RESOLUTION NO. 6379

WHEREAS, the Board of Directors has determined it is in the best interest of the District, its employees, and its customer-owners to establish written policies that describe and document OPPD’s corporate governance principles and procedures; and

WHEREAS, each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process; and

WHEREAS, the Board’s Governance Committee (the “Committee”) is responsible for evaluating Board Policy SD-15: Enterprise Risk Management on an annual basis. The Committee has reviewed the 2020 SD-15: Enterprise Risk Management Monitoring Report and finds OPPD to be sufficiently in compliance with the policy as stated.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors accepts the 2020 SD-15: Enterprise Risk Management Monitoring Report, in the form as set forth on Exhibit A attached hereto and made a part hereof, and finds OPPD to be sufficiently in compliance with the policy as stated.
Monitoring Report
SD-15: Enterprise Risk Management
Governance Committee

June 9, 2020

Scott Focht – Senior Director Corporate Strategy & Governance
SD-15: Enterprise Risk Management

OPPD shall maintain an enterprise risk management (ERM) program to perform an independent oversight function of the District’s risk management activities to ensure significant risks are identified, assessed, managed, and reported through organizational policies, procedures, and processes to maintain risk exposures within agreed upon risk tolerance levels.

The Board of Directors shall:

• Ensure the District is maintaining an ERM program that fulfills this policy;

• Review the District’s most significant risks on a quarterly basis to validate assumptions and assess the impacts of changes since initial risk review;

• When necessary, request additional explanation of the risk from the corresponding Vice President responsible for the risk or request additional expertise to supplement the review; and

• Review additional ERM information, related risk activities, and strategies on an as-needed basis.
Ensure the District is maintaining an ERM program that fulfills this policy;

- ERM Structure:
Ensure the District is maintaining an ERM program that fulfills this policy:

• Board Policy SD-15 & ERM Policy guide responsibilities and procedures for managing risks

• Risk Identification & Oversight:
  • Monthly: All three ERM Working Group Committees meet to identify and assess risks and have at least one member from each Business Unit.
  • Quarterly: Reports on the District’s significant risks are provided to Executive ERM Committee and the Board of Directors. Senior Management affirms the following items:
    • Enterprise risks are identified, to a reasonable extent.
    • Significant enterprise risks are understood.
    • Mitigation strategies are understood, appropriate, and sufficient.
Review the District’s most significant risks on a quarterly basis to validate assumptions and assess the impacts of changes since initial risk review:

- 3rd Quarter 2019 Report (Closed Session) - October 15, 2019
- 4th Quarter 2019 Report (Closed Session) - December 10, 2019
- 1st Quarter 2020 Report (Closed Session) – Postponed to Q2 due to pandemic
- 2nd Quarter 2020 Report (Closed Session) - June 9, 2020
When necessary, request additional explanation of the risk from the corresponding Senior Manager responsible for the risk or request additional expertise to supplement the review;

- Three levels of risk ownership:
  - Senior Manager Owner
  - Direct Report Risk Owner
  - Subject Matter Expert (SME)

- Directors are able to request additional information from the corresponding Senior Management owner responsible for any significant risk.
- Directors can also request that Senior Management arrange for additional expertise to supplement the review of a specific significant risk.
Review additional ERM information, related risk activities, and strategies on an as-needed basis.

• Leverage ERM during Strategic Planning, Resource Planning, and Capital Project Prioritization
• Business Decision Model includes risk assessment
• Recent Board recommendations have included risk-related information as part of the discussion. Some examples include:
  • Resolution No. 6336 – Replacement of NC1 Turbine Low Pressure Rotors (August 13, 2019)
  • Resolution No. 6351 - Power with Purpose (November 14, 2019 and Ongoing)
  • Resolution No. 6354 – Approval of Corporate Operating Plan (December 12, 2019)
Recommendation

• The Governance Committee has reviewed and accepted this Monitoring Report for SD-15 and recommends that the Board find OPPD to be sufficiently in compliance with Board Policy SD-15.
ITEM

SD-15: Enterprise Risk Management Monitoring Report

PURPOSE

To ensure full Board review, discussion and acceptance of the 2020 SD-15: Enterprise Risk Management Monitoring Report

FACTS

a. The Board confirmed the Corporate Governance Initiative Charter in December 2014, in order to assess and refine OPPD’s corporate governance infrastructure.

b. The first set of Board policies were approved by the Board on July 16, 2015. A second set of Board policies were approved by the Board on October 15, 2015.

c. Each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process.

d. The Governance Committee is responsible for evaluating Board Policy SD-15: Enterprise Risk Management Monitoring Report on an annual basis.

e. The Governance Committee has reviewed the 2020 SD-15: Enterprise Risk Management Monitoring Report and is recommending that OPPD be found to be sufficiently in compliance with the policy as stated.

ACTION


RECOMMENDED:  

/approved for reporting to board:

/s/ Scott M. Focht  
Scott M. Focht  
Sr. Director - Corporate Strategy and Governance

/s/ Timothy J. Burke  
Timothy J. Burke  
President and CEO

Attachments: Exhibit A – Monitoring Report Resolution