

Enterprise Risk Management (ERM) Update

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Agenda

Topic	Slide
Annual ERM Program Cycle	3
Calendar Year (CY) 2024 Enterprise Risk Profile Dashboard	4-5
CY2024 Risk Treatment Plan Updates	6-7
Risk Appetite Statement Update	8-9
Other ERM Initiatives	10

Annual ERM Program Cycle

OPR uses a cyclical, five-step process to manage enterprise level risks across their full lifecycles. This process provides a comprehensive, enterprise-wide view of organizational challenges to improve insight on how to address the highest priority risks to mission delivery.



ERM CYCLE

Overview of the ERM Program cycle conducted throughout the year

1

RISK IDENTIFICATION

Identify adverse conditions or events that could prevent the Agency from delivering its mission and achieving its strategic goals and objectives

2

RISK ASSESSMENT & PRIORITIZATION

Apply standardized qualitative/quantitative criteria to evaluate the likelihood, impact, and velocity of identified risks to arrive at an Enterprise Risk Profile

3

RISK TREATMENT

Develop Risk Treatment Plans with specific strategies and actions to manage identified risks to an acceptable level in line with expectations and risk appetite

4

RISK MONITORING

Continuously monitor the progress and performance of Risk Treatment Plans to determine whether chosen strategies and actions are managing risks as intended

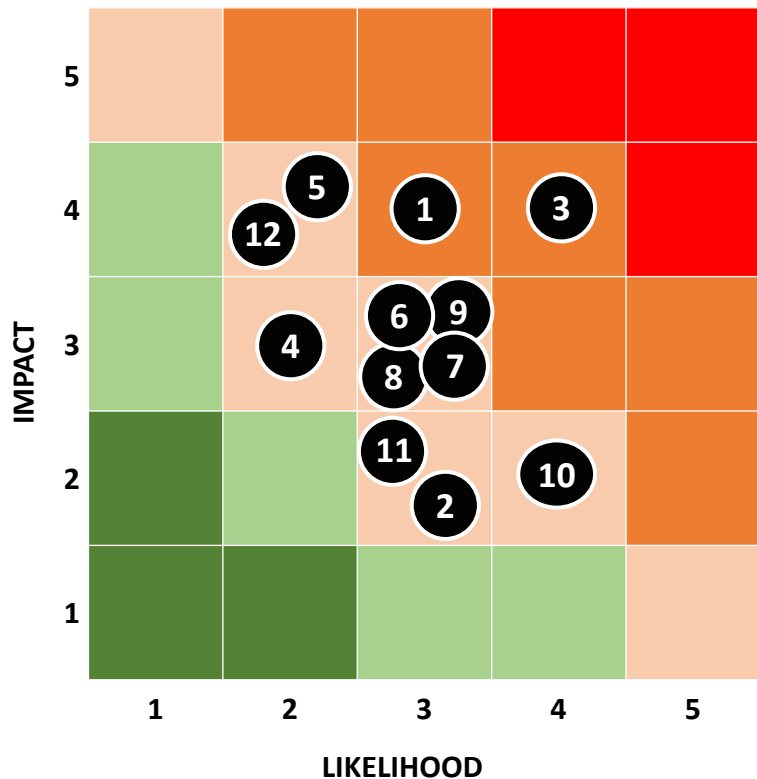
5

RISK REPORTING

Regularly report risk information, including risk treatment progress and performance and other risk trends and insights, to inform decision-making

CY2024 Enterprise Risk Profile Dashboard

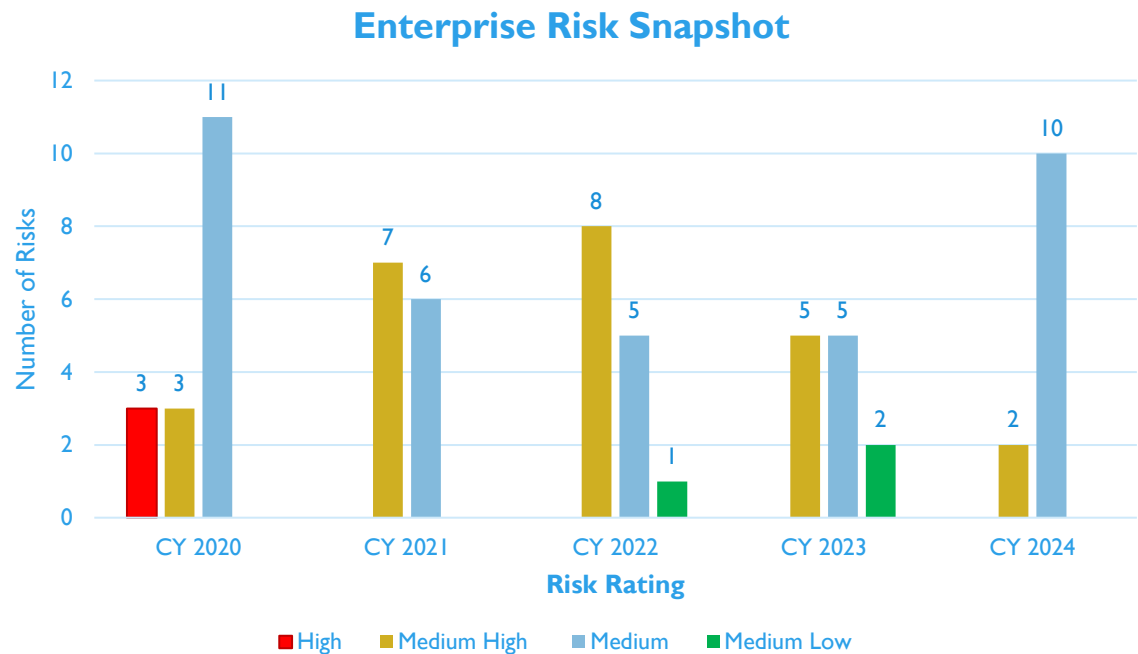
Below is a dashboard view of OPR's Enterprise Risk Profile, which contains a prioritized inventory of the most significant risks identified through the annual enterprise risk assessment process to provide a thoughtful analysis of the risks FRTIB faces toward achieving its strategic goals and objectives.



