

KAREN L. SISSON  
CITY ADMINISTRATIVE OFFICER

**CITY OF LOS ANGELES**  
CALIFORNIA



ANTONIO VILLARAIGOSA  
MAYOR

February 7, 2008

ASSISTANT  
CITY ADMINISTRATIVE OFFICERS

MARIA TERESA MUÑOZ  
RAYMOND P. CIRANNA  
TOM A. COULTAS  
ELLEN F. SANDT

The Honorable Laura N. Chick  
Controller  
Room 300, City Hall East  
200 North Main Street,  
Los Angeles, CA 90012

Re: Evaluation of Citywide Risk Management Functions

Dear Controller Chick:

Thank you for the opportunity to respond to your recent report entitled "Evaluation of Citywide Risk Management Functions". We are in agreement with the report's finding that implementation of a standard Citywide Enterprise Risk Management (ERM) Process to be used by all departments on a citywide basis would provide a number of benefits. An ERM program enables organizations to identify and manage all types of risks, including strategic, operational, financial and compliance risks. Accordingly, a functioning ERM system throughout the City would provide better visibility for and management of all these exposures, including significant operational hazard risks.

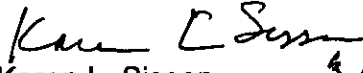
Since ERM would be a new program for the City, appropriate resources are needed for its successful implementation, including the staffing of a central ERM Unit within the CAO. The resultant budget priority for the necessary resources required by a Citywide ERM process is subject to the challenging economic conditions and corresponding fiscal uncertainty the City faces for the upcoming 2008/09 fiscal year. Therefore, an implementation date is indeterminable at this time.

In the interim, CAO Risk Management staff will continue to support the Mayor's risk management related initiatives, including Executive Directive No. 9, the implementation of risk reduction plans for City departments with the largest average liability payout costs and the universal metrics (including risk management metrics) being compiled for all City departments by the Mayor's Finance and Performance Measurement Unit. Additionally, CAO Risk Management is working with the Office of the City Attorney and the Office of the Mayor on the development and implementation of a centralized risk management information system for the City, the benefits of which include making information available to better assess and evaluate those risks that the City faces.

- Page 2 -

If you have any questions, please have your staff contact Victor T. Parker,  
Director of Risk Management at (213) 978-7655.

Very truly yours,

  
Karen L. Sisson  
City Administrative Officer

KLS:VTP:RBG:14080100

