Enterprise Wide Risk Management Policy  UDOT 03-05
Effective: August 4, 2017

Purpose

Utah Department of Transportation (Department) enterprise-wide risk management provides proper support to fulfill strategic objectives and improves decision-making through thoughtful analysis of transportation related challenges. An effective risk management strategy optimizes costs, preserves reputation, and strengthens desired outcomes. It also reduces the potential for fraud, waste, and abuse of agency assets, funds, and resources.

Statutory Reference

Utah Code 63I-5-401(f)

Policy

The Department’s enterprise wide risk management process will:

- Support the achievement of strategic goals and performance measures.
- Provide greater clarity and transparency to the public for the Department’s decision-making process.
- Encourage thoughtful analysis by key decision makers in the organization when prioritizing funds, personnel, and resources to key projects and activities.
- Improve allocation and prioritization of resources by weighing risks with potential rewards.
- Reduce the chance of harm to the public and the public’s interest.

All employees are expected to understand the potential dangers, risks, and vulnerabilities of their respective positions. Each division shall assign risk owners for the following risk types:

**Strategic Risks** – Risks that affect the entire department and hinder the achievement of major priorities and goals. These risks will be managed under the oversight and delegation from the Executive Director’s Office and the Transportation Commission.

**Program Risks** – Risks that affect major programs including safety, pavements, bridges, maintenance, information technology, local programs, project delivery, finances, human resource management, asset management, structures and maintenance planning. These risks will be monitored by division and region leaders.
Project Risks – Risks that affect cost, scope, schedule, quality, and impact of construction projects. Division and region leaders will assign risk owners based on project type, experience of the owner, needs of the Department, and availability of resources. These risks are monitored by division leaders but managed by individuals assigned as risk owners within the project level.

Activity Risks – Risks that affect major ongoing activities from a “ground” level. These may include everyday office risks, activities undertaken by general staff to perform their functions. Division and region leaders will coordinate with project managers, supervisors, and other personnel to identify and manage these risks as needed.

Department Responsibility

1. Department leadership will complete an annual risk assessment to include risk types, mitigation strategies, designated risk owners, and risk ratings.

2. Division and Region Directors will coordinate their risk assessment results with the Internal Audit Division (Internal Audit).

3. Internal Audit will provide a master copy of the risk assessment completed by Department leadership to the Executive Director’s Office for review.

4. The Executive Director’s Office will approve the Department risk assessment and oversee the governance of risk management for the agency.

Internal Audit Responsibility

1. The Executive Director, with counsel from the Audit Advisory Team, will propose an audit schedule from the risk assessment in accordance with Utah Code 63I-5-401(f). The Transportation Commission will prioritize the final schedule.

2. Internal Audit will address all audit reports to the Executive Director’s Office and to the Audit Advisory Team.

3. Internal Audit will provide, as needed, risk based audit reports to the Transportation Commission, the State Auditor’s Office, the Office of Legislative Auditors, and the Governor’s Office of Management and Budget.