FRTIB ENTERPRISE RISK ASSESSMENT

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Agenda

- Enterprise Risk Assessment Methodology
- Agency's Enterprise Risk Dashboard
- Next Steps

Enterprise Risk Assessment Methodology

1

- Partnered with the Executive Leadership Council (ELC) and ERM Steering Committee to implement the Enterprise Risk Management Framework

2

- Conducted an entity-wide risk assessment identifying risks, risk rankings, and any unforeseen risks/changes in the environment in partnership with the ELC and ERM Steering Committee

3

- Validated results with Risk Owners to finalize the Risk Assessment

4

- Present Enterprise Risk Assessment to the ELC and Board

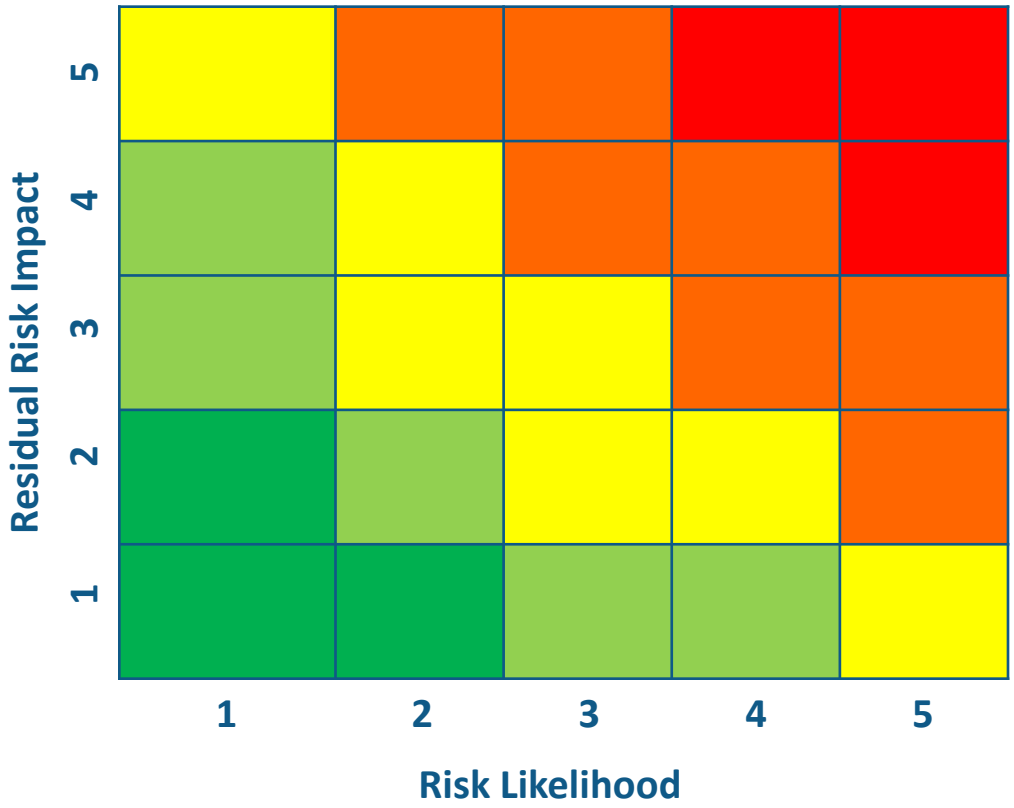
Methodology to Score Risks

- OERM facilitated conversations with risk owners to discuss risk impact to Strategic Goals and prioritized top risks based on alignment/impact to Strategic Goals
- Strategic Objective weighting only “breaks the tie” between two risks with the same score

Risk Remediation Formula

[Likelihood X Impact] X ∑ [Equally-Weighted Strategic Goals]

Agency's Initial Risk Score (pre-weighted)



