



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Roger Kline, Enterprise Risk & Internal Controls Manager (CRO)
DATE: July 10, 2015
SUBJECT: Addition of an Enterprise Risk Management Board Policy
OBJECTIVE: Approve Resolution No. 1520; addition of Board Policy SD20

Background

During the course of his tenure at EWEB, General Manager Gray has emphasized the management of *risk* at the organization-wide, or *enterprise* level. In September of 2014 a senior staff level position was created to aid the Board, General Manager and the Leadership Team in developing and implementing a standardized framework for risk identification, as well as other key enterprise-wide programs. This action was identified and greatly supported by the recent external financial audit conducted by Moss-Adams, as well as our most recent external NERC/WECC program compliance audit as an industry best practice.

The referenced policy is a key step in standardizing this work for the enterprise as well as aiding the organization in meeting its strategic objectives.

Requested Board Action

Approval of Resolution No. 1520, Enterprise Risk Management Policy, SD20.

If you have any questions please contact Roger Kline, Enterprise Risk & Internal Controls Manager at roger.kline@eweb.org.

Attachments:

- 1: SD20 Enterprise Risk Management Policy
- 2: Resolution No. 1520

Policy Number: SD20
Policy Type: Strategic Direction
Policy Title: Enterprise Risk Management
Effective Date: July 21, 2015

The Board recognizes the importance of Enterprise Risk Management in governing utility operations and providing services to customers.

Accordingly,

- The Board authorizes, delegates, and directs the General Manager to establish and maintain a governance framework including strategies for implementing enterprise risk management.
- As part of this governance framework, the General Manager will periodically report on the status of enterprise risk management activities.

Discussion:

Organizations of all types and sizes face internal and external factors and influences that make it uncertain whether and when they will achieve their objectives. The effect this uncertainty has on an organization's objectives is *risk*.

All activities within EWEB involve risk. EWEB shall manage risk by identifying it, analyzing it and then evaluating whether the risk should be modified by *risk treatment* in order to satisfy its established *risk appetite* and/or *risk tolerance(s)*. EWEB shall communicate and consult with internal/external stakeholders and monitor and review the risk and the controls that are modifying the risk in order to ensure that no further risk treatment is required.

EWEB shall develop, implement and continuously improve a *risk framework* whose purpose is to integrate the process for managing risk into the organization's overall governance, strategy, compliance and planning, management, reporting processes, policies, values and culture.

As an example, EWEB's framework shall enable the organization to:

- increase the likelihood of achieving objectives;
- encourage proactive management;
- be aware of the need to identify and treat risk throughout the organization;
- improve the identification of opportunities and threats;
- comply with relevant legal and regulatory requirements and utility best practices;
- improve mandatory and voluntary reporting;
- improve governance;
- improve stakeholder confidence and trust;
- establish a reliable basis for decision making and planning;
- improve controls;

- effectively allocate and use resources for risk treatment;
- improve operational effectiveness and efficiency;
- improve loss prevention and incident management;
- minimize losses;
- improve organizational learning; and
- improve organizational resilience.

Source: Kline, Enterprise Risk & Internal Controls, Draft Provided to Board 07/21/2015, Approved xx/xx/xxxx.

**RESOLUTION NO. 1520
JULY 2015**

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION APPROVING BOARD POLICY
SD20- ENTERPRISE RISK MANAGEMENT**

WHEREAS, the Eugene Water & Electric Board (EWEB) maintains a Board Policy Manual that contains governing policies for the Board of Commissioners; and

WHEREAS, the Board of Commissioners periodically reviews said policies and identifies required modifications or amendments to those policies; and

WHEREAS, the Board of Commissioners periodically determines that new policy is required to adequately document the work or intention of the Board with regard to governance, Board-staff linkage, strategic direction or executive limitations; and

WHEREAS, the Board of Commissioners approve in substance and detail the provisions of proposed Policy SD20 – Enterprise Risk Management.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners hereby approves the addition of Board Policy SD20 – Enterprise Risk Management.

Dated this 21st day of July 2015.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, TARYN M. JOHNSON, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 21, 2015 Regular Board Meeting.

Assistant Secretary