



Enterprise Risk Management at the Department of Taxation and Finance

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Outline

1. Key ERM Drivers

- a. Environment/Circumstances
- b. Change
- c. Minimize Risk Management Inconsistencies
- d. Institutionalize Risk Management

2. Office of Risk Management: So Far, So Good

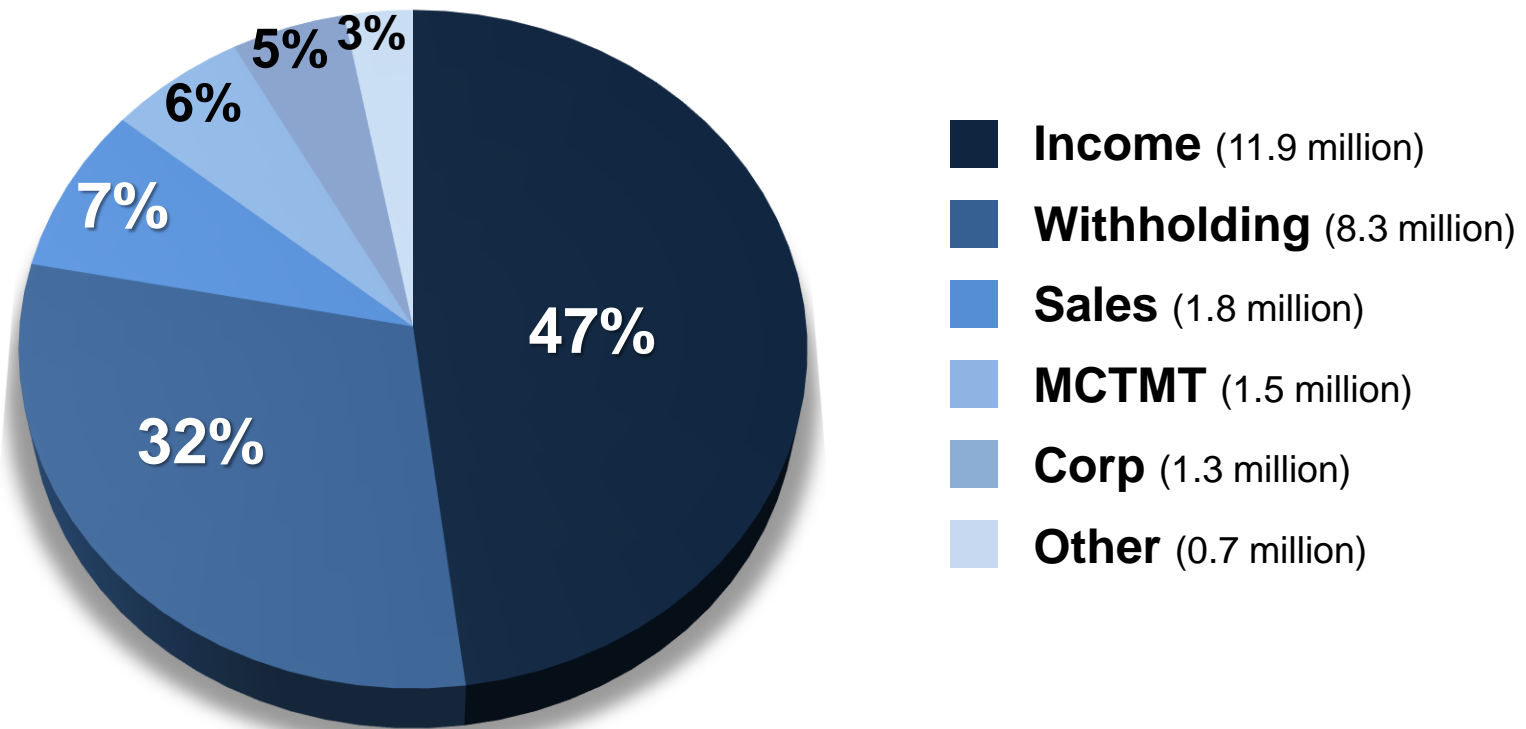
3. Moving forward

The Department's Mission

To **efficiently** collect tax revenues in support of State services and programs while acting with **integrity** and **fairness** in the administration of the tax laws of New York State.

