

D.C. Office of Risk Management

Description	FY 2004 Actual	FY 2005 Approved	FY 2006 Proposed	% Change from FY 2005
Operating Budget	\$1,806,848	\$2,022,710	\$1,924,551	-4.9%
FTEs	23.0	23.0	29.0	26.1%

The mission of the D.C. Office of Risk Management (DCORM) is to provide risk identification, analyses, control and financing direction, guidance, and support to District agencies so that they can minimize the cost of risk.

This includes the cost of retained losses, risk control costs, net transferred risks, and administrative costs. DCORM plans to accomplish this by systematically identifying and analyzing exposures to risk, selecting and implementing appropriate risk control strategies and prudently financing anticipated and incurred losses into a District-wide risk management program.

The agency plans to fulfill its mission by achieving the following strategic result goals:

- Institutionalization of risk management as a regular District-wide and agency-specific function.
- Systematization of the identification and analysis of District-wide and agency-specific exposures to risk.
- Minimization of the likelihood and severity of losses through effective safety and security risk control strategies.
- Formalization of the philosophy, policies, and procedures for financing identified risks and incurred losses.

Gross Funds

The proposed Gross funds budget is \$1,924,551, a decrease of \$98,159 or 4.9 percent from the FY 2005 approved budget of \$2,022,710. There are 29 FTEs for the agency, an increase of 6 FTEs from the FY 2005 level.

General Fund

Local Funds. The proposed budget is \$1,424,551, an increase of \$101,841 or 7.7 percent from the FY 2005 approved budget of \$1,322,710. There are 23 FTEs supported by these funds, no change from FY 2005.

Changes from the FY 2005 approved budget are:

- A net increase of \$90,644 in personal services for the 3.5 percent pay raise for nonunion employees and corresponding fringe benefits.
- An increase of \$12,032 in fixed costs for occupancy to reflect the \$4 per square foot charge.
- A redirection of \$10,000 from equipment to other services and charges.

Funding by Source

Tables RK0-1 and 2 show the sources of funding and FTEs by fund type for the Office of Risk Management.

Table RK0-1
FY 2006 Proposed Operating Budget, by Revenue Type
 (dollars in thousands)

Appropriated Fund	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
Local Fund	0	1,801	1,323	1,425	102	7.7
Total for General Fund	0	1,801	1,323	1,425	102	7.7
Intra-District Funds	0	5	700	500	-200	-28.6
Total for Intra-District Funds	0	5	700	500	-200	-28.6
Gross Funds	0	1,807	2,023	1,925	-98	-4.9

Table RK0-2
FY 2006 Full-Time Equivalent Employment Levels

Appropriated Fund	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
General Fund						
Local Fund	0	0	23	23	0	0.0
Total for General Fund	0	0	23	23	0	0.0
Intra-District Funds						
Intra-District Funds	0	0	0	6	6	100.0
Total for Intra-District Funds	0	0	0	6	6	100.0
Total Proposed FTEs	0	0	23	29	6	26.1

Expenditure by Comptroller Source Group

Table RK0- 3 shows the FY 2006 proposed budget for the agency at the Comptroller Source Group level (Object Class level) and FTEs by fund type.

Table RK0-3
FY 2006 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
11 Regular Pay - Cont Full Time	0	1,040	1,611	1,510	-101	-6.2
12 Regular Pay - Other	0	138	0	0	0	0.0
13 Additional Gross Pay	0	7	0	0	0	0.0
14 Fringe Benefits - Curr Personnel	0	185	251	242	-9	-3.5
Subtotal Personal Services (PS)	0	1,371	1,861	1,752	-109	-5.9
20 Supplies and Materials	0	38	10	10	0	0.0
30 Energy, Comm. and Bldg Rentals	0	33	24	21	-3	-12.1
31 Telephone, Telegraph, Telegram, Etc	0	12	25	25	0	0.0
33 Janitorial Services	0	0	15	15	0	0.0
34 Security Services	0	13	15	18	2	13.7
35 Occupancy Fixed Costs	0	0	32	44	12	37.4
40 Other Services and Charges	0	47	29	39	10	34.3
41 Contractual Services - Other	0	257	0	0	0	0.0
70 Equipment & Equipment Rental	0	35	10	0	-10	-100.0
Subtotal Nonpersonal Services (NPS)	0	436	162	173	11	6.9
Total Proposed Operating Budget	0	1,807	2,023	1,925	-98	-4.9

Figure RK0-1

D.C. Office of Risk Management



- A decrease of \$2,952 in fixed costs for energy due to lower consumption and charges for FY 2006.
- An increase of \$2,116 in fixed costs for security services due to new contractual terms.

