



Your reputation is your most important asset

- **Maintaining a good reputation is critical to achieving the state's mission and objectives**
- **Risk assessment is a tool and proactive exercise for reducing reputation risk.**
- **Formal guidance to aid agency risk assessment efforts is available.**

Think about the recent headlines the federal General Services Agency received for its wasteful spending of taxpayer dollars on a lavish Las Vegas conference; or the scathing press coverage heaped upon FEMA (the Federal Emergency Management Agency) for its response to Hurricane Katrina; or the news reports former Illinois Governor Rod Blagojevich received for trying to sell a U.S. Senate seat; or any of the other negative headlines and news reports shaming public institutions and officials. Now imagine your name or your organization in the headlines for something similar, or worse. Contemplate for a moment the financial and human consequences, the potential organizational, legal, and legislative fallout. Consider the effects on your organization's and staff's reputations.

Reputation is perhaps the most fundamental and important asset of any public entity, official, and employee. Whenever a state agency is publically questioned for failure to perform efficiently or effectively or when reports surface about wasteful spending or non-compliance or fraud or any other negative incident, reputations are damaged. And, it is not only the reputations of the applicable organization and its staff that are tarnished, but the whole of state government as well. Blemished reputations put the state's objectives and mission at risk.

A proactive approach for protecting your organization's reputation and that of the state, and a method for ensuring achievement of key objectives, is the development and implementation of a formal risk assessment plan. A good risk assessment plan requires the systematic review and evaluation of each

business process deemed critical to the institution's mission, including risks to its reputation. Taking this approach will allow staff to identify and correct internal control gaps and weaknesses that, if left unchecked, could result in operational ineffectiveness and inefficiency, non-compliance, inaccurate financial reporting, or loss of assets, any of which could produce negative headlines and tainted reputations.

Another option to formal risk assessments — a reactionary approach—is to chance something going wrong, and if it does, answering to stakeholders, the press, and the public while suffering the reputational damage.

Suggested Action Steps Develop and implement a formal risk assessment plan for your agency. Start by identifying the business processes that are critical to the agency's mission and follow that with the development of action plans for performing risk assessments on those mission-critical processes. A *Guide to Risk Assessment and Control Activities* is available to help agencies with their risk assessment efforts. The document can be accessed at <http://mn.gov/mmb/internalcontrol/internalcontrolframeworkandtools/riskassessment/>.

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