



Administrative Policies and Procedures: 1.7

Subject:	Risk Management
Authority:	TCA 37-5-105; 37-5-106; 9-18-101 (Financial Integrity Act)
Standards:	Statement on Auditing Standards (SAS) No. 99; COA: PA-RPM 2.01, 2.02
Application:	To All Department of Children's Services Employees
Policy Statement:	
The Department of Children's Services shall comply with the State of Tennessee policies and procedures, rules and laws to identify and reduce or eliminate risks to its property, interests and employees, to minimize and contain the costs and consequences in the event of harmful or damaging incidents arising from those risks.	
Purpose:	
To safeguard DCS property, interests, and certain interests of employees during the conduct of government operations.	
Procedures:	
A. Responsibilities of Management and Staff	<p>Successful risk management is a core requirement of <u>all DCS staff</u>.</p> <p>The Deputy Commissioners, Executive Directors, Directors, and management staff are accountable for applying agreed risk management policy and practices in their area of responsibility.</p> <ol style="list-style-type: none"> 1. Management and staff should be familiar with, and competent in, the applications of the risk management framework. 2. Managers, at all levels, will support and encourage staff in managing risks in the workplace, and in documenting risk so that appropriate audit trails are maintained. 3. Managers, at all levels, must report identified risks. 4. The Director of Internal Audit will provide management with advice on whether the <u>DCS Risk Management Plan</u> is operating efficiently, effectively and in accordance with the law; and promotes better practice wherever possible.
B. Measurement	<ol style="list-style-type: none"> 1. Based upon management's identification of different risks to DCS, thought must be given to the likelihood that these risks will be realized, and if so, the significance/impact that it would have. Once management has identified key risks, it is their responsibility to monitor and control these risks.

	<ol style="list-style-type: none"> 2. The specific method used to identify risks is management’s careful consideration of factors unique to DCS. The Office of Internal Audit will annually compile a <u>Risk Assessment Plan</u> to ascertain that control activities are present to manage risk. 3. The <u>Risk Assessment Plan</u> uses subjective measures to determine the likelihood that risks will be realized, the significance/impact that it would have on DCS, and the strategies used to prevent or deter the risk from occurring.
<p>C. Reviews and audits</p>	<ol style="list-style-type: none"> 1. Internal Audit will review the effectiveness of the <u>Risk Assessment Plan</u> in assisting the department in managing the risks to which it is exposed. The impact of policy on departmental operations and performance will be gauged by how well the department has: <ol style="list-style-type: none"> a) Identified and minimized its risks; b) Contained the effects of any damaging incidents; and c) Achieved adequate and timely reporting. 2. Internal Audit will also establish a framework for assessing risk by collecting and analyzing the information supplied by management’s self-assessment to rank and validate risk priorities. This will be utilized to select audit/review engagements that will be communicated and approved by the management. 3. Feedback on the implementation and the effectiveness of the plan will be obtained from departmental monitoring information, internal audits, and reviews.
<p>D. Quarterly reporting</p>	<ol style="list-style-type: none"> 1. Designated management staff will forward quarterly reports to the Executive Director and the Deputy Commissioner of each division. The Executive Director and the Deputy Commissioner of each division will review and approve the Risk Assessment Matrix from the regions and submit the matrix by the last working day of the months following each quarter (quarterly reports are submitted in accordance with the Federal Fiscal calendar: 1st Quarter due by the last working day in January; 2nd Quarter due by the last working day in April; 3rd Quarter due by the last working day in July; and 4th Quarter due by the last working day in October) to Internal Audit. 2. The Risk Management Matrix from each Division in Central Office will be submitted by the 15th day of the months following each quarter as listed above. Internal Audit will provide a summary of planned progress to the Commissioner. 3. The Deputy Commissioner for each division/unit will review quarterly reports with their respective divisions/units during their regularly scheduled meeting.

<p>Forms:</p>	<p>None</p>
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Collateral documents:	<i>DCS Risk Management Plan</i> <i>Risk Assessment Plan Matrix</i>
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Glossary:	
Term	Definition
Risk Management:	A systematic process of evaluating and reducing potential risks that may befall personnel, clients, an organization, or a facility. Risk management activities are directed toward reducing an organization's legal and financial exposure, especially to lawsuits.