DTF is a Big Business

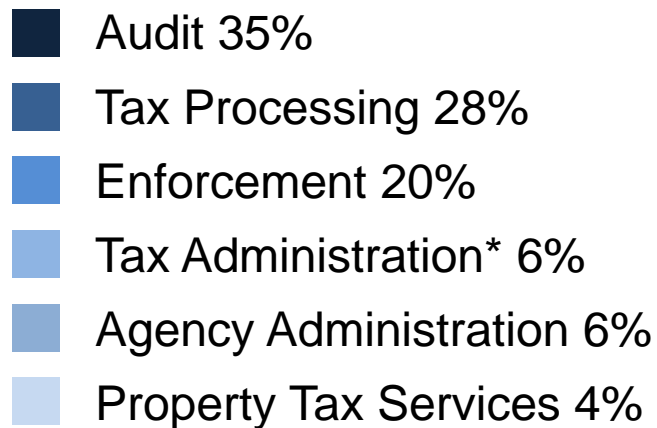
24 million returns processed last year



DTF is a Big Business

4,900 employees

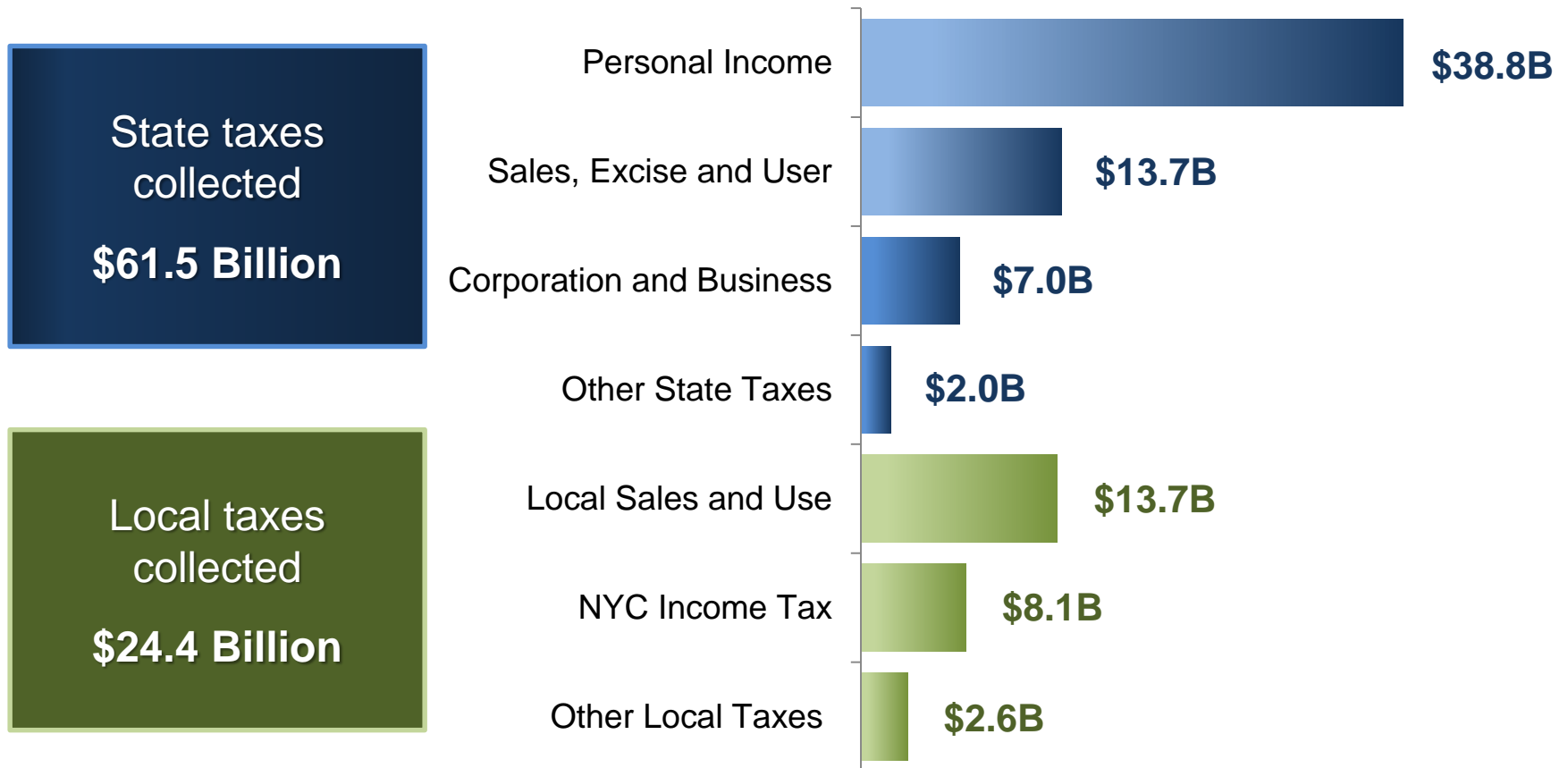
- 3,380 in Albany
- 1,520 in district offices



