

REFOCUSING OUR ENTERPRISE ON RISK MANAGEMENT

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December 10, 2020



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Agenda

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California High Speed Rail Authority

“Over the long term, the only alternative to risk management is crisis management—and crisis management is much more expensive, time consuming, and embarrassing.”

James Lam, first Chief Risk Officer of Fidelity Investments



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ERM defined

- ERM can be defined as the culture, capabilities and practices that organizations apply in setting and carrying out the enterprise strategy with the purpose of actively managing risk to realize and preserve value.
- ERM principles apply at all levels of the organization and across all functions covering strategy-setting, governance, internal processes, organizational structure and capabilities, data and analytics, communication, and performance metrics.
- ERM is intended to be fully integrated with an organization's structure and system of governance to enable risk-based decisions and provide reasonable assurance to the Board that the Authority has a systematic process to address risk in an overall effort to achieve the enterprise objectives.



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Benefits of ERM

- Improve ability to identify, plan management actions, and respond to risks that can originate from many parts of the organization and impact other parts
- Improve line of sight of executive leadership, reduce surprises, and take advantage of potential opportunities and mitigation strategies
- Facilitate internal communications and collaboration by establish a common language of risk that cuts across disciplines, organizational silos, consultant teams, and geographies
- Increase productivity by reducing the frequency and magnitude of crises – every risk can be considered as a request on resources
- Improve transparency and traceability of data inputs, outputs and forecasts
- Establish a “single source of truth” for risk data
- Improve stakeholders’ management and communications



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Mission and Vision for the Risk Management Office

Mission

- Foster a risk-aware culture to focus decisions on the proactive management of risks in support of the Authority achieving its statewide goals.

Vision

- Our vision is an organization where every decision is informed and guided by a sound understanding of risk.

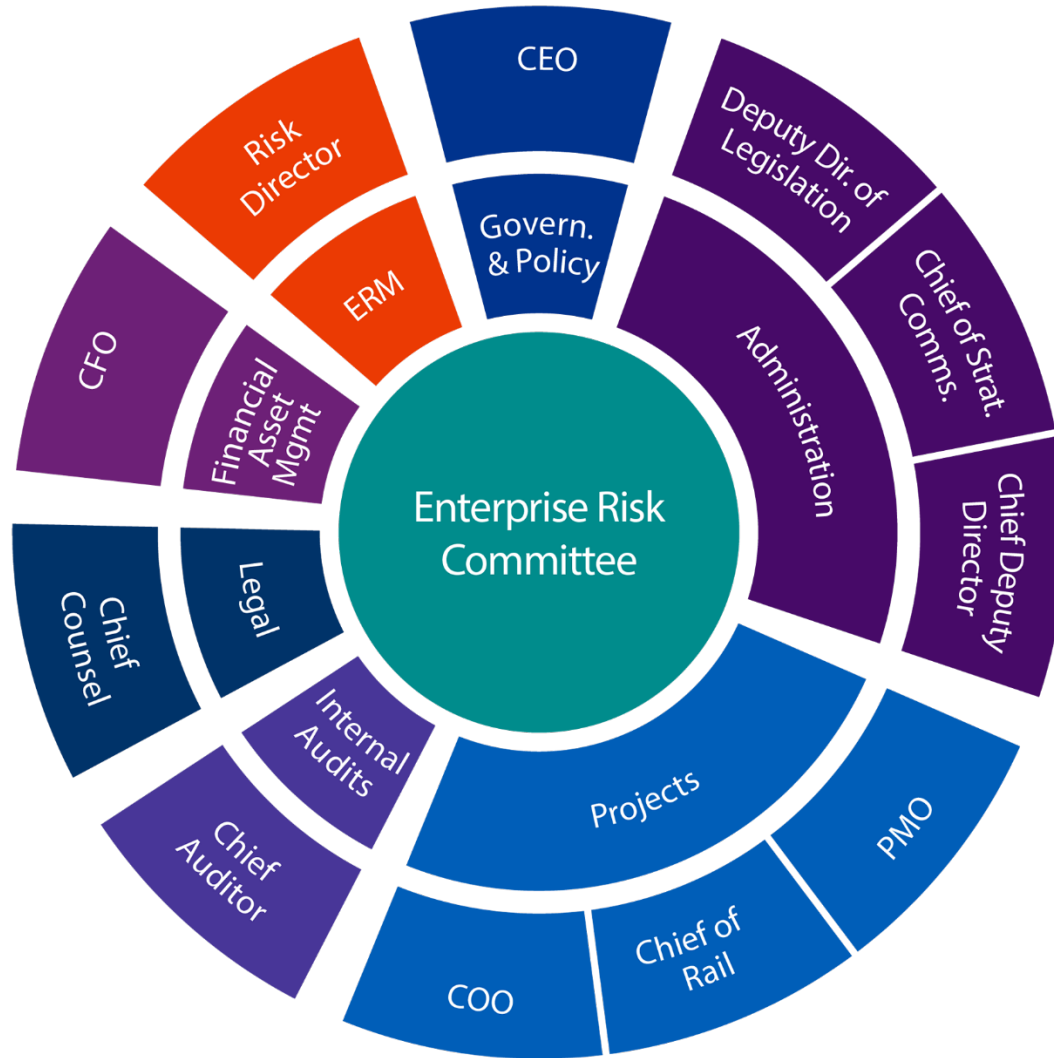
Objective

- State specific oversight on risk, with independent risk analysis and data gathering
- Integrate risk management into all significant activities and functions of the Authority supplementing and augmenting every aspect of our organization to empower and support our people in continuously improving our understanding of risks and our ability to manage them.



