



ERM, Mission and Strategy Sprinting from the Start

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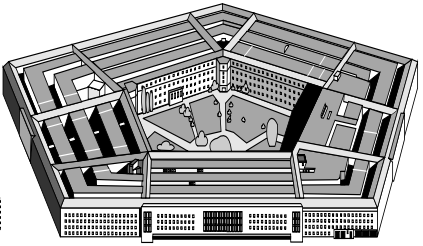
Summit Statement

- ▶ The federal sector is planning for massive change, budget cuts, and an ongoing need to **allocate resources in alignment with operating priorities**. Managing change will be more critical than ever—to everyone, not just risk managers. This year's Association of Federal Enterprise Risk Management Summit will focus on understanding how Enterprise Risk Management (ERM) can enable federal agencies and departments, as well as other organizations involved in the federal sector, to **effectively foresee and manage risks associated** with these developments. The Summit will also address how organizations can use ERM to strive for **increased value -- balancing performance, cost and risk with a focus on achieving the best value** within the constraints of available resources.

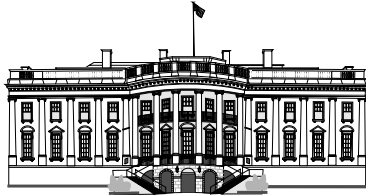
- ▶ Allocate Resources ... look at Federal Budget process
- ▶ Effectively foresee and manage risks associated
- ▶ Increased value -- balancing performance, cost and risk with a focus on achieving the best value
- ▶ Discussion ...

U.S. Budget Process

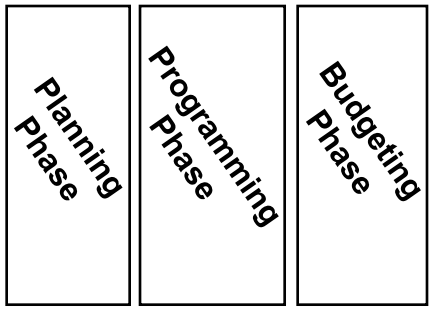
Federal Agency



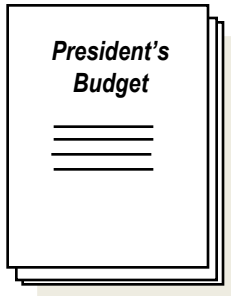
Agency submits budget to President's Office of Management and Budget



President submits budget to Congress



FY19-40 FY14-18 FY13



Budget Legislation
(Authorization & Appropriation)

FY12

Agencies use Planning, Programming, Budgeting, and Execution (PPBE) like systems to link strategy to resources

