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CORRESPONDENCE MEMORANDUM

DATE: February 5, 2013

TO: Audit Committee Members

FROM: John Vincent, Director
Office of Internal Audit

SUBJECT: Transformation, Integration, and Modernization Risk Management Process

This memo is for informational purposes only. No action is required.

This memorandum is to inform the Audit Committee on the already-implemented process to monitor risks and mitigation plans during the Department of Employee Trust Funds (ETF) modernization initiative.

ETF has embarked on a multi-year strategic initiative to Transform, Integrate and Modernize (TIM) our benefits administration system and business unit processes. The initiative will culminate with a new benefit administration system that will incorporate industry best practices that are reasonable expectations for Wisconsin Retirement System members and employers. Anticipated features of the new system include:

- Real-time access to account information and the ability to conduct transactions online, quickly and safely, any time.
- High-level, personalized service without delays for processing, any time.
- Ability to provide information or conduct data entry directly rather than duplicating efforts, any time.

Risk management is an integral component of any technology and system implementation, particularly one of this scale, and our initiative will incorporate a well-designed risk management plan. We recently created a Risk Management Monitoring Team that will be charged with monitoring the identification and mitigation of risks associated with this project. Steve Hurley, director of the Office of Policy, Privacy and Compliance, and I comprise the monitoring team. We have collaborated with the Project Management Office (PMO) to develop the process and to identify roles and responsibilities associated for the various aspects of risk identification, assessment, mitigation, and reporting (see attached). The scope of risk management will include all facets of the TIM initiative: data integrity; the financial management information system;

Reviewed and approved by Robert J. Marchant, Deputy Secretary

Electronically Signed 2/18/13

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data transfer; the new benefit administration system, and other elements to be identified.

I will be available at the Audit Committee meeting to answer any questions.

Attachment: Risk Management/Assessment Roles and Responsibilities

Risk Management/Assessment Roles and Responsibilities

Body	Roles & Responsibilities
Steering Team/ Project Sponsors	• Provide feedback to the PMO Director on identified risks and ratings. • Provide direction for Project Managers on prioritization of risk mitigation action. • Assign or approve ownership of risk mitigation plan development and management. • Authorize recommendations for organizational changes or resource allocations to ensure effective and efficient mitigation of significant risks.
PMO Director	• Ensure project managers apply a standardized method of risk assessment. • Ensure consistent application of rating factors against project strategies and goals. • Periodically review risk register and recommend revision of ratings if needed.
Project Managers	• Compile risks from the Steering Team/Project Sponsors, Core Project Team, IT Staff, BA's, Testers, Policy & Legal, Vendors, and other ETF staff. • Populate and update the project master risk register (for TIM, the master risk register includes all risks related to the data integrity, FMIS, and BAS projects). • Quantify the risks and predict the impact on the project during the project planning and execution using the approved rating matrix. • Organize risks by rating results.
Core Project Team **IT Staff & Business Analysts** **Testers** **Policy & Legal Staff** **Vendors** **All ETF Staff**	• Identify and analyze risks, potential impact, and possible solutions during planning and project execution. • Communicate identified risks, potential impact, possible solutions and status of risks to Project Managers.

RISK MANAGEMENT MONITORING TEAM

All Levels of the Enterprise Responsible for Risk Identification

• Risk Management Monitoring Team = Internal Audit Director (John Vincent) and Policy Director (Steve Hurley).
• Execute a reporting and review process to ensure that risks are effectively identified and assessed and that appropriate controls and responses are in place.
• Recommend changes based on monitoring of the project risk management process.
• Report on the status of risk management to Steering Team/Project Sponsors.