

By: Barrientos

S.B. No. 147

A BILL TO BE ENTITLED

AN ACT

relating to the adoption by state agencies of risk management and control strategies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle B, Title 10, Government Code, is amended by adding Chapter 2057 to read as follows:

CHAPTER 2057. STATE AGENCY RISK MANAGEMENT POLICIES AND CONTROL STRATEGIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2057.001. DEFINITIONS. In this chapter:

(1) "Control strategy" means a state agency policy, procedure, or process that is designed to signal the existence of a risk and mitigate or avoid that risk.

(2) "Objective" means a goal to which senior management of a state agency and the agency's governing body intends to devote a significant portion of their time and attention to accomplish during the biennium following a regular legislative session.

(3) "Risk management" means:

(A) the identification of significant impediments that may prevent a state agency from achieving its objectives; or

(B) the identification of a significant likelihood that an opportunity may be lost for enabling a state

1 agency to achieve its objectives.

2 (4) "State agency" means a department, commission,
3 board, office, authority, or other agency in the executive branch
4 of state government, created under the constitution or a statute,
5 with statewide authority, including a university system or an
6 institution of higher education as defined by Section 61.003,
7 Education Code.

8 [Sections 2057.002–2057.050 reserved for expansion]

9 SUBCHAPTER B. POWERS AND DUTIES

10 Sec. 2057.051. ADOPTION OF RISK MANAGEMENT AND CONTROL
11 STRATEGIES. (a) Not later than August 31 of each odd-numbered
12 year, the governing body of each state agency shall adopt risk
13 management and control strategies for the succeeding biennium.

14 (b) The risk management and control strategies must:

15 (1) specify the operational, strategic, and financial
16 objectives of the state agency;

17 (2) assess the nature and extent of the risks to
18 achieve those objectives;

19 (3) identify any significant risks that may impede the
20 achievement of those objectives;

21 (4) identify measures that may lessen or eliminate
22 significant risks, including alternative or contingency measures
23 for implementing the objectives; and

24 (5) analyze the likelihood that the risk may occur and
25 the cost of controlling the risk compared to the benefits of
26 managing the risk.

27 (c) Not later than the 10th day after the date on which the

1 governing body adopts its risk management and control strategies,
2 the governing body shall forward a copy of the strategies to the:

- 3 (1) governor;
- 4 (2) lieutenant governor;
- 5 (3) speaker of the house of representatives;
- 6 (4) comptroller; and
- 7 (5) Legislative Budget Board.

8 Sec. 2057.052. STATE AGENCY RESPONSIBILITIES. (a) Each
9 state agency shall implement the risk management and control
10 strategies adopted by its governing body under this subchapter.

11 (b) At least twice each year, the state agency shall provide
12 to the governing body progress reports concerning the
13 implementation of the adopted strategies.

14 (c) The state agency shall promptly notify its governing
15 body of the identification of any significant risk that threatens
16 to impede the achievement of an objective and of the measures taken
17 to mitigate or avoid that risk.

18 Sec. 2057.053. REPORT ON RISK MANAGEMENT AND CONTROL
19 STRATEGIES. (a) Not later than October 31 of each even-numbered
20 year, the governing body of each state agency shall report on its
21 level of achievement in implementing risk management and control
22 strategies for the current biennium. The governing body shall
23 submit the report to the:

- 24 (1) governor;
- 25 (2) lieutenant governor;
- 26 (3) speaker of the house of representatives;
- 27 (4) comptroller; and

1 (5) Legislative Budget Board.

2 (b) The report must:

3 (1) review whether the state agency has achieved the
4 objectives established for the biennium and, if not, whether the
5 state agency will achieve its objectives by the end of the biennium;

6 (2) describe any significant control strategy
7 failings or weaknesses that have been identified during the
8 biennium;

9 (3) assess the extent to which the identified failings
10 or weaknesses resulted in unforeseen outcomes that may have
11 prevented the achievement of the state agency's objectives or may
12 have had a material impact on the performance of the state agency's
13 mission;

14 (4) examine in detail any corrective action by the
15 state agency; and

16 (5) assess the state agency's control strategy,
17 including a review of the scope and quality of management's ongoing
18 monitoring of risks.

19 SECTION 2. This Act takes effect immediately if it receives
20 a vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution. If this
22 Act does not receive the vote necessary for immediate effect, this
23 Act takes effect September 1, 2003.