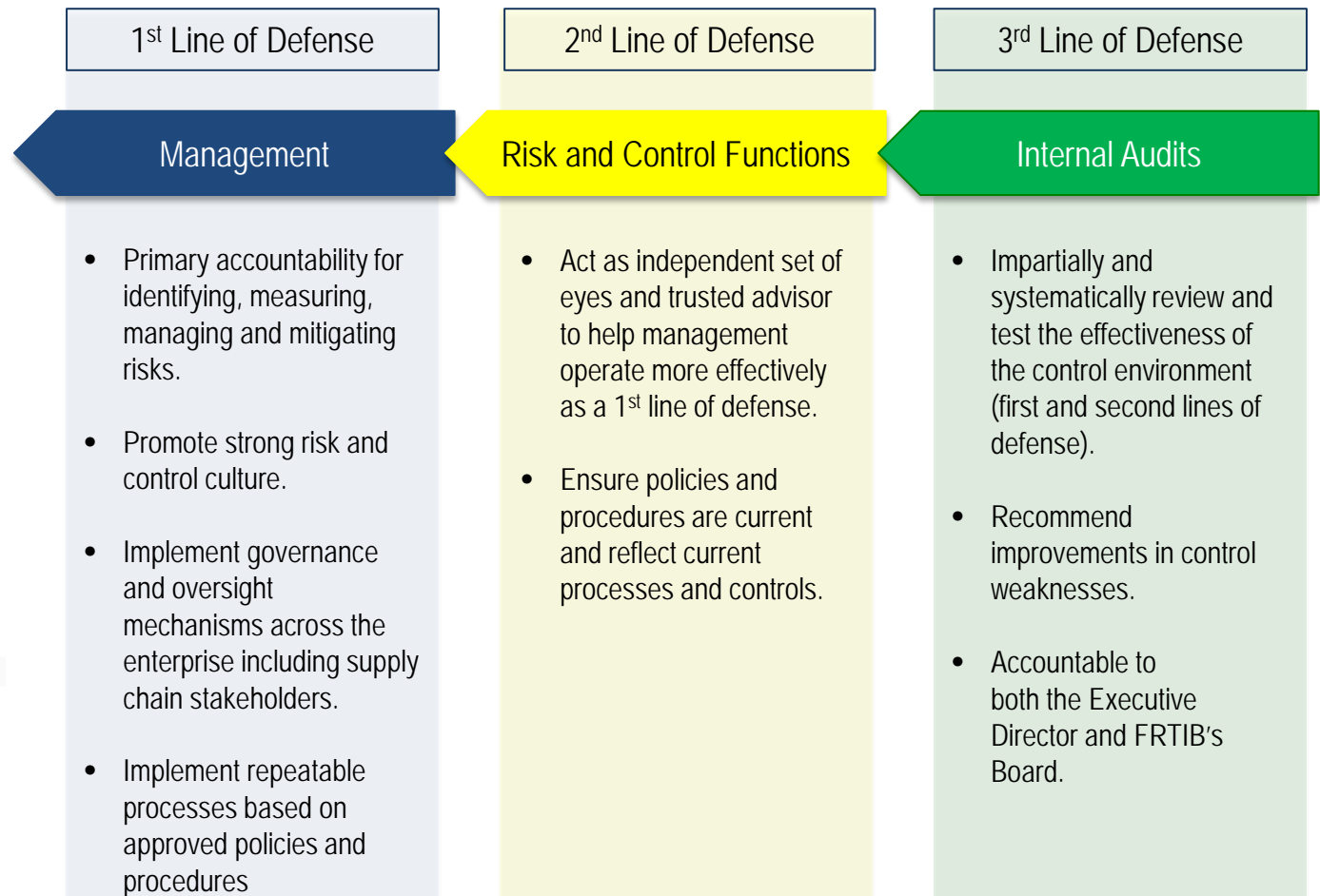
RELATIONSHIP OF THE RISK MANAGEMENT FUNCTION TO BUSINESS UNITS

Acts as independent advisors

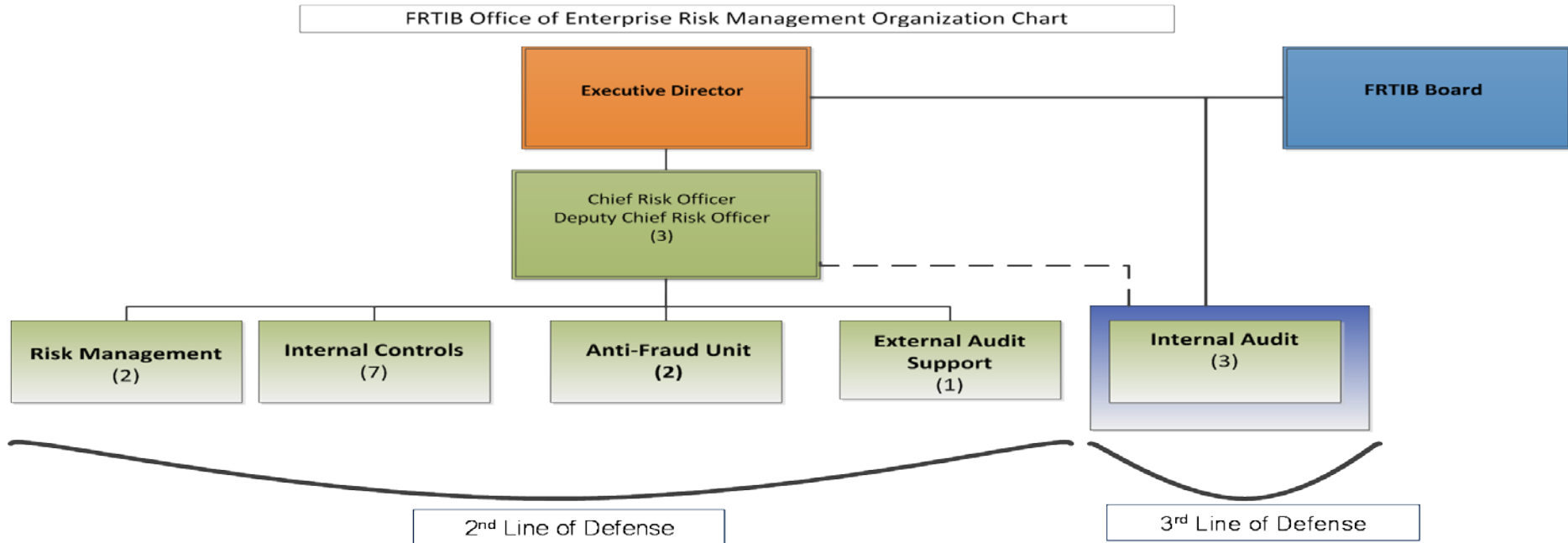
Acts as independent facilitators, independent experts, or embedded experts