* Includes Policy, Counsel, Treasury, and Mediation

DTF is a Big Business

\$85.9 Billion Collected In Most Recent Fiscal Year 2011/12



All figures represent net collections for period; excludes Stock Transfer Tax (fully eligible for rebate)

Strengthening Voluntary Compliance

All taxpayers benefit from increased voluntary compliance

■ Voluntary compliance

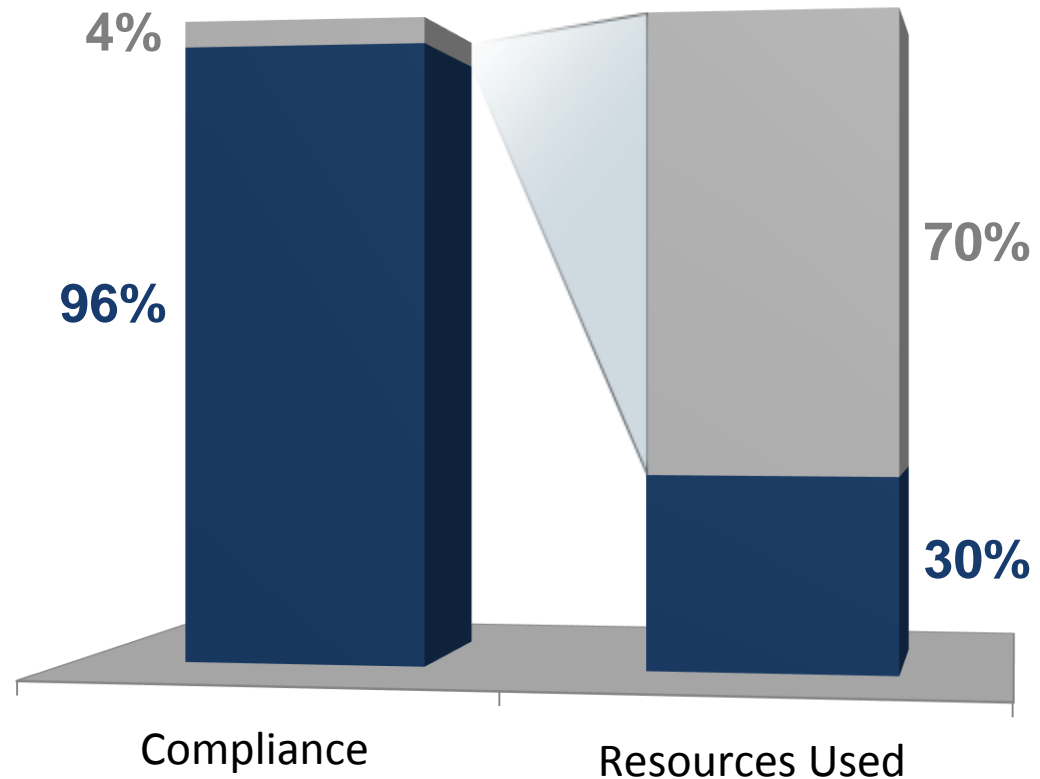
Less expensive, more efficient

- legislation