High	20 – 25
Medium High	10 – 19
Medium	5 – 9
Medium Low	3 – 4
Low	1 - 2

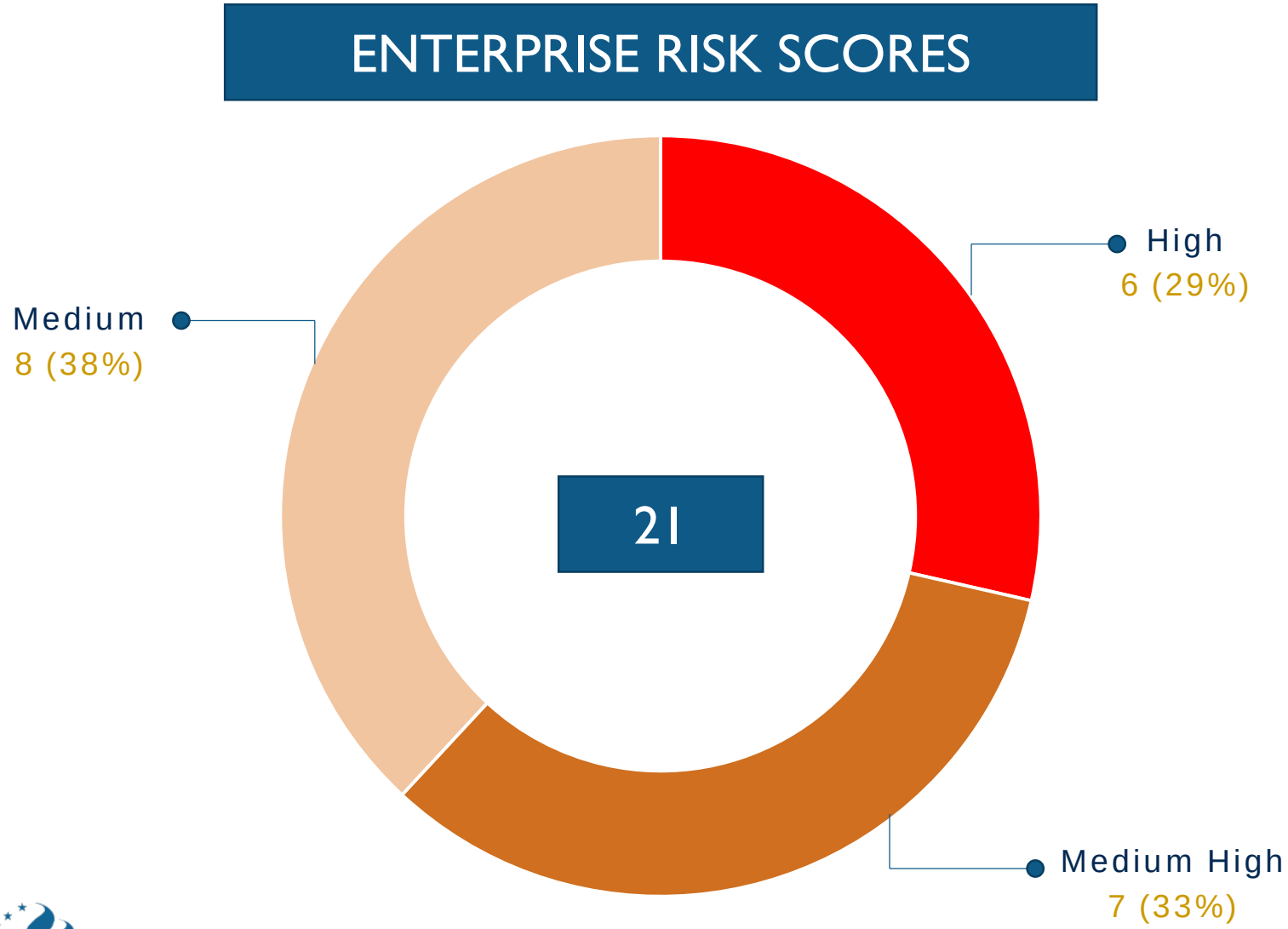
Risk Scoring Formula Applying Weights (Example)

The table below provides an example of how weighted prioritization criteria allows FRTIB to rank top risks to the enterprise.

Risk	Risk Score	FRTIB Strategic Goals				Remediation Priority Score
		Goal A (25%)	Goal B (25%)	Goal C (25%)	Goal D (25%)	
Failure to maintain data integrity results in individual participant account corruption	20	✓		✓	✓	20*25% + 20*25% + 20*25% = 15
Program/contract oversight fails to assure that products or services are delivered according to contract terms; business requirements are not recognized or documented in a timely manner; business requirements are not adequate as defined by the program office; inspection means are used to acquire required product or service	16	✓		✓	✓	16*25% + 16*25% + 16*25% = 12
Failure to protect and secure information assets from cyber-attacks that lead to unauthorized access or compromise of sensitive information	25	✓	✓		✓	25*25% + 25*25% + 25*25% = 18.75
Inability to recover timely and resume critical business functions following a major business interruption event	20	✓	✓	✓	✓	20*25% + 20*25%+20*25%+20*25% = 20
Inability to effectively recruit and retain highly-skilled workforce to support the achievement of FRTIB business objectives and/or failure to satisfactorily execute succession planning and knowledge transfer	16	✓			✓	16*25% + 16*25% = 8

Alignment of FRTIB risks to FRTIB Strategic Goals is illustrative only.