Intra-District Funds

The proposed budget is \$500,000, a decrease of \$200,000 or 28.6 percent from the FY 2005 approved budget of \$700,000. The funding represents an advance from the Disability Compensation fund account to cover administrative expenses. There are 6 FTEs supported by these funds, an increase of 6 FTEs from the FY 2005 level of 0 FTE.

Programs

The Office of Risk Management is committed to the following programs:

Risk Identification and Analysis Division

	FY 2005*	FY 2006
Budget	\$730,198	\$693,822
FTEs	8.0	9.5

*FY 2005 program funding levels are presented for comparison purposes only. Program budgets did not exist for FY 2005 for this agency because the agency had not yet created its performance-based budgeting structure.

Program Description

The Risk Identification and Analysis Division program integrates the work of agency risk management representatives who systematically identify, measure, analyze and document the Government of the District of Columbia's exposure to risk, thereby creating a dynamic D.C. risk map that supports definition of efficient and effective risk management strategy. Some key division functions are:

- Coordinate and integrate work of Agency Risk Management Representatives including systematic identification, measurement, analysis and documentation of agency/District exposures to risk.

- Create and maintain dynamic District government prioritization risk map based on frequency and severity projections of anticipated losses.
- Coordinate D.C. Risk Management Council agenda and follow-up, including agency director's accountability for performance contract risk management requirements.
- Review and guide agency Risk Assessment and Control Committee activities relative to risk management plans.
- Provide technical risk management expertise in the implementation of risk management plans, especially to agencies with collateral duty risk management representatives.

Program Budget Summary

Since this agency transitions to a PBB agency in FY 2006, no analysis can be done between the FY 2006 request and the previous budget years on a program-by-program basis. However, a gross funds budget of \$693,822 was proposed. There are 9.5 FTEs supported by this program.

Key Result Measures

Program 1: Risk Identification and Analysis

Citywide Strategic Priority Area(s):

Manager(s): Monique LaBeach Pydras, Assistant Director

Supervisor(s): Kelly Valentine, Director

Measure 1.1: Percent of industry "cost of risk" benchmarks (including those from Risk and Insurance Management Society (RIMS) and Public Risk Management Association (PRIMA) benchmark surveys) met by ORM and District

	Fiscal Year	
	2006	2007
Target	100	105
Actual	-	-

Risk Control Division

	FY 2005*	FY 2006
Budget	\$358,020	\$340,129
FTEs	4.0	4.5

*FY 2005 program funding levels are presented for comparison purposes only. Program budgets did not exist for FY 2005 for this agency because the agency had not yet created its performance-based budgeting structure.

Program Description

The **Risk Control Division** program effectively minimizes the probability, frequency, and severity of accidental losses on a pre-loss and post-loss basis through a compliance-monitoring program for safety, security and contingency planning for emergencies by all D.C. agencies. Some key division functions are:

- Consultative program for safety, security and contingency planning for emergencies.
- Monitor compliance with risk control deficiency remediation recommendations.
- Detailed loss analysis and related benchmarking and risk control strategy research.
- Agency-specific risk control consultation relative to remediation and mitigation strategies.
- Regular risk control on-site assessments relative to safety, physical security and operational exposures.

Program Budget Summary

Since this agency transitions to a PBB agency in FY 2006, no analysis can be done between the FY 2006 request and the previous budget years on a program-by-program basis. However, a gross funds budget of \$340,129 was proposed. There are 4.5 FTEs supported by this program.

Key Result Measures

Program 2: Risk Financing Division

Citywide Strategic Priority Area(s):

Manager(s): Robert K. Lisk, Assistant Director

Supervisor(s): Kelly Valentine, Director

Measure 2.1: Percent of reduction in total cost of risk (as measured by net insurance premiums retained losses, risk control expenses and administrative costs)

	Fiscal Year	
	2006	2007
Target	5	0
Actual	-	-

Risk Financing Division

	FY 2005*	FY 2006
Budget	\$463,201	\$441,629
FTEs	8.0	11.0

*FY 2005 program funding levels are presented for comparison purposes only. Program budgets did not exist for FY 2005 for this agency because the agency had not yet created its performance-based budgeting structure.