- education
- clear guidance

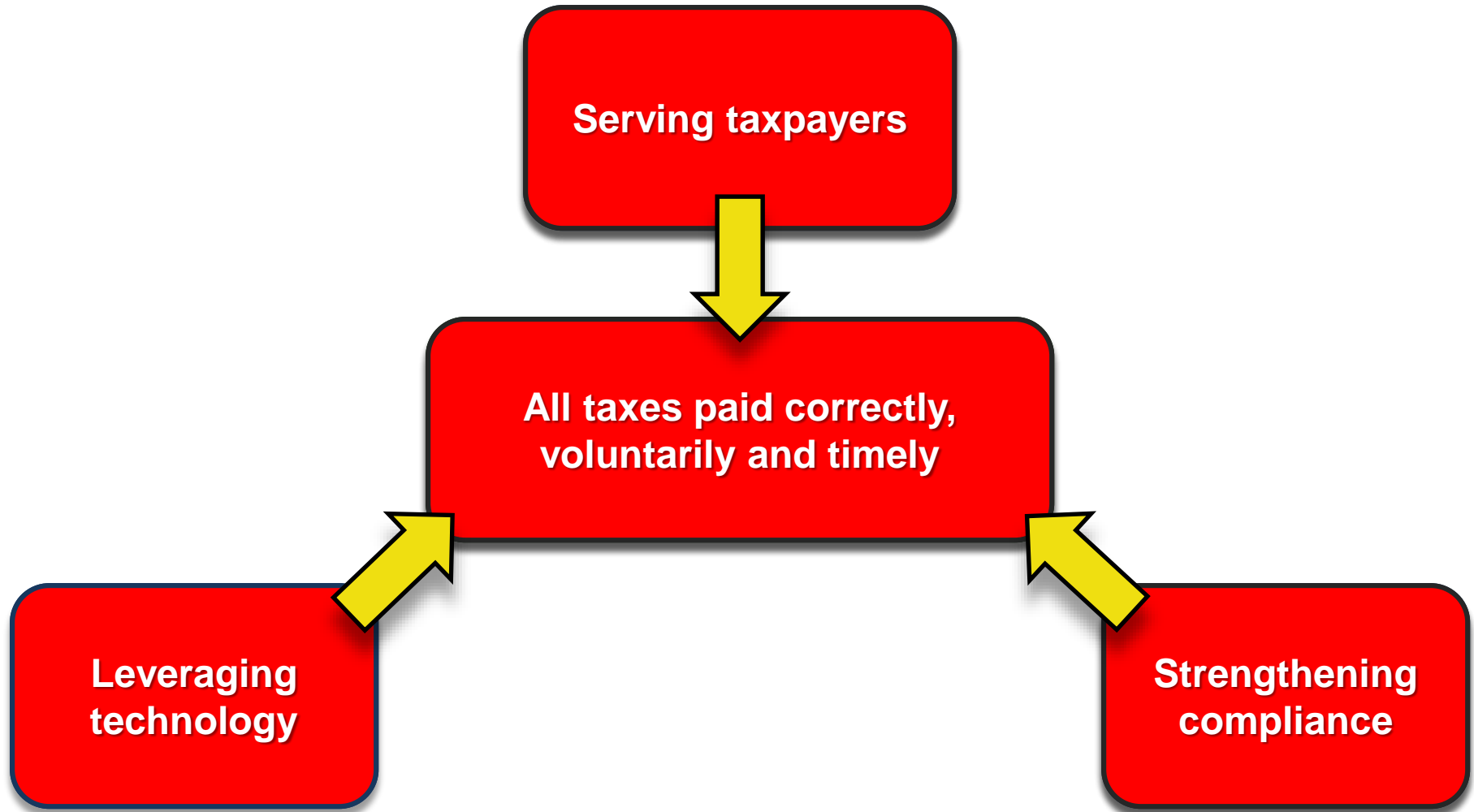
■ Involuntary compliance

More expensive, less efficient

- audit
- litigation
- enforcement



DTF's Strategic Priorities



Tax Administration Challenges

- Support voluntary compliance through guidance
- Eliminate fraud: Business analytics
- Keep pace with evolving e-commerce environment
- Balance compliance and taxpayer needs
- Streamline processes and procedures
- Transparency