Enterprise Risks Dashboard Summary



Enterprise Risks Dashboard Detail

FRTIB Top Enterprise Risks Report: Fiscal Year 2017
Board Report

					FRTIB Strategic Goals				
Risk Category	Risk	Type	Executive Owner	Risk Score	Goal A (25%)	Goal B (25%)	Goal C (25%)	Goal D (25%)	Remediation Priority Rank
Information Security	Failure to protect and secure information could result from weaknesses or gaps in the security program allowing unauthorized access, denial of services or compromise of sensitive information.	Operational	OTS	**High**	✓		✓	✓	**1**
Disaster Recovery	Lack of adequate processes to ensure service continuity across the entire could create disruptions covering the primary and alternate processing facilities.	Operational	OTS	**High**	✓	✓	✓		**1**
Business Continuity	Lack of an implemented formal process could impede quick resumption of critical business processes impacted by natural or human events.	Operational	ORM	**High**	✓	✓	✓		**3**
Insider Threat Management	Failure to independently monitor, protect and secure information assets from insiders who have access to FRTIB's network, system, or data, and/or if employees intentionally exceed or intentionally use that access, could result in a significant impact to the confidentiality, integrity, or availability of FRTIB's information and/or information systems.	Operational	OERM	**High**	✓	✓	✓		**3**
Configuration Management	Lack of a formal process for system changes in the production environment that process critical business applications could create a potential for unauthorized changes to software applications.	Operational	OTS	**High**	✓	✓	✓		**3**

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Stakeholder (Participant) Confidence	Inability to maintain stakeholder confidence could result in the loss of FRTIB status as a trusted financial provider.	Strategic	OED	**Medium High**	✓		✓	✓	**6**
TSP Account Security	Fraudulent/unauthorized access to TSP participant accounts due to the increasing threats of data breach incidents could result in a loss of FRTIB status as a trusted provider of retirement services.	Operational	OPS	**High**	✓		✓		**7**
Data Privacy	Failure to implement business policies and processes related to the collection, analysis, storage, and sharing of stakeholder personal information and ensuring that the appropriate controls are integrated into all FRTIB business programs and strategic initiatives, could result in legal risk and action by oversight entities and the loss of FRTIB status as a trusted financial provider.	Operational	OGC	**Medium High**	✓		✓		**8**
Contract Management	Inadequate oversight of vendor contracts could result in excessive cost or poor service quality. Further, a lack of awareness of vendors' financial and operational health could lead to an interruption of key services critical to FRTIB and TSP programs.	Operational	OCFO	**Medium High**			✓		**9**
Acquisition Planning	Lack of a mature acquisition planning process could result in a failure to obtain relevant products and services necessary to support the FRTIB and TSP programs resulting in significant cost overruns and inability to meet key business objectives.	Operational	OEP	**Medium High**			✓		**9**

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Non-integrated systems and processes	Lack of an integrated system that ties critical business functions together could create a siloed environment and impede our ability to conduct business operations in a secure and efficient manner.	Operational	OCFO	**Medium**	✓		✓		**9**
Data Governance	Failure to properly manage data could result in data loss or corruption, suboptimal business decisions, reduced responsiveness to external inquiries, and inefficient processes and procedures.	Operational	OEP	**Medium**	✓		✓		**9**
Governmental and External Stakeholder Events	Inability to control changes in Government (changes in Administration or Congressional control) and external events (both unforeseen and those previously known but not dealt with) could impact TSP participants behavior results in unforeseen changes in FRTIB business objectives and Plan structure.	Strategic	OED	**Medium High**	✓				**13**
Contract Administration	Processes associated with handling of contracts such as invitation to bid, bid evaluation, contract award, contract implementation, computation of payments and measurement of work completed could be inadequate resulting in excessive costs or poor service quality	Operational	OCFO	**Medium High**			✓		**13**
Statutory Compliance	Failure to implement all provisions of the law by January 1, 2018 for Blended Retirement program, including full integration with respective payroll offices could result in FRTIB's credibility being compromised, breakage for members, potential congressional sanctions, and the request for extending the go-live day (this request may require legislative changes).	Operational	OPS	**Medium High**				✓	**13**

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Compliance	Failure to comply with laws, regulations, and policies could result in legal risk and action by oversight entities.	Strategic	OGC	**Medium**			✓		**16**
Economic Change Events	Broad economic changes that could impact TSP participants behavior could result in unforeseen changes in FRTIB business objectives and Plan structure and poor retirement outcomes.	Strategic	OI	**Medium**				✓	**16**
Human Capital Management	Inability to effectively recruit and retain a highly-skilled workforce could result in a failure to achieve FRTIB business objectives and failure to satisfactorily execute succession planning and knowledge transfer.	Strategic	ORM	**Medium**		✓			**16**
Project Management	Lack of an effective project management process could inhibit accomplishment of scope, scheduling, resources, and technology components of a project.	Strategic	OEP	**Medium**			✓		**16**
Records Retention	Failure to adequately retain Agency information could result in non-compliance with records management regulations, poor responsiveness to FOIA and other legal requests for data.	Operational	ORM	**Medium**			✓		**16**
Unforeseen Senior Leadership Change	Unforeseen change in FRTIB senior leadership (including Board members) could result in the inability to achieve FRTIB business objectives.	Strategic	OED	**Medium**		✓			**16**

Next Steps

1. Develop Agency risk appetite statements
2. Risk owners develop risk treatment plans for Enterprise dashboard risks
3. Monitor and report progress on risk treatment plans – quarterly to ELC and bi-annual to Board
4. Conduct FY18 annual Enterprise Risk Assessment