

Number: E 1038.00

/s/ Paula Hammond
Secretary of Transportation

Date: September 4, 2007
Reviewed September 23, 2010
Director, Enterprise Risk Management

Enterprise Risk Management

I. Policy

It is the policy of the Washington State Department of Transportation (WSDOT) to proactively assess and respond to any risks that may affect the achievement of WSDOT's strategic and performance based objectives and their intended outcomes. This policy will be implemented through WSDOT's Enterprise Risk Management (ERM) Program.

II. Secretary's Executive Order

WSDOT employees are directed to support the department's efforts to identify, share, and manage risk across all organizations and functions. Organizations must work together across boundaries to share internal control methods and procedures that implement a comprehensive and coordinated set of processes and approaches to ERM.

The ERM decision-making process fundamentally involves weighing value versus risk. It is the intent of this Secretary's Executive Order to ensure that the department can make informed decisions about risk tolerance. The risk tolerance and strategies of each organization will be used as the basis for department wide ERM.

Risk reviews are an integral part of budget development. Therefore, budget development must include the analysis of resource allocation in terms of the department's ERM Program.

III. Information to Carry out this Secretary's Executive Order

A. Administration

The Assistant Secretary for Finance and Administration is responsible for establishing procedures and implementing them as outlined in this Secretary's Executive Order.

He or she will convene a subcommittee of WSDOT's Executive Board for the purposes of loss review, the identification of new risks and the development of strategic plans which move WSDOT towards an ERM model of operation.

To achieve this objective, WSDOT will support and implement, through its managers, supervisors and employees, coordinated ERM rules, standards, and procedures that include, but are not limited to the following elements:

- Identification and prioritization of risk on an agency-wide basis.
- Identification, implementation and monitoring of risk mitigation strategies.
- Review and incorporation of best practices into risk mitigation plans.

B. Resources and Other Information

This Executive Order supports:

- Governor's Executive Order 01-05, *State Agency Risk Management*
www.governor.wa.gov/execorders/eoarchive/eo_01-05.htm
- Revised Code of Washington (RCW) 43.41.350 *Risk Management – Safety and Loss Control Program*
<http://apps.leg.wa.gov/rcw/default.aspx?cite=43.41.350>

Rules, procedures, and other information on how to carry out this Secretary's Executive Order are available from the WSDOT Enterprise Risk Management Office (formerly Risk Management) and include:

- WSDOT *Risk Management Manual M 72-01*
~~www.wsdot.wa.gov/fase/riskmanagement~~
<http://www.wsdot.wa.gov/Publications/Manuals/M72-01.htm>
[10/28/2011 updated link]
- Office of Financial Management ~~2001 Loss Prevention Guide~~
~~http://www.ofm.wa.gov/rmd/loss.htm~~ Risk Management
www.ofm.wa.gov/rmd/default.asp
[10/15/2010 updated link]
- Office of Financial Management ~~Toolkit Topics Enterprise~~ Risk Management
~~http://www.ofm.wa.gov/rmd/erm/erm.asp~~
www.ofm.wa.gov/rmd/default.asp
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