



Highlights of [GAO-08-904T](#), a testimony before the Subcommittee on Transportation Security and Infrastructure Protection, Homeland Security Committee, House of Representatives

Why GAO Convened This Forum

From the terrorist attacks of September 11, 2001, to Hurricane Katrina, homeland security risks vary widely. The nation can neither achieve total security nor afford to protect everything against all risks. Managing these risks is especially difficult in today's environment of globalization, increasing security interdependence, and growing fiscal challenges for the federal government. Broadly defined, risk management is a process that helps policymakers assess risk, strategically allocate finite resources, and take actions under conditions of uncertainty.

GAO convened a forum of 25 national and international experts on October 25, 2007, to advance a national dialogue on applying risk management to homeland security. Participants included federal, state, and local officials and risk management experts from the private sector and academia.

Forum participants identified (1) what they considered to be effective risk management practices used by organizations from the private and public sectors and (2) key challenges to applying risk management to homeland security and actions that could be taken to address them. Comments from the proceedings do not necessarily represent the views of all participants, the organizations of the participants, or GAO. Participants reviewed a draft of this report and their comments were incorporated, as appropriate.

To view the full product, click on [GAO-08-904T](#). For more information, contact Norman J. Rabkin at (202) 512-8777 or rabkinn@gao.gov.

RISK MANAGEMENT

Strengthening the Use of Risk Management Principles in Homeland Security

What Participants Said

Forum participants identified what they considered to be effective public and private sector risk management practices. For example, participants discussed the private sector use of a chief risk officer, though they did not reach consensus on how to apply the concept of the chief risk officer to the public sector. One key practice for creating an effective chief risk officer, participants said, was defining reporting relationships within the organization in a way that provides sufficient authority and autonomy for a chief risk officer to report to the highest levels of the organization. Participants stated that the U.S. government needs a single risk manager. One participant suggested that this lack of central leadership has resulted in distributed responsibility for risk management within the administration and Congress and has contributed to a lack of coordination on spending decisions. Participants also discussed examples of public sector organizations that have effectively integrated risk management practices into their operations, such as the U.S. Coast Guard, and compared and contrasted public and private sector risk management practices.

According to the participants at our forum, three key challenges exist to applying risk management to homeland security: improving risk communication, political obstacles to risk-based resource allocation, and a lack of strategic thinking about managing homeland security risks. Many participants agreed that improving risk communication posed the single greatest challenge to using risk management principles. To address this challenge, participants recommended educating the public and policymakers about the risks we face and the value of using risk management to establish priorities and allocate resources; engaging in a national discussion to reach a public consensus on an acceptable level of risk; and developing new communication practices and systems to alert the public during an emergency. In addition, to address strategic thinking challenges, participants recommended the government develop a national strategic planning process for homeland security and governmentwide risk management guidance. To improve public-private sector coordination, forum participants recommended that the private sector should be more involved in the public sector's efforts to assess risks and that more state and local practitioners and experts be involved through intergovernmental partnerships.