RISK MANAGEMENT

Strengthening the Use of Risk Management Principles in Homeland Security

What Participants Said

Forum participants identified what they considered to be effective public and private sector risk management practices. For example, participants discussed the private sector use of a chief risk officer, though they did not reach consensus on how to apply the concept of the chief risk officer to the public sector. One key practice for creating an effective chief risk officer, participants said, was defining reporting relationships within the organization in a way that provides sufficient authority and autonomy for a chief risk officer to report to the highest levels of the organization.

Participants stated that the U.S. government needs a single risk manager. One participant suggested that this lack of central leadership has resulted in distributed responsibility for risk management within the administration and Congress and has contributed to a lack of coordination on spending decisions. Participants also discussed examples of public sector organizations that have effectively integrated risk management practices into their operations, such as the U.S. Coast Guard, and compared and contrasted public and private sector risk management practices.

According to the participants at our forum, three key challenges exist to applying risk management to homeland security: improving risk communication, political obstacles to risk-based resource allocation, and a lack of strategic thinking about managing homeland security risks. Many participants agreed that improving risk communication posed the single greatest challenge to using risk management principles. To address this challenge, participants recommended educating the public and policymakers about the risks we face and the value of using risk management to establish priorities and allocate resources; engaging in a national discussion to reach a public consensus on an acceptable level of risk; and developing new communication practices and systems to alert the public during an emergency. In addition, to address strategic thinking challenges, participants recommended the government develop a national strategic planning process for homeland security and governmentwide risk management guidance. To improve public-private sector coordination, forum participants recommended that the private sector should be more involved in the public sector’s efforts to assess risks and that more state and local practitioners and experts be involved through intergovernmental partnerships.