



# ENTERPRISE RISK MANAGEMENT UPDATE

Jeff Donoghue – Chief Operating Officer  
August 31, 2023

# ERM PROGRAM UPDATE

## Overview

ERM is a structured framework for managing risks which involves:

### Enterprise Risk Management

Identifying events or circumstances relevant to the achievement of an organization's strategic objectives (risks and opportunities)

Assessing the upside and downside of risks in terms of likelihood and magnitude of impact

Determining a risk response strategy

Monitoring and reporting on status of action plans, changes to risks and new/emerging risks

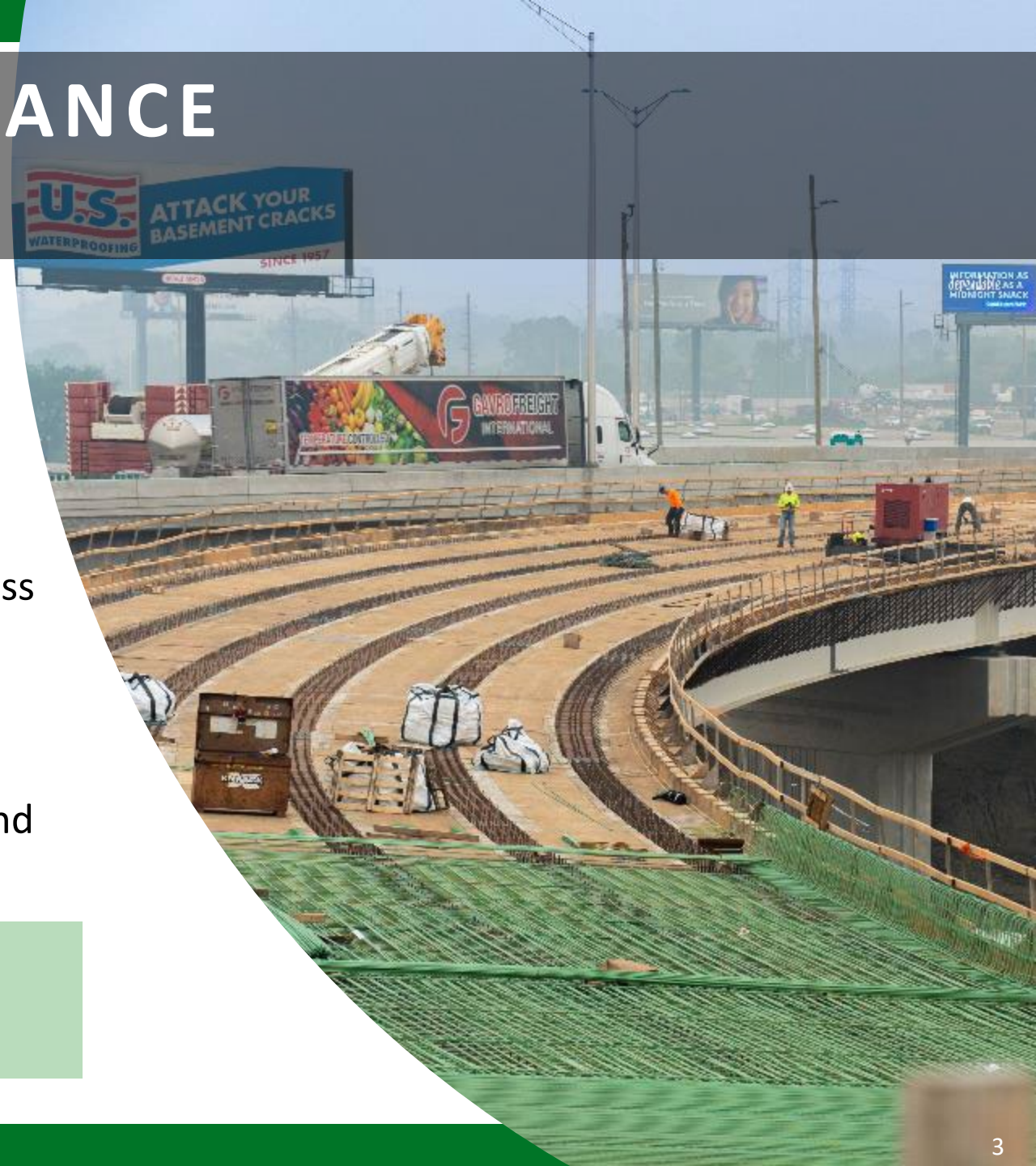


# ERM PROGRAM GOVERNANCE

## ERM Steering Committee

- ✓ Comprised of executive leaders from various functional areas
- ✓ Facilitates leadership discussions of strategic risk
- ✓ Develops a balanced and practical approach to address and mitigate risk
- ✓ Meets quarterly to review top risks and related risk mitigation strategies
- ✓ Provides program updates to the Audit Committee and Chairman of the Board

**Mission: Create a practical, sustainable process assisting with identifying, assessing, and managing risks and opportunities across the entity**



# CURRENT ERM STEERING COMMITTEE MEMBERS

**Cassandra Rouse – Executive Director**

**Jeffrey Donoghue – Chief Operating Officer**

**Cathy Williams – Chief Financial Officer**

**Michael Shay – Chief Information Officer**

**Manar Nashif – Chief Engineering Officer**

**Kathleen Pasulka-Brown – General Counsel**

**Angela Jenkins – Chief of Administration**

**Peter Foernsler – Chief of Procurement**

**Terry Miller – Chief of Diversity and Strategic Development**

**Arthur Grist – Chief Security Officer**

**Shaun Farmer – Chief of Internal Audit (non-voting member)**



# 2023 ERM PROGRAM ACTIVITY SUMMARY

Jeff Donoghue (Chief Operating Officer) assumed role of ERM Program Steering Committee Chair in Spring 2023

Workshops with risk owners were held over several months to further define their understanding of individual risks and their maturity

Building on improvements to risk maturity, a full assessment of each risk will be updated in the next bi-annual report

Steering Committee reconvened to discuss program objectives and next steps for 2023, committee agreed to focus their efforts on assessing and improving risk maturity

Risk owners provided an assessment of maturity which is included in the August 2023 report

# RISK MATURITY SCALE AND DEFINITIONS

| Maturity Scale | Description   |