Complements strategy team or serves as independent facilitators of "envisioning" exercises

Risk Management “Lines of Defense”



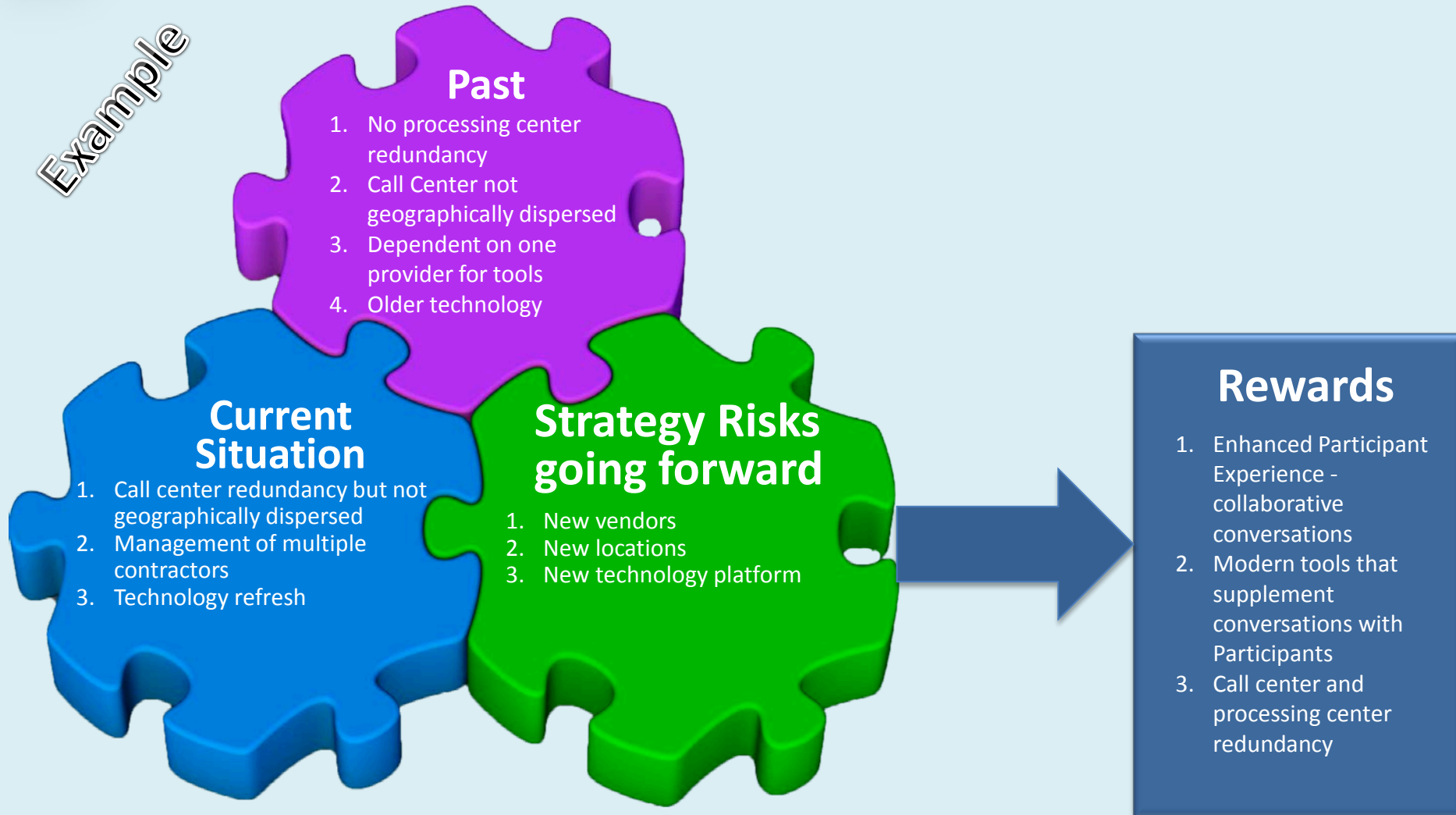
Organization Structure to Manage Risks



Note: Includes 2 new positions in the FY2015 budget.

Managing Strategic Risks

Example



Managing External Risks



Cybersecurity

Competitive Risks

Natural & Economic Disasters

Approaches to address:

- Scenario Planning
- War Gaming
- Stress Tests

Planned Activities for Next Year

