



**NY Power
Authority**

New York Power Authority Chief Risk Officer – Summary Report

March 26, 2014

Audit Committee Meeting

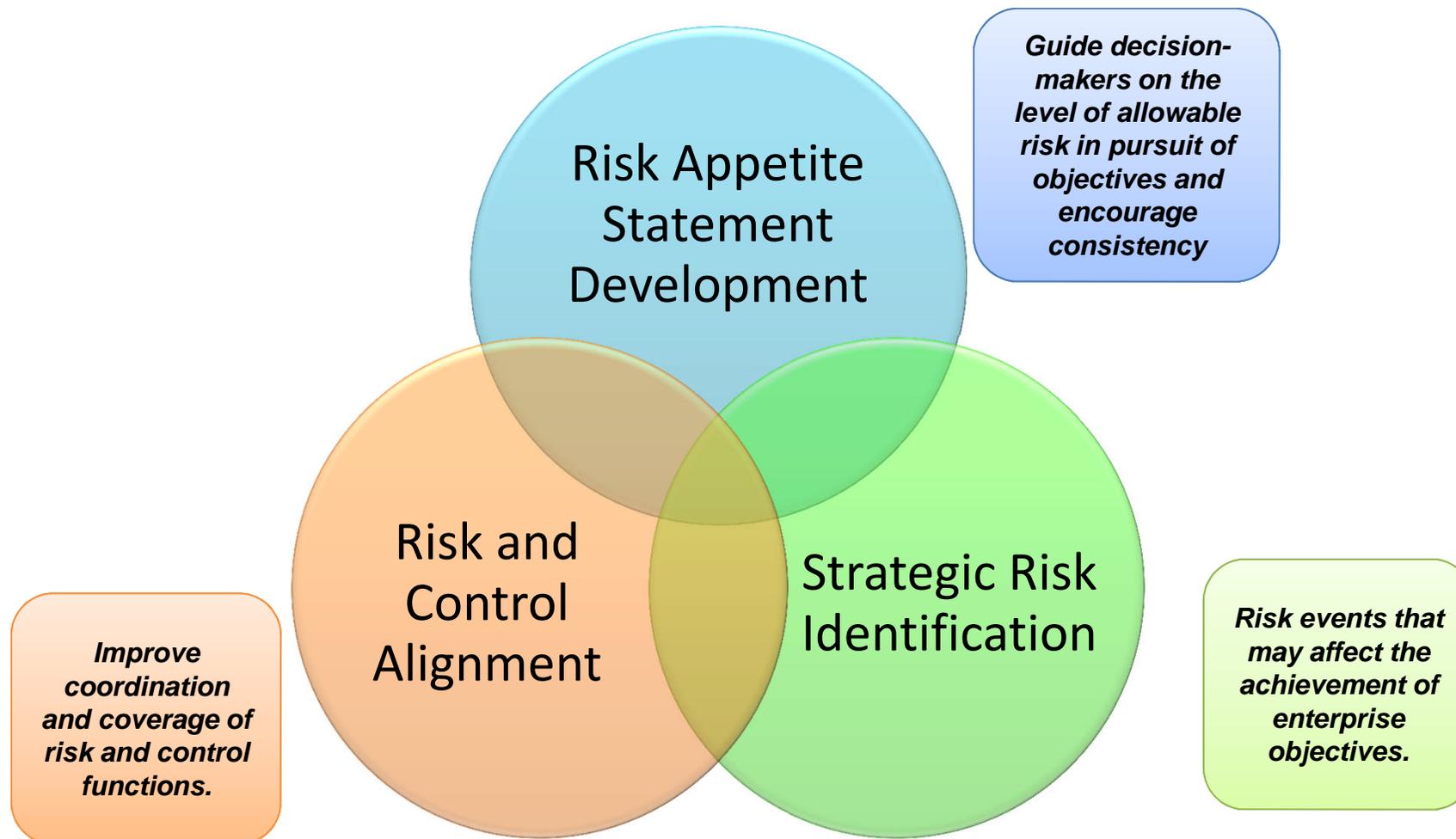
Robert Lurie, EVP and Chief Financial Officer



Agenda

- In Process Activities
 - Risk and Control Alignment
 - Risk Appetite Statement Development
 - Strategic Risk Identification

In Process Activities



Risk and Control Alignment

Objectives

1. Clarify existing roles and responsibilities
2. Identify any gaps and overlaps that may exist
3. Bring organization, up to “leading practice”

Participants

Phase 1

Technical Compliance, Internal Audit, Internal Controls, Business Controls and Enterprise Risk

Phase 2

Office of Ethics and Compliance, Strategy Management, Insurance Risk, EH&S, and Information Technology

Major findings

1. Identified need for formal coordination
2. Need for formal process for Control Self Assessment

Next Steps

- Formalize coordinating committee for risk management activities (April 2015)
- Complete Phase 2 participant study (May 2015)
- Confirm coverage and prioritize resolution of gaps and overlaps (June 2015)



Risk Appetite Statement Development

Objectives

- Develop risk appetite statements that will define the amount and type of risk that the NYPA is willing to take in order to meet our strategic objectives
- Develop risk tolerances, where applicable, to define the specific maximum risk that NYPA is willing to take regarding a relevant risk

Benefits

- Encourage decision-makers to take risks within a consistent set of boundaries
- Link business decisions to strategy
- Develop more accountability through risk reporting

Milestones

- Executive Risk Management Committee
 - draft appetite statements (March 2015)
 - develop market risk tolerance (April 2015)
- Strategic Planning Offsite – consensus/refinement of risk appetite statements (April 2015)
- Report to Audit Committee and Finalize Risk Appetite Statement(s) (July 2015)
- Develop risk tolerances for relevant risks (May – December 2015)



Strategic Risk Identification

Objective

- Identify, assess and ensure appropriate response to risks that could affect the achievement of NYPA's strategic objectives

Benefits

- Link business decisions to strategy
- Develop more intelligent and useful risk reporting
- Prioritize the management of risk across NYPA

Milestones

- Executive Risk Management Committee – identify strategic risks (March 2015)
- Strategic Planning Offsite – consensus/refinement of strategic risks (April 2015)
- Report to Audit Committee and Finalize Strategic Risks (July 2015)
- Assess strategic risks (July 2015)
- Develop formal response plans for strategic risks and report to Audit Committee (Late 2015)