
1982 – OMB Issued Internal Control Guidelines and the Federal Managers Financial Integrity Act was enacted

1983 – OMB Issued an Updated Circular No. A-123, Internal Control Systems

1986 – OMB Updated A-123 to Require Management Control Plans to guide efforts

1995 – OMB updated A-123, Management Accountability for Control to reflect GPRA, CFO Act, IG Act

1. Implementing ERM

- Why is understanding an agency’s risk so important to the implementation of ERM, and how did you go about understanding the risk?
Approach for Implementing ERM

- Evaluate and prioritize risks
- Focused meetings, workshops with multidisciplinary team of experts
- Consider risk interdependencies
- Ownership of the risk mitigation plans

2. Integrating and Embedding ERM within Organizational Culture

- What existing agency activities can be leveraged to help integrate and embed ERM into the organizational culture at an agency?
Integrating and Embedding ERM within Organizational Culture

• Consider the organization’s vision, mission, core values when:
  • developing the ERM Framework
  • defining risk appetite
  • identifying sources for risk information
  • developing mitigating action plans

3. ERM and Performance Management

• How does ERM integrate or support organizational performance management?
“(COSO) recognizes the increasing importance of the connection between strategy and entity performance...” “Risk influences and aligns strategy and performance across all departments and functions.”


The IG should provide for an assessment of the risks the OIG faces from both external and internal sources. Risk assessment includes identifying and analyzing relevant risks associated with achieving the OIG’s objectives, such as those defined in strategic and annual performance plans, and forming a basis for determining how risks should be managed.


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Leveraging Risk Profiles to Optimize Organizational Performance

Strategic Goals, Objectives & Organizational Performance

- Risks to Strategic Goals & Objectives
- Risks to Core Management Processes
- Risks from Implementing Strategy
- Internal Controls and Fraud Risks

Informed by ERM Risk Profile

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4. Sustaining ERM

• Can you provide some examples of how you are sustaining ERM?

Sustaining ERM

• Provide opportunities for people to get involved
• Integrate ERM with other processes
• Demonstrate the value added by ERM
• Continuously seek to improve ERM process
  • Solicit feedback from those involved
  • Evaluate the process
  • Make adjustments when needed
5. ERM Effectiveness

• How can an agency measure the effectiveness of its ERM program?

Measuring ERM Effectiveness

• Balance of goals and outputs
• Systemic risk identification
• Proactive involvement of process owners in risk assessments
• Determine a tolerance level
• Regular risk assessments
6. ERM Program Maturity

• What are some keys to understand to evaluate the maturity of your ERM program?

Tools to Assess ERM Maturity

• Surveys
• Focus groups
• Stakeholder Interviews
• Available data (FEVS)
• Benchmarking
• Emerging Practices
7. OIG Oversight

• How are OIGs leveraging ERM in performing oversight of programs?

Quarterly Risk Champions Meeting identifies emerging threats and ongoing risks. Generates a list of "Priority Issues." Priority Issues are shared with all staff to inform potential proposals.

Proposals drafted for potential work based on priority issues, other emerging risks and risk ratings by risk champions.

Review approved proposals with data and risk ratings, and approve job.

Completes work on an approved proposal, develops findings and continually generate and evaluate new proposals and update work plan.

Findings are analyzed with the Risk Champions group to establish an annual "OIG High Risk List."
ERM Driving Risk Informed Audit Planning

Agency Strategic Management Processes

Risk Informed Audit Plans

Agency Risk Management Processes

Enterprise Risk Management

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Sharing of Risk Information

Shared Goal: Improve Agency Programs and Operations

OIG
1. Risk Assessment of Programs
2. Evaluation of Agency Risk Management
3. Audit Reports and Recommendations to Agency
4. Investigative Work

OIG Reports & Investigations

Agency Management
1. Risk Assessments
2. Control Activities
3. Implementation
4. Continuous Monitoring

Information and Communication:
- Responses and Requests

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Questions?

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