Source: Updated and modified from 2006 ASMC PDI Workshop #77

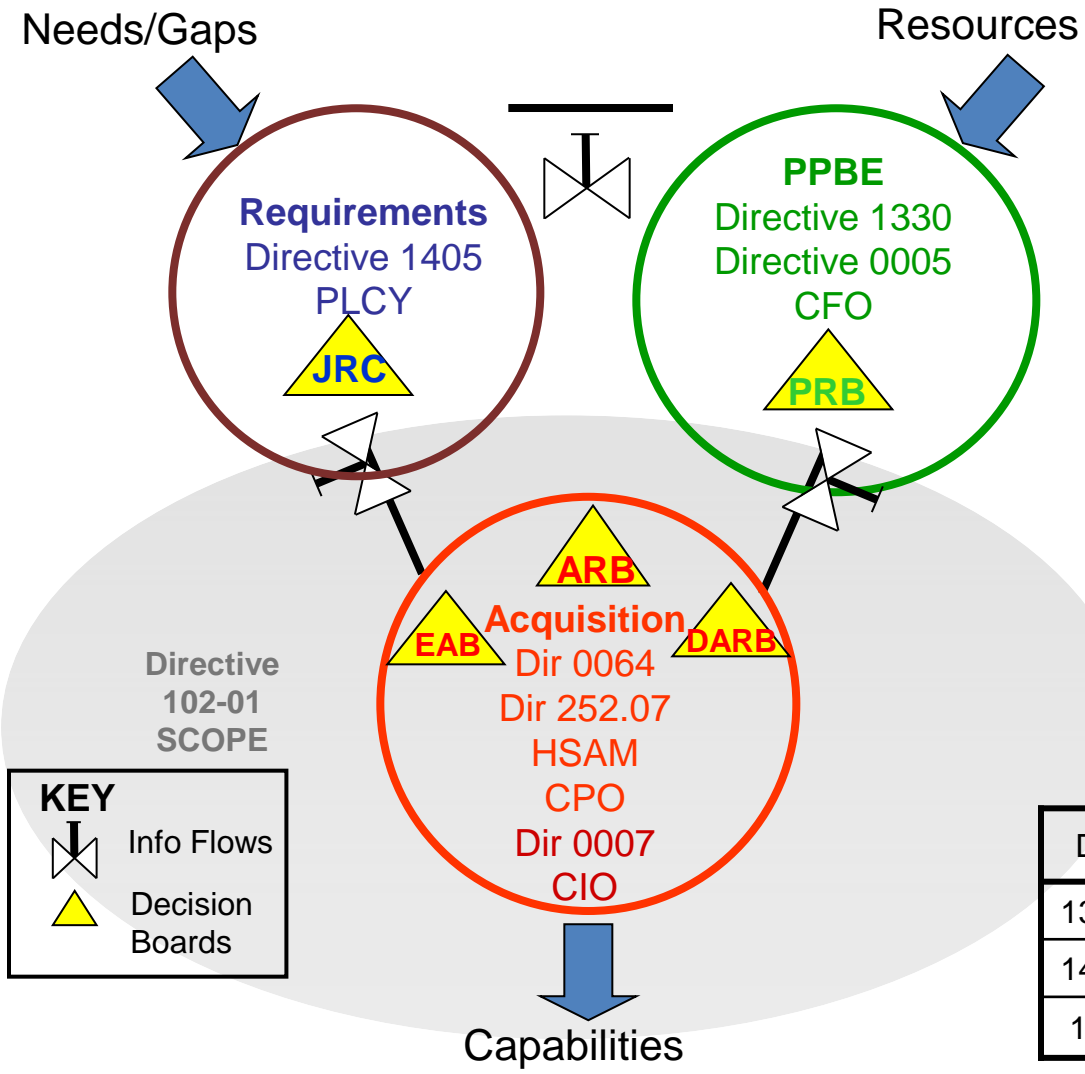
OMB Circular No. A-11 (2012) US Budget Process

- ▶ Issued each year (summer time frame)
 - ▶ Directs the budget formulation for the following year
 - ▶ Affects the September submittal of OMB Exhibit 300
 - ▶ Outlines capital asset management
- ▶ Broken into 7 parts
 - ▶ General Info (Part 1)
 - ▶ Budget Related (Parts 2–4)
 - ▶ Federal Credit (Part 5)
 - ▶ **Strategic Plans, Annual Performance (Part 6)**
 - ▶ **Planning, Budgeting, Acquisition, and Management of Capital Assets (was part 7, 300 section) ... moved to Appendix J and K**
 - ▶ **Reference Capital Programming Guide**
 - ▶ Appendices and other (Part 7)

OMB Circular No. A-11, Part 6 – Strategic Plans

- ▶ Strategic plans, annual performance plans, and annual program performance reports comprise the main elements of the Government Performance and Results Act (GPRA)
 - ▶ Performance-based management and budgeting begins with an overarching strategic plan
 - ▶ Updated with each administration (new in 2012)
 - ▶ PART is used to develop an annual performance and accountability report
- ▶ The purpose of the GPRA (1993, 2010) is to:
 - ▶ Improve confidence, effectiveness, and accountability; set objectives; provide objective information for decision making; etc.

Touch-points: Decision Support Systems at DHS



Strategic:
 Quadrennial Homeland Security Review (QHSR)
 Integrated Programming Guidance (IPG)

Governance:
 Program Review Board (PRB)
 Joint Requirements Council (JRC)
 Acquisition Review Board (ARB)
 Enterprise Architecture Board (EAB)
 DHS Asset Review Board (DARB)

