Enterprise Risk Management (ERM)

NYPA Audit Committee
Status Summary
September 24,2012

ERM - Background

- Manage risk by taking the entire organization (enterprise) into consideration
- ERM, the coordinated approach – identify, assess and manage risks across the enterprise
- All-inclusive and accurate perspective on magnitude, importance and correlative nature of risks faced
- Informed decisions top-down, risk-based corporate planning process
- Align risk with strategy
- Formal ERM structure enhances quality and completeness of risk analysis

Risk

- Any uncertain future event or condition that could adversely impact the Authority's operational or financial performance
- Task at hand
  - Identification of risks to include NYPA's overall risk profile
  - Determination of risk significance
  - Implement, manage and monitor risk mitigation plans
  - Senior management monitor and control

ERM Development

- Trustee Authorization in May 2009
  - Role of Audit Committee
- ERM organization formed
- Risk Inventory
- Classification of Risks – Impact & Probability
- Quantitative and Qualitative
  - Models to enhance ability to more strongly predict potential outcomes
  - Linkage to current Corporate Scorecard metrics & thresholds
  - Event risks
  - Soft-strategic risks

ERM – Vision

- Manage and reduce financial and other liability exposure
- Provide executive management with a continual perspective of NYPA's steady state exposures
- Translate risk assessments into risk-informed views
- Integrate forward enterprise-wide risk assessments and metrics with financial projections and overall NYPA performance tracking

ERM – Next Steps

- ERM Governance
  - Executive Risk Management Committee (ERMC)
  - Audit Committee and Full Board
- Leadership
  - CFO and CRO
  - Senior leader of ERM Team
- Policies and Procedures
  - Under review for submission at next Audit Committee
  - Reconfirm with Board
- Reporting Protocol