



NICHD Risk Management Program

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What is Risk Management?

- ▶ Internal controls that we put in place to manage resources appropriately and wisely
- ▶ The NIH Risk Management Program provides all IC/OD Offices a framework for systematically identifying and addressing risks that might adversely affect NIH's ability to fulfill stated missions, goals, and objectives
- ▶ At the heart of risk management is accountability and stewardship – ensuring taxpayer dollars are spent effectively, efficiently, and for their intended purpose



Why Focus on Risk Management?

- ▶ OMB has been focusing on government – wide risk management practices and the Federal Managers Financial Integrity Act (FMFIA) requires all federal agencies to document and assess their internal control processes
- ▶ NIH has renewed its focus on risks and risk management
- ▶ Each IC Director is required to attest annually that they have assessed their IC's risks and have plans in place to address any identified risks

Other Federal Review Mechanisms

In addition to the Risk Management Program and FMFIA Statement of Assurance and Corrective Actions, other Federal review mechanisms include:

- Division of Program Integrity Reviews
- OIG/GAO Audits
- Employee and Labor Relations Activities



Federal Managers Financial Integrity Act (FMFIA)

- ▶ This Federal law requires agencies to ensure that federal programs are:
 - Effective and efficient
 - Accounting transactions are timely and reliable
 - Administered with integrity and consistent with high ethical standards
 - Compliant with all applicable laws and regulations, including performance management
 - Managed by good stewards of the assets entrusted to them
 - Monitored through risk assessments to ensure controls are in place and working well

Current Risk Management Activities

- ▶ NIH has identified 55 trans-NIH risks
- ▶ These risks are associated with our scientific, programmatic, and administrative activities
- ▶ In addition to the trans-NIH risks, NICHD has identified other risks specific to our IC
- ▶ Each risk has an assigned risk manager
- ▶ Each risk manager identifies the policies and procedures (internal controls) that we have in place to prevent the risk from occurring or detect if it has occurred
- ▶ Each risk manager identifies the activities for which they engage to manage the risk
- ▶ Over a 5 year period, we conducted reviews of all identified risk categories to assess internal controls to ensure our activities were effective
- ▶ For some administrative risks, such as procurement credit cards, travel, and property, we test them annually

The NICHD Risk Management Process



Risk Categories

- ▶ Human Capital: human resource risks including recruitment, retention and personnel management
- ▶ Financial: financial related risks such as budget, travel and intellectual property
- ▶ Acquisitions: risks related to acquisitions and logistics, including personal property
- ▶ Facilities: risks related to building, maintaining and managing facilities, real property and equipment
- ▶ Information Management: risks related to IT, IT security and records management
- ▶ Intramural: risks related to intramural research activities not included in other defined risks
- ▶ Extramural: risks related to extramural research activities not included in other defined risks
- ▶ Ethics: Risks related to conflicts of interest, unethical or improper practices, and ethics program
- ▶ Management Initiatives: Risks related to Employee Suggestion Programs and the Inability to implement and sustain an effective risk management program
- ▶ Other: risks that do not fit into designated categories (i.e. communications and general areas such as delegations of authority and the FAIR Act Inventory)



Examples of Outcomes

- ▶ Identified the need to ensure we had back up storage facilities for biospecimen repositories. Ensured specific language was included in contracts for repositories.
- ▶ Identified the need to have electronic access to records (including procurement documents) as a result of the partial closure of one of our leased facilities that prevented staff from entering the facility.
- ▶ Implemented mid year project extensions to allow grantees improved management of their grant to provide better financial management. This enhanced cash management ensures that grant funds are being properly utilized.
- ▶ Conducted an assessment of our controlled substance review process to ensure NICHD had controls in place.



Examples of Outcomes

- ▶ Review of our use of conditional gift funds to ensure that we use the funds only for donor requested activities in a timely manner
- ▶ Better organized documentation to support that all actions are authorized and approved before procurements occur
- ▶ More follow-up to ensure travel vouchers are submitted on time
- ▶ Ensure property is received and accounted for in the NIH Property Management System

Risk Management Conclusions

- ▶ While no system or process can guarantee 100% compliance, we have an approach that reasonably ensures that we:
 - Identify our risks
 - Implement policies and procedures to address the risks
 - Test the effectiveness of our controls



Where do we go from here?

- ▶ Enterprise Risk Management (ERM) is a current focus of the Administration
- ▶ ERM addresses the full spectrum of an organization's risks, including challenges and opportunities, and integrates them into an enterprise-wide, strategically-aligned portfolio view
- ▶ Current IC/OD risks are often tilted towards administrative risks. Going forward, increased emphasis will be placed on scientific and programmatic risks
- ▶ Currently program risks, a key part of Risk Management, are not fully addressed within current IC/OD risk management programs but are addressed through other mechanisms
- ▶ Establish linkages between current risks and program risks



Questions?