#	ENTERPRISE RISK	RISK RATING	RISK CATEGORY	RISK OWNER
1	Artificial Intelligence (AI)	Medium High	Info Technology	OPR
2	Records Management	Medium	Operational	ORM
3	Cybersecurity	Medium High	Cyber	OTS
4	Economic Change Events	Medium	Strategic	OI
5	Vendor Risk	Medium	Operational	OPR
6	Compliance	Medium	Legal	OGC
7	Data Privacy	Medium	Operational	OGC
8	Performance Based Contracts	Medium	Operational	OCFO
9	Contracting Office Representatives	Medium	Operational	OCFO
10	TSP Fraud	Medium	Reputational	OPE
11	Reputational Risk of TSP Ops	Medium	Reputational	OPE
12	Fiduciary Risk	Medium	Legal	OGC

***Note:** Risk treatment plan reporting is only required for risks rated "Medium-High" or above. Highlights indicate new Enterprise Risks.

Risk Rating Trends CY2020-CY2025



CY2024 Risk Treatment Plan Updates | Artificial Intelligence (AI) Risk

Below are updates from Risk Owners on the progress and performance of Risk Treatment Plans.

RISK STATEMENT	EXECUTIVE OWNER	CURRENT RISK SCORE	STATUS	FUTURE RISK SCORE	KEY ACCOMPLISHMENTS (January 2024 – June 2024)
<ul style="list-style-type: none">The adoption of enterprise Artificial Intelligence (AI) brings transformative potential for business efficiency and innovation; however, it also introduces privacy concerns, potential biases in decision-making processes, and additional information security risks. Furthermore, the rapid evolution of AI technologies can outpace an organization's ability to govern and control its use effectively, leading to potential regulatory compliance issues that must be carefully managed.	OPR	Medium High	On Target	Medium	<ul style="list-style-type: none">Initiated a formal Project with the PM Division that produced a project charter, project plan with deliverables.Designated a Chief AI Officer (CAIO).Reviewed Executive Order 14110 and the implementation guidance, OMB M-24-10 Advancing Governance, Innovation and Risk Management for Agency Use of Artificial Intelligence (AI).Developed AI use case intake process.Published AI use cases on frtib.gov.Updated applicable FRTIB policies/procedures and governance documents to account for AI.

CY2024 Risk Treatment Plan Updates | Cybersecurity Risk

Below are updates from Risk Owners on the progress and performance of Risk Treatment Plans.

RISK STATEMENT	EXECUTIVE OWNER	CURRENT RISK SCORE	STATUS	FUTURE RISK SCORE	KEY ACCOMPLISHMENTS (January 2024 – June 2024)
There is a risk the Agency may fail to adequately protect and secure information resulting in unauthorized access, denial of services or compromise of sensitive information.	OTS	Medium High	On Target	Medium High	<ul style="list-style-type: none">Planning for zero trust/ PIV for logical access requirement is underway.SLR and KPI metrics review sessions have been initiated.Evaluating feasibility and currently looking at alternatives to Azure Information Protection (AIP).Review of historical risk acceptances has been scheduled.Execution of collaborative, joint tabletop exercises with DOJ, Converge, and key Cloud Service providers are ongoing.

FRTIB Risk Appetite Statements | FRTIB's Overall Risk Appetite

FRTIB has an overall **LOW** level risk appetite.

RISK APPETITE	DESCRIPTION
Low	The level of risk will not significantly deter FRTIB's ability to achieve its mission, goals, or strategic objectives.
Moderate	The level of risk may delay or disrupt FRTIB's ability to achieve its mission, goals, or strategic objectives.
High	The level of risk will significantly impact FRTIB's ability to achieve its mission, goals, or strategic objectives.

1

Agreed upon between leadership and management team to help facilitate discussions on major risk decisions

2

Considers what stakeholders expect of the Agency and where it should consider making tradeoffs to meet expectations

3

Means through which FRTIB decides how to take "smart risks" by transforming implicit, intuitive evaluations of how much risk the Agency can take

FRTIB Risk Appetite Statements | FRTIB's Risk Appetite Across the ERM Taxonomy

Risk appetite is leveraged by OPR's ERM Program to promote dialogue on tradeoffs the Agency is willing to make and risks it is willing to take in pursuit of its mission, goals, and objectives.

RISK CATEGORY	OVERALL RISK APPETITE
Strategic	Moderate
Operational	Moderate
<i>*Cyber</i>	<i>Low</i>
Information Technology	Low
<i>*Financial</i>	<i>Low</i>
<i>*Vendor/Supply Chain</i>	<i>Moderate</i>
External	Moderate
Reputational	Low
Legal	Low

1

Determines the Agency's overall appetite in pursuing opportunities in each risk category

2

Illustrates the stance and Agency leadership views on how each risk category should be managed and approached

3

Provides an opportunity for risk owners to make decisions and report to leadership to support resource allocation within the boundaries of the appetite

***Note:** New FRTIB Risk Category

Other ERM Initiatives



Questions?