

Enterprise Risk Management (ERM) Update

Presented by:
Thomas Brandt, Office of Planning and Risk (OPR)

February 27, 2024

Agenda

Topic	Slide
Annual ERM Program Cycle	3-4
Calendar Year (CY) 2023 Enterprise Risk Profile Dashboard	5
CY2023 Q4 Risk Treatment Plan Updates	7-12
Ongoing Key ERM Initiatives	13-14

Annual ERM Program Cycle

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

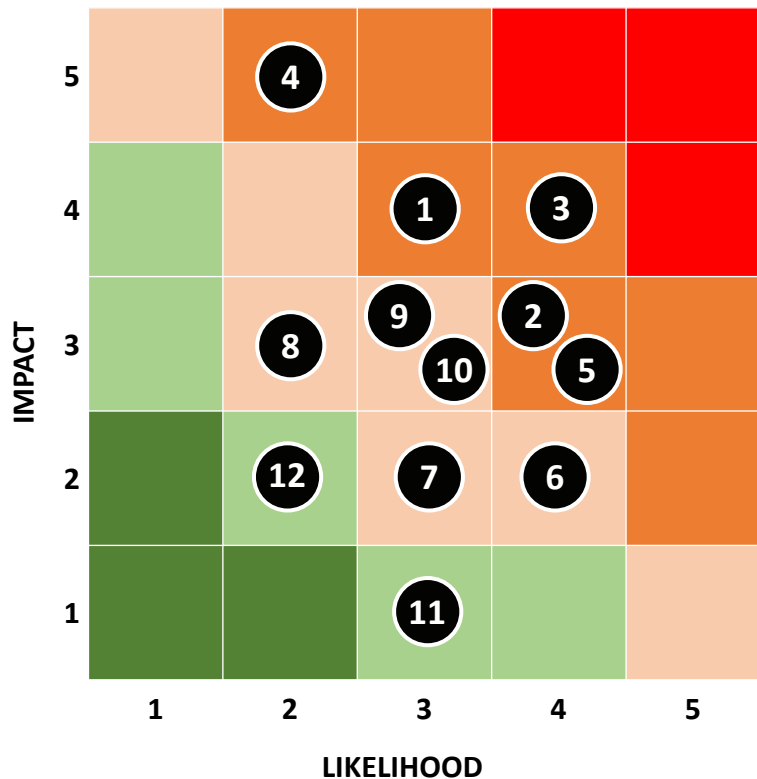
RISK REPORTING

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

CY2023 Enterprise Risk Profile Dashboard

CY2023 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	STATUS	RISK OWNER
1	Procurement	Medium High	On Target	CFO
2	Contract Management	Medium High	On Target	CFO
3	Cybersecurity	Medium High	On Target	OTS
4	Supply Chain Risk Management	Medium High	On Target	OPR
5	Reputational Risk of TSP Operations	Medium High	On Target	OPE
6	TSP Fraud	Medium		OPE
7	Records Management	Medium		ORM
8	Economic Change Events	Medium		OI
9	Compliance	Medium		OGC
10	Data Privacy	Medium		OGC
11	Human Capital Management	Medium Low		ORM
12	Insider Threat Management	Medium Low		ORM

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

CY2023 Q4 Risk Treatment Plan Updates

CY2023 Q4 Risk Treatment Plan Updates | Procurement 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 (OCTOBER 2023 – DECEMBER 2023)
There is a risk that the agency may be over-directive in contractor performance for current and future Performance Based Contracts, most importantly Converge and AITS. These contracts were designed to minimize risk to the Agency and to allow the vendor to solution and achieve objectives with minimal constraints from the Agency. However, there is a natural tendency to maintain the status quo, which may prevent the vendors from owning the risk and performance, the results of which could be missed strategic objectives, cost growth, schedule implications and the Agency re-assuming risk unintentionally.	CFO	Medium High	On Target	Medium	<ul style="list-style-type: none">Three Contracting Officers have been assigned to support the Converge contract with Accenture and other Converge related contracts. Weekly meetings between OPE and AMD to discuss contract objectives and terms on Converge contract actions.Creation and adherence to realistic milestones and schedules.Managing vendor/contractor risk(s).Correct IGCE, market research, pricing, and adherence to contract terms.The Contracting Officer's Representative (COR) community and program staff will be offered two opportunities to attend performance based contract designation training in FY24.