New York Government Is Changing

- Spending and Government Efficiency (SAGE)
- Office of Information Technology Services (ITS)
- Statewide Financial System (SFS)
- Open Data and Performance Metrics
- Spotlight on Controls, Compliance and Accountability
 - State Inspector General Uniform Guidelines
 - Comptroller's Internal Control Certifications
 - Emphasis on Internal Audit and Internal Controls
 - Information Asset Classification Project
 - State Chief Risk Officer

“A good rule of thumb is to assume that everything matters.”

Richard Thaler

University of Chicago Behavioral Science and Economics Professor

Software Is Not the Answer

**“Everything that can be counted does not necessarily count.
Everything that counts cannot necessarily be counted.”**

Albert Einstein



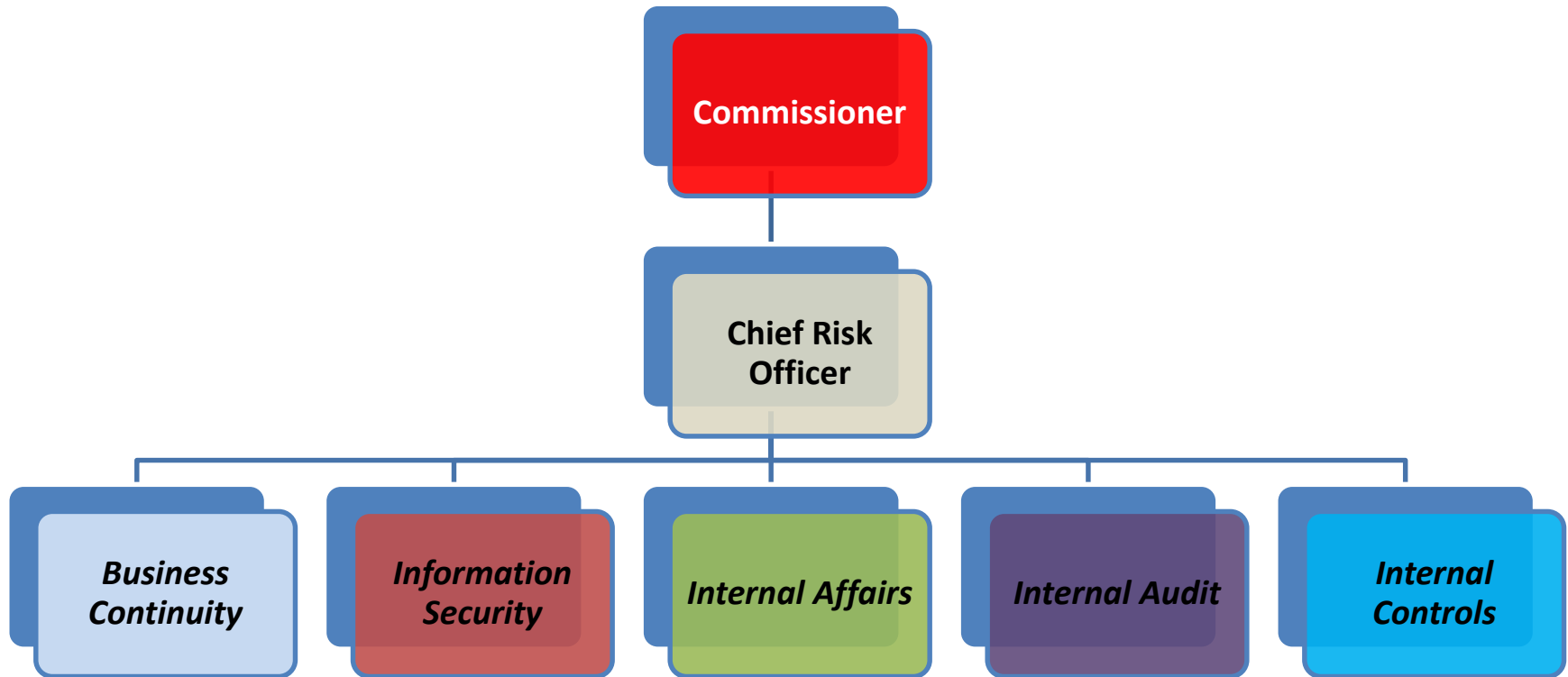
Summary: Four Key ERM Drivers

- Environment and Circumstances
- Change
- Minimize Risk Management Inconsistencies
- Institutionalize Risk Management

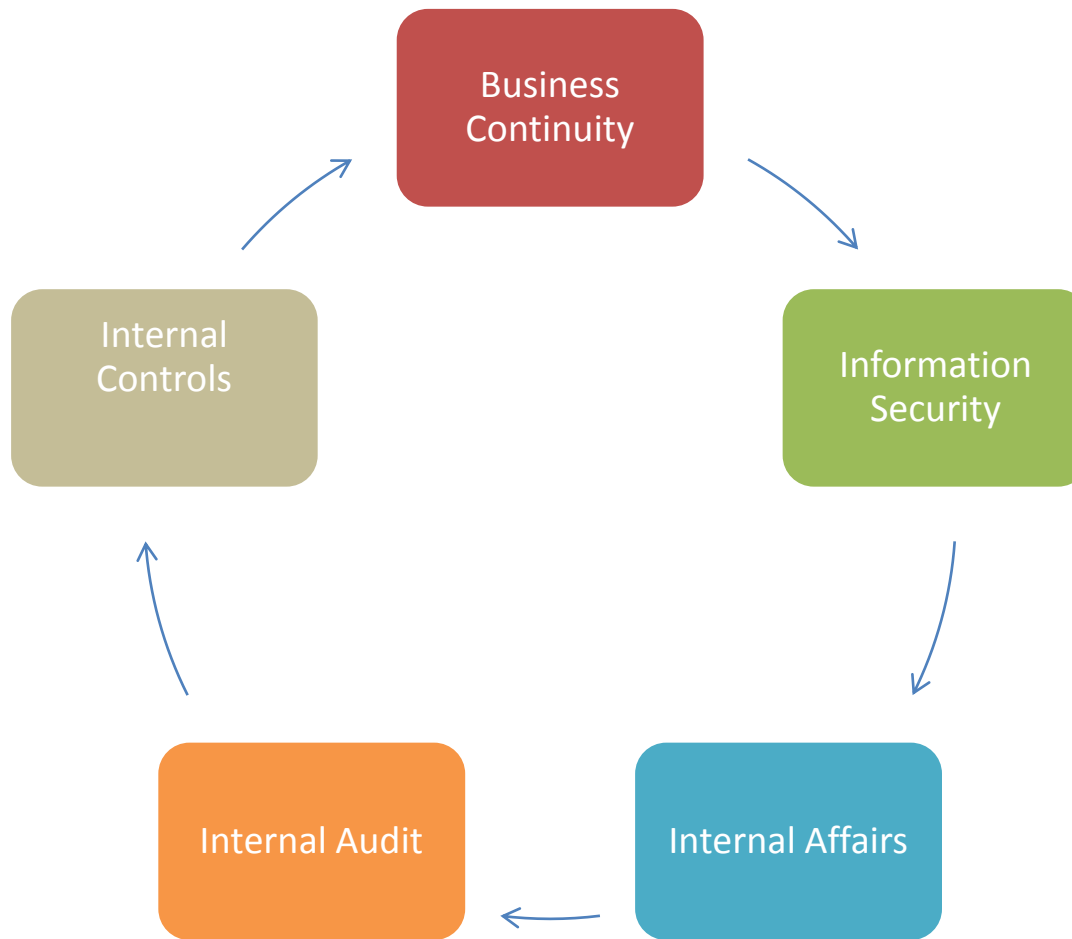
Mission of the Office of Risk Management