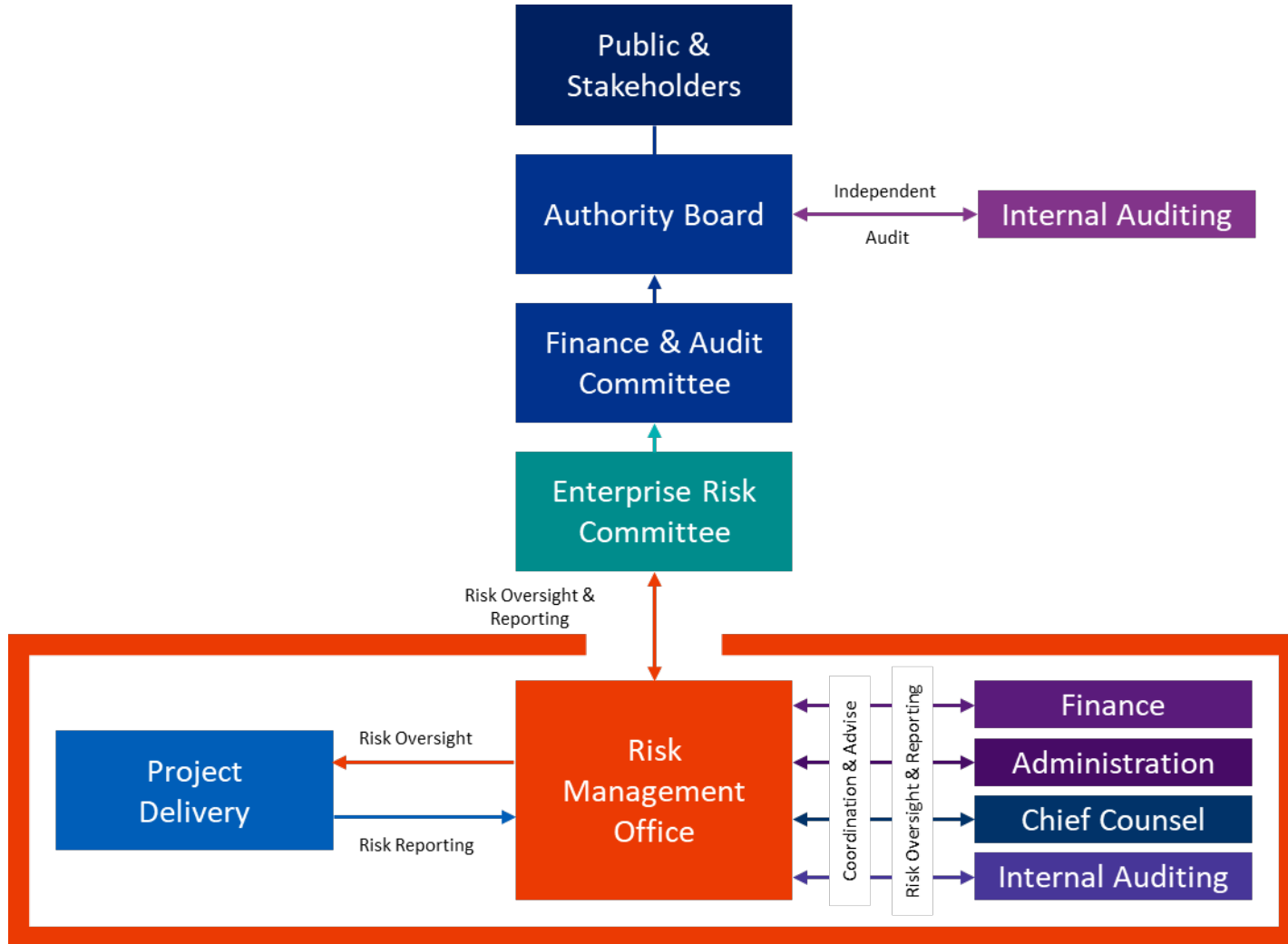
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Enterprise Risk Committee



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Transparent risk governance structure and reporting



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Risk-centered operating model



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Roadmap to ERM implementation

Short-Term

- Establish the Risk Management Office, including a Request for Proposal for leading industry risk support
- Establish the Enterprise Risk Committee (ERC), and its administration
- Develop Risk Management Plan, leveraging the COSO Framework

Mid-Term

- Present Risk Management Plan to ERC
- Populate Enterprise Risk Register and draft Risk Report for ERC, focusing on cost and schedule

Long-Term

- Develop a risk training program
- Enhance workforce capabilities



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CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Questions



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