|----------------|---|
| Ad-Hoc         | <ul style="list-style-type: none"><li>• Risk identification and assessment is siloed and unstructured</li><li>• Process utilizes informal evaluation factors and criteria</li></ul>   |
| Basic          | <ul style="list-style-type: none"><li>• Risk identification and assessment is reactive and performed as needed or requested</li><li>• Process relies solely on qualitative data to identify and assess risks</li><li>• Limited cross-functional input or collaboration</li></ul>  |
| Managed        | <ul style="list-style-type: none"><li>• Risk identification and assessment follows a structured and consistent process</li><li>• Process incorporates the use of quantitative data to help identify and assess risks</li><li>• Involves regular input and perspectives from individuals or groups who have knowledge or expertise related to the identified risks</li></ul>   |
| Optimized      | <ul style="list-style-type: none"><li>• Risk identification and assessment follows a well-defined methodology and performed continuously as part of key organizational activities and decision making</li><li>• Process focuses on data-driven analysis for proactive risk monitoring, scenario planning, and identification of emerging risks or changes in risk landscape</li><li>• Involves feedback and lessons learned from previous risk management activities to refine and enhance the risk identification and assessment process over time</li></ul> |

# SELECTED PROGRAM HIGHLIGHTS

## Recent Improvements due to ERM

- ✓ Establishment of monthly, formal, systemwide IT governance review
- ✓ Integration of ethics training with all new onboards for employees
- ✓ Agreement with Army Corps of Engineers to streamline regulatory reviews and approvals
- ✓ Establishment of cybersecurity management team and IT assessment against NIST Cybersecurity Framework
- ✓ Enhancements to training, post-incident interviews and reporting regarding employee safety



A wide-angle photograph of a construction site at dusk. The sky is a mix of blue and orange, with scattered white clouds. In the foreground, a yellow bulldozer is positioned on a dirt and gravel surface. To the left of the bulldozer, a construction worker wearing a yellow safety vest and a hard hat stands near a surveying instrument. The background shows a flat, cleared area with some distant structures and a road with traffic lights. The overall scene is one of active construction work.

**THANK YOU**