



STATE OF CALIFORNIA  
**Franchise Tax Board**



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# FTB's Enterprise Risk Management Program

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# Enterprise Risk Management

## Background

- Every entity faces uncertainty, which presents both risks and opportunities
- Challenge is determining how much risk we're willing to accept
- Enterprise risk management allows management to effectively deal with uncertainty and associated risks
- Identify, assess, and manage

# How FTB Manages Risk

- Enterprise Risk Framework in place to address risks, which allows us to be flexible and responsive
- Strong Governance Structure, which allows us to focus on departmental risks that may impact our strategic goals
- Our Risk Management Program aligns with the State Leadership Accountability Act (SLAA) legislation

# State Leadership Accountability Act (SLAA Report)

- Replaces the Financial Integrity and State Manager's Accountability Act (FISMA)
- Requires management to be responsible for timely detection, correction, and monitoring of risks
- Submit to Department of Finance every odd numbered year and posted on our website

# Top Five Statewide SLAA Risks

- Succession Planning
- FI\$CAL Conversion
- Insufficient Monitoring of Internal Processes
- Data Security
- Level of Funding Sources

# FTB Risk #1

## Enterprise Workforce Planning

- 20% of FTB's 5000+ employees can retire
- 52% of FTB's management team can retire

### Mitigation:

- Expand recruitment and hiring strategies
- Create knowledge transfer opportunities
- Increase employee engagement

# FTB Risk #2

## Data Security and Privacy

Intentional acts threaten:

- Confidentiality
- Integrity
- Privacy of data

Mitigation:

- Enforce strong information security policies
- Perform internal/external vulnerability assessments
- Internal controls are just as rigid as external controls

# FTB Risk #3

## Customer Service

- Customer Service Levels may not be adequate to meet the demands of taxpayers and taxpayer representatives
- Limited resources can have a negative impact on all service channels: call centers, correspondence, and other service channels

### Mitigation:

- Additional resources
- Agile workforce

# FTB Risk #4

## Inability to Timely Recover Critical Systems and Services

- If FTB's critical IT services and systems are disrupted, this could potentially result in a negative impact to customer service and revenue producing activities

### Mitigation:

- Annual exercises
- Proactive approach – static cloud

# Questions?