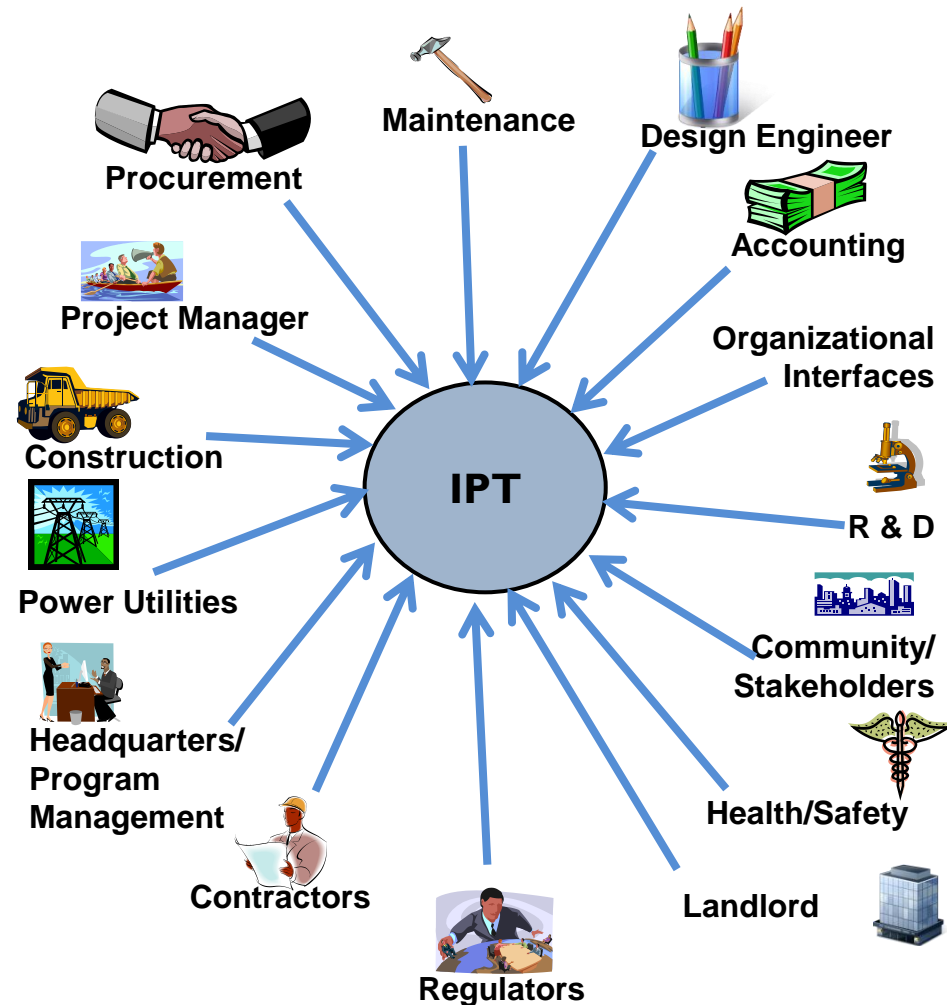
Management Mechanisms:
 Capability Development Plan
 Acquisition Program Baseline (APB)
 Integrated Logistics Support Plan (ILSP)
 Periodic Reporting

Dir	How to	Board
1330	Manual	PRB
1405	Manual	JRC
102	Guidebook	ARB

Overarching
 Business
 Operations
 Manual

Roles in Federal Acquisition Programs

- ▶ OMB Circular No. A-11 calls for integrated project teams (IPT)
- ▶ Oversight structure includes:
 - ▶ Chief acquisition officer (CAO)
 - ▶ Comptroller
 - ▶ Senior procurement official (SPA) and head contracting authority (HCA)
 - ▶ Technical staff/domain specific
 - ▶ Stakeholders



Capital Programming Guide: Planning & Budgeting Phase

- ▶ Strategic Linkage (1.1)
- ▶ Agency Enterprise Architecture (EA) (1.2)
- ▶ Functional Requirements (1.3)
- ▶ Alternatives to Capital Assets (1.4)
 - ▶ The three questions
- ▶ Choosing the Best Capital Asset (1.5)
 - ▶ Develop Acquisition Strategy ... program baseline
- ▶ The Agency Capital Plan (1.6)
 - ▶ Executive Review Process
- ▶ Agency submission for funding in the budget year (1.7)

- ▶ Allocate Resources ... look at Federal Budget process

- ▶ foresee and manage risks associated
 - ▶ Program set baselines in Cost, Schedule and Performance
 - ▶ Risk Management called out as key to process

- ▶ Increased value -- balancing performance, cost and risk with a focus on achieving the best value
 - ▶ Business Case should be done in context of the Strategic Plan
 - ▶ Sets the goals for the program
 - ▶ A-11 calls for meeting 90% of those goals ...or readdress
 - ▶ Enterprise Risk introduces continuous look at the basis of the goals

Investment Analysis in the FAA Planning Process

