

# National Infrastructure Advisory Council

The Honorable George W. Bush  
President of the United States  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, DC

Dear Mr. President:

We are pleased to submit the final report and recommendations of the National Infrastructure Advisory Council (NIAC) study on Risk Management Approaches to Protection. The NIAC would like to credit and thank Ms. Martha H. Marsh, President and Chief Executive Officer of Stanford Hospital and Clinics, and Thomas E. Noonan, Chairman, President and Chief Executive Officer of Internet Security Systems, Inc., for their leadership in this study. The Council would also like to thank the members of the study group and external reviewers for their dedicated efforts.

Mr. President, more than a year ago, you asked the NIAC to investigate whether private sector experience with risk prioritization and management could provide meaningful guidance on government programs and planning for critical infrastructure protection. In light of the recommendations of our report, and in support of its objectives, the Council respectfully submits four key conclusions and policy recommendations for your consideration:

- **The Federal Government must continue its focus on risk management.** DHS leadership and federal agencies need to use risk management methodologies in developing policy and decision making for critical infrastructure protection.
- **Create and standardize risk management methodologies and mechanisms across the government.** Risk management is a complex endeavor, and expansion of its use in government will not be achieved without recalibrations, lessons-learned and continuous improvement. The government should look to the private sector for guidance on this task because of its long-standing and matured processes in risk management.
- **Establish a risk management leadership function within all federal agencies.** Greater focus and accountability at senior levels of government will help to drive risk management structure and practice throughout government. To achieve this, cabinet-level departments should establish a Chief Risk Officer (CRO), a common element of successful risk management in the private sector.
- **Establish a risk management oversight function in all federal agencies.** Risk management is most effective in the private sector when corporate governance structures oversee risk management to ensure accountability, promote standards, and prioritize resources against threats and vulnerabilities. Government would benefit from establishment of similar risk management accountability and oversight structures.

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Mr. President, on behalf of my fellow NIAC members, thank you for the opportunity to serve our country through participation in this Council.

Sincerely,



Erle A. Nye  
*Chairman of the Board*  
*TXU Corp.*  
*Chairman, NIAC*



John T. Chambers  
*President and CEO*  
*Cisco Systems, Inc.*  
*Vice Chairman, NIAC*

cc:

Vice President Dick Cheney

Frances Fragos Townsend, Special Assistant to the President for Critical Infrastructure Protection; Homeland Security Advisor

The Honorable Michael Chertoff, Secretary of the Department of Homeland Security

Attachment: Final Report and Recommendations – Risk Management Approaches to Protection – October 12, 2005