



Advancing Best Practices in ERM

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September 10, 2014



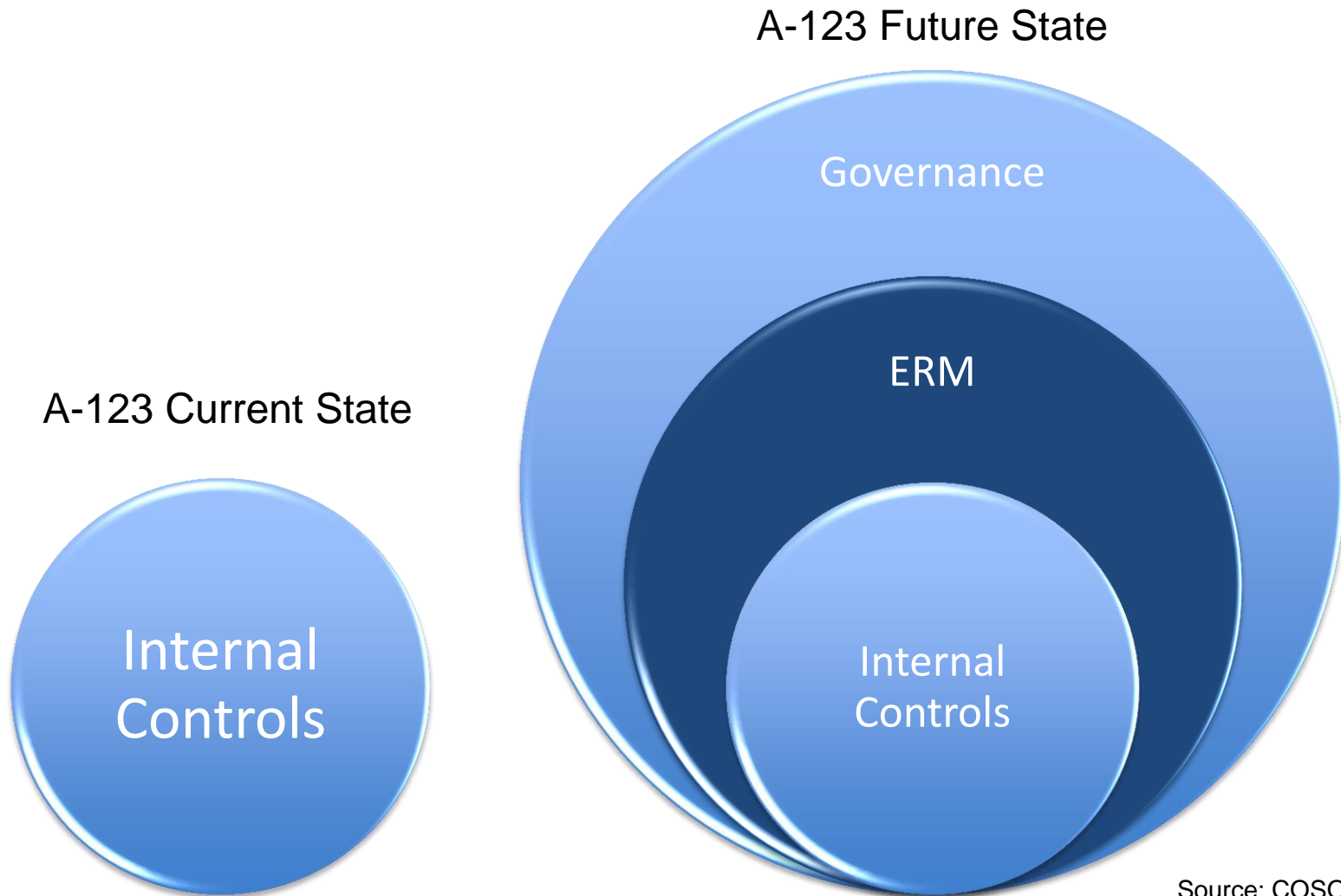
Federal Employee Viewpoint Survey Excerpt

I can disclose a suspected violation of any law, rule, or regulation without fear of reprisal?

- FY 2010 - 62
- FY 2011 - 63
- FY 2012 - 61
- FY 2013 - 61



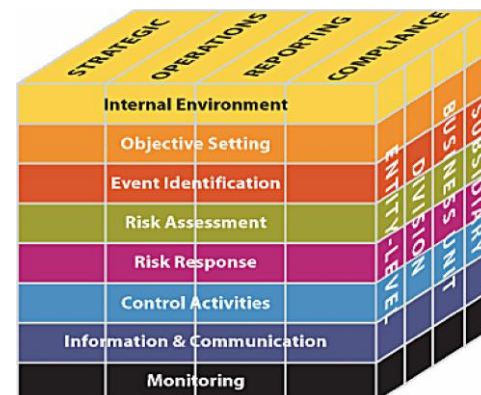
ERM and Internal Controls





ERM and Internal Controls

Standards	Common to ERM and Internal Controls	Introduced in IC and Expanded in ERM	Incremental to ERM
Control Environment	Yes	Yes	Yes
Risk Assessment	Yes	Yes	Yes
Control Activities	Yes	No	No
Information and Communication	Yes	Yes	No
Monitoring	Yes	No	No



Source: COSO



Top 10 Best Practices

1. The Chief Risk Officer or equivalent role should be independent for best results of ERM.
2. Make better use of data analytics to truly inform risk-based decision-making.
3. Improve efforts to quantify the impact of past risk events to support the value of ERM.
4. Establish a culture of reward and not punishment to strongly influence management's embrace of ERM.
5. Senior management buy-in, support and tone-at-the-top are essential.
6. ERM and A-123 should co-exist, but not as two stand-alone activities.
7. Establish, leverage, or engage a formal governing body (i.e. Risk Board/Committee) that is chartered/mandated to oversee ERM.
8. Ensure that those engaged in the performance, strategic planning, and risk management activities are simultaneously looped into the ERM process.
9. Document risk decisions and the rationale for managing the risk.
10. Implement a Risk Management Framework.