Program Description

The **Risk Financing Division** program professionally anticipates and plans for funding loss payments and manages the adjudication of claims and recoveries. Some key division functions are:

- Oversee Claims Bureau management and processes for adjudicating property, liability and disability compensation claims against the District government.
- Review claim summaries and management reports identifying trends and issues for follow up.
- Cultivate a cooperative relationship with agencies and Office of the Attorney General for the District of Columbia (OAG) relative to claim management and cost-of-risk allocation factors.
- Develop and implement appropriate risk financing alternative for identified exposures.
- Provide risk management review of contracts, agreements, and leases to identify risk management implications.

Program Budget Summary

Since this agency transitions to a PBB agency in FY 2006, no analysis can be done between the FY 2006 request and the previous budget years on a program-by-program basis. However, a gross funds budget of \$441,629 was proposed. There are 10.5 FTEs supported by this program.

Risk Administrative Services Division

	FY 2005*	FY 2006
Budget	\$24,272	\$22,287
FTEs	0.0	0.0

*FY 2005 program funding levels are presented for comparison purposes only. Program budgets did not exist for FY 2005 for this agency because the agency had not yet created its performance-based budgeting structure.

Program Description

The **Risk Administrative Services Division** program enhances service delivery of DCORM through financial, data, technology and office management support services. Some key division functions are:

- Manage Risk Management Information System (RMIS) and related systems, especially Agency System Management Program (ASMP) systems interface.
- Maintains Office of Risk Management (ORM) website.
- Executes cost-of-risk allocation system to agencies.
- Maintains Risk Management Resource Library.
- Coordinates Risk Management Training Institute functions.
- Provides financial and administrative support to ORM including finance, budget, human resource and procurement functions.

Program Budget Summary

Since this agency transitions to a PBB agency in FY 2006, no analysis can be done between the FY 2006 request and the previous budget years on a program-by-program basis. However, a gross funds budget of \$22,287 was proposed. There are no FTEs supported by this program.

Agency Management

	FY 2005*	FY 2006
Budget	\$434,883	\$414,330
FTEs	3.0	4.0

*FY 2005 program funding levels are presented for comparison purposes only. Program budgets did not exist for FY 2005 for this agency because the agency had not yet created its performance-based budgeting structure.

Program Description

The **Agency Management** program provides operational support to the agency so that it has the necessary tools to achieve operational and programmatic results. This program is standard for all agencies. More information about the Agency Management program is in the Strategic Budgeting chapter.

Program Budget Summary

Since this agency transitions to a PBB agency in FY 2006, no analysis can be done between the FY 2006 request and the previous budget years on a program-by-program basis. However, a gross budget of \$414,330 was proposed. This program supports 4 FTEs.

Key Result Measures

Program 3: Agency Management

Citywide Strategic Priority Area(s):

Manager(s): Robert L. Lisk, Assistant Director

Supervisor(s): Kelly Valentine, Director

Measure 3.1: Percent variance of estimate to actual expenditure (over/under)

	Fiscal Year	
	2006	2007
Target	5	5
Actual	-	-

Measure 3.2: Cost of Risk

	Fiscal Year	
	2006	2007
Target	N/A	N/A
Actual	-	-

Measure 3.3: Percent of the Mayor's Customer Service Standards Met

	Fiscal Year	
	2006	2007
Target	63	63
Actual	-	-

Measure 3.4: Percent of Key Result Measures achieved

	Fiscal Year	
	2006	2007
Target	70	70
Actual	-	-

Agency Finance Operations

	FY 2005*	FY 2006
Budget	\$12,136	\$12,354
FTEs	0.0	0.0

*FY 2005 program funding levels are presented for comparison purposes only. Program budgets did not exist for FY 2005 for this agency because the agency had not yet created its performance-based budgeting structure.

Program Description

The **Agency Financial Operations** program provides comprehensive and efficient financial management services to and on behalf of District agencies so that the financial integrity of the District of Columbia is maintained. This program is standard for all Performance-based budgeting agencies. More information about the Agency Financial Operations program is in the Strategic Budgeting chapter.

Program Budget Summary

Since this agency transitions to a PBB agency in FY 2006, no analysis can be done between the FY 2006 request and the previous budget years on a program-by-program basis. However, a gross budget of \$12,354 was proposed. There are no FTEs supported by this program.

For more detailed information regarding the proposed funding for the activities within this agency's programs, please see schedule 30-PBB in the FY 2006 Operating Appendices volume.