CY2023 Q4 Risk Treatment Plan Updates | Contract Management 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 (OCTOBER 2023 – DECEMBER 2023)
There is a risk that our quality assurance and surveillance personnel (e.g. CORs) may not have sufficient experience and expertise to adopt or adapt to the Agency's change in acquisition strategy for operations. In addition, the Agency may not have enough of these personnel to provide the level of oversight and quality assurance efforts necessary for new and emerging contracts, which could result in diminished quality of services provided to the participant and beneficiaries and/or linked KPIs. Other implications could be cost, schedule, and scope creep beyond the Agency's original intent due to unauthorized commitments.	CFO	Medium High	On Target	Medium	<ul style="list-style-type: none"> Developed twelve-month training schedule to outline various aspects of contract management for Contracting Officer's Representatives (CORs). Reviewed and validated COR contract assignments to make sure contracts that warrant COR assignment have appropriate coverage. Training was conducted with demonstration of the proper documentation and format for CORs to use in their respective contracts. A monthly email is generated to show the number of CORs at this agency and the levels of certification.

CY2023 Q4 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 (OCTOBER 2023 – DECEMBER 2023)
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">Completed Cybersecurity Awareness Month with outside speakers, interactive games, newsletters, and refreshed content.Continued Cyber Risk Analysis Meetings to keep the Cyber Risk Register up to date.Continued to evolve Department of Justice Managed Security Services, including replacing the legacy. EINSTEIN system with new CISA service offerings.Established Enterprise Common Controls working group to expedite FISMA system authorization activity moving forward.Continued to implement requirements of the 2021 Cybersecurity Executive Order.

CY2023 Q4 Risk Treatment Plan Updates | Supply Chain Risk Management (SCRM)

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 (OCTOBER 2023 – DECEMBER 2023)
There is a risk that compromises to FRTIB suppliers, their supply chains, and their products and services for information technology and communication products and services will severely limit Agency operations for the delivery of the core recordkeeping, investment management, and other people, processes, and systems required to deliver TSP services.	OPR	Medium High	On Target	Medium	<ul style="list-style-type: none"> OPR and Deloitte facilitated the agency's first Emerging Risk workshop, December 2023 that touched on many ERM themes including SCRM – the purpose was to gather different ERM/SCRM agency wide perspectives and initiate a dialogue on Emerging Risks and a potential path forward for prioritizing relevant risks for further study and consideration. OPR made the selection of a candidate for the Third-Party Risk Analyst – December 2023, who started on 01/16/2024 and will be responsible for executing the Third-Party Risk Management Program. In December 2023, initiated the policy/procedure governance process of review/approval of the updated VRM Policy and Procedures, including appendices and new taxonomy. Developed the revised Quarterly Vendor Risk Board report to include a summary page of all of the key reporting elements, that included new features such as the SOC report review status, December 2023.

