

BILL ANALYSIS

S.B. 147
By: Barrientos
State Affairs
Committee Report (Amended)

BACKGROUND AND PURPOSE

Risk management is a method of conducting business that recognizes that business operations inherently possess risks that can be anticipated and controlled to prevent losses from occurring.

Currently, the State Office of Risk Management (SORM) may assist agencies concerning risk assessments, risk management plans, and control strategies, but does not have the authority to require agencies to assess their risks or to develop risk management plans. Imposing such a requirement on state agencies could raise the awareness of key decision-makers of the risks inherent within state government, and lead to the implementation of effective and efficient risk prevention and control measures.

The purpose of Senate Bill 147 is to require each state agency to develop a risk management plan, and to implement various other procedures which will help to assess and control state agency risks.

RULEMAKING AUTHORITY

It is the opinion of the committee that this bill does not expressly grant any additional rulemaking authority to a state officer, department, institution, or agency.

ANALYSIS

Senate Bill 147 amends Subtitle B, Title 10, Government Code, by adding Chapter 2057 to require the governing body of each executive branch state agency to adopt a risk management plan as part of the agency's strategic plan. The bill sets a biennial deadline for submission of the plan to the State Office of Risk Management (SORM), and provides that the plan must include:

- a risk assessment strategy,
- risk control strategies,
- a business continuity strategy designed to maintain business operations in the face of potential disruptions, and
- a report on the agency's achievement in implementing risk management and risk control strategies.

The bill provides that each state agency shall implement its risk management plan, and shall report to the governing body of the agency at least twice each year on its implementation of the plan. The agency is also required to promptly notify the governing body if it identifies a significant risk, including the corrective measures taken to address the risk.

The bill delegates certain responsibilities to SORM, which include coordinating with the Legislative Budget Board, assisting state agencies in the preparation of risk management plans, and providing a report to the Legislature identifying:

- state agencies who are not adequately preparing or implementing risk management plans,
- the state's significant risks and exposure to loss, and
- recommendations regarding risk control.

The bill includes a provision on the proper construction of Chapter 2057 with respect to the duties assigned to state agencies by other laws.

The bill makes conforming amendments to Section 2056.002 (Strategic Plans) of the Government Code consistent with the purposes of the Act.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

EXPLANATION OF AMENDMENTS

Committee Amendment No. 1 provides that proposed Chapter 2057, Government Code, does not expand, supersede, or replace the authority of SORM to provide full risk and insurance management services under Chapter 412, Labor Code, or Subchapter C, Chapter 501, Labor Code.

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