To work with all stakeholders to **identify** and **evaluate** the Department's **risks** with respect to **technology, processes, people** and **events** and provide **reasonable assurance** that the Department **effectively** and **appropriately addresses such risks.**

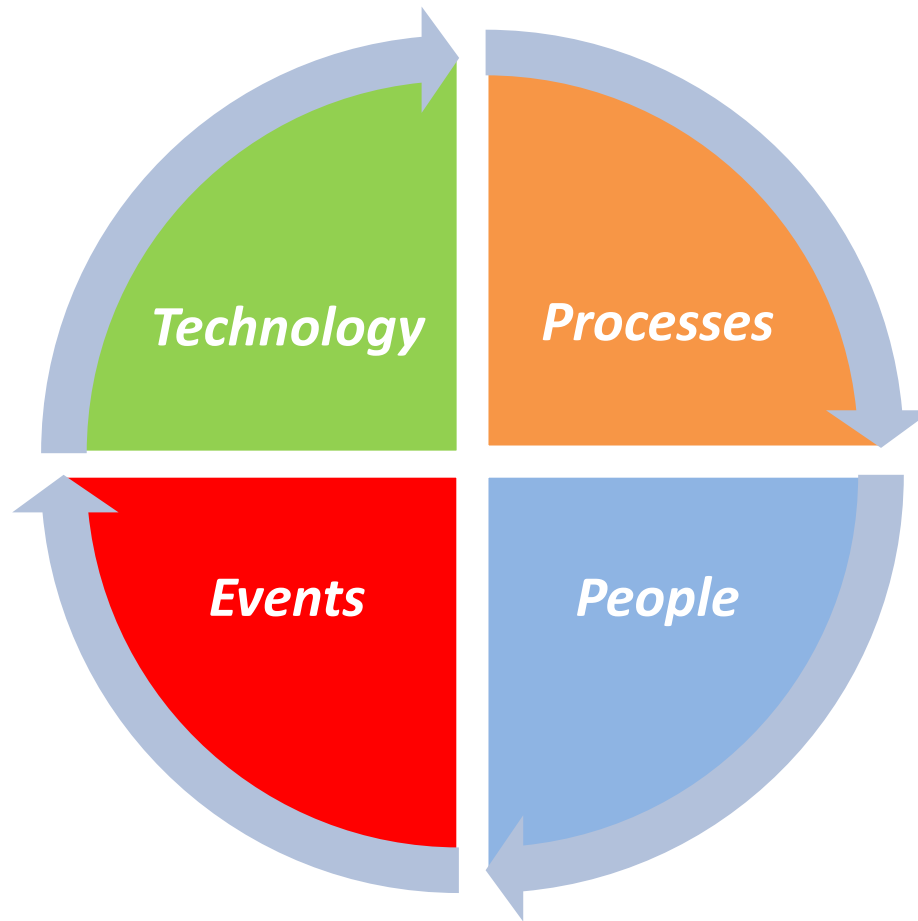
Office of Risk Management



Risk Functions: A Circle, Not Silos



Risk Approach: A Circle, Not Silos



ERM Framework

1. Garner Support from the Top
2. Build ERM Incrementally
3. Initially Focus on a Few Top Risks
4. Leverage Existing Resources
5. Build on Existing Activities
6. Embed ERM into Business Fabric
7. ERM Updates to Senior Management and Continuing Education for All

Completed and Anticipated Steps

- “Mini” Risk Offices in Business Units
- Risk evaluation rubric
- Risk Database
- Specific Training
- Embed in LEAN Process
- Review and revise policies
- Department information security standards
- Compliance Unit
- Find and Work With Partners (e.g., ITS)

Contact Information

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