CY2023 Q4 Risk Treatment Plan Updates | Reputational Risk of TSP Operations

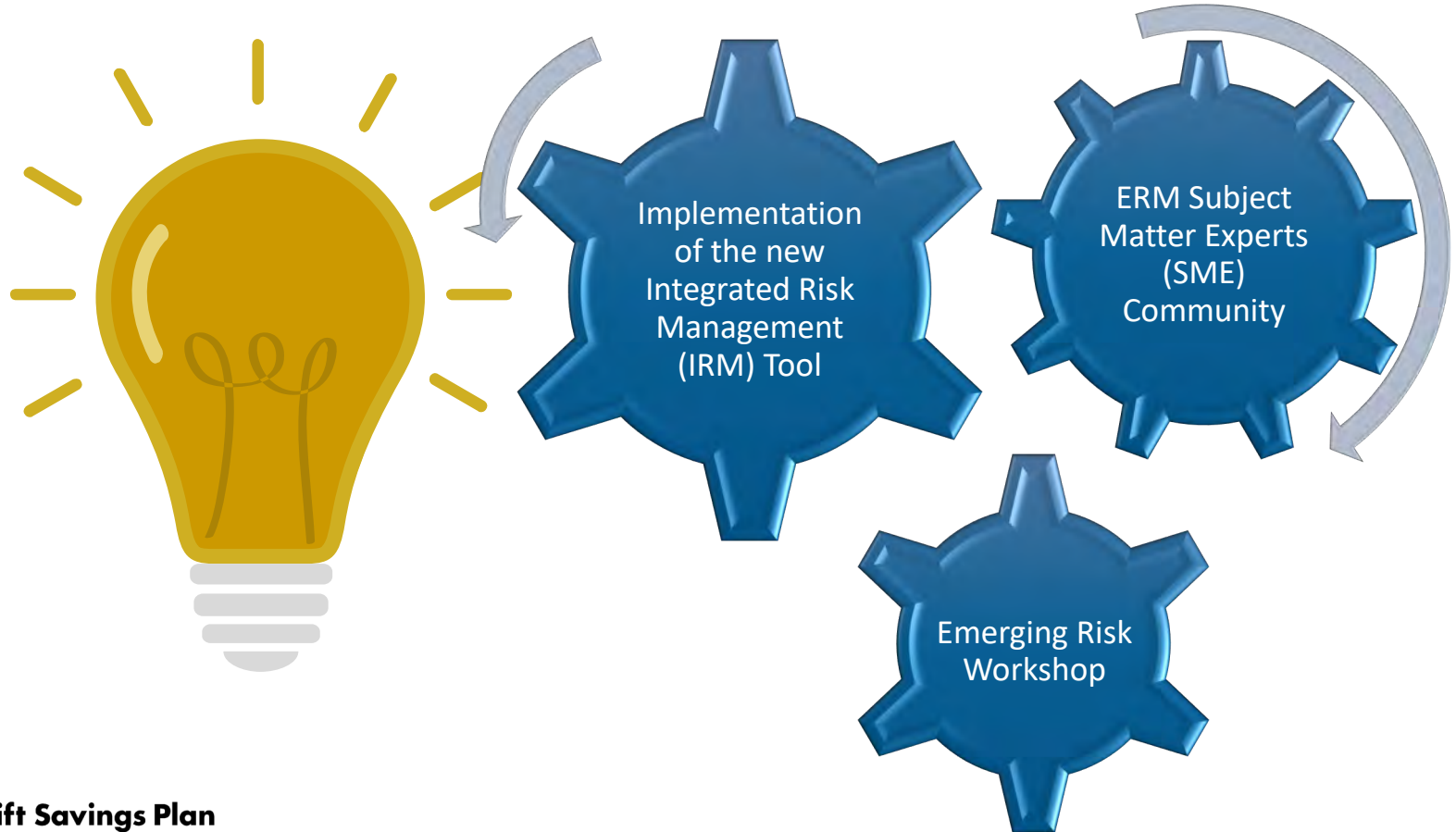
Below are updates from Risk Owners on the progress and performance of Risk Treatment Plans.

RISK STATEMENT	EXECUTIVE OWNER	CURRENT RISK SCORE	STATUS	FUTURE RISK SCORE	KEY ACCOMPLISHMENTS (OCTOBER 2023 – DECEMBER 2023)
If FRTIB is not able to meet customer expectations due to challenges during steady-state Converge TSP operations, then there is a risk of negative impact to FRTIB's reputation with external partners and TSP participants and beneficiaries.	OPE	Medium High	On Target	Medium	<ul style="list-style-type: none">Continued conducting proper oversight to ensure SLRs and KPIs were met; financial penalties assessed as needed.Analyzed web comments and participant feedback to improve participant experience (e.g. Loan Tracker).Achieved steady increases, month over month in participant satisfaction scores for interactions with the TSP.Participant satisfaction has exceeded its acceptable quality level every month since August 2023.Continued participating in a robust cycle to external and internal audits.



Ongoing Key ERM Initiatives

Ongoing ERM Initiatives



Questions?