

Thought Leadership for the Federal Enterprise Risk Management Community

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## Highlights

*This is the 26<sup>th</sup> issue of the quarterly AFERM Newsletter! It includes 3 thought leadership articles from ERM practitioners with King County, Washington, AOC Solutions and Navigator Solutions, and the George Washington University.*

Thought Leadership for the Federal Enterprise Risk Management Community

## A Note from AFERM's President



2018 AFERM President  
Peggy Sherry

### *A Look Back Over A Busy Year*

*By Peggy Sherry*

As we enter the waning weeks of summer, I too enter the last months in my service as AFERM President. I have thoroughly enjoyed this past year, working with such a talented and committed Board of Directors and am so thankful for the support of our Committees and initiative teams. They have dedicated many hours to advancing federal enterprise risk management and to helping AFERM achieve its goals this past year.

We have had a very productive year and I am proud of what AFERM has accomplished. At the start of the year, we laid out several ambitious goals and I'd like to thank our Performance Plan Committee who kept us on task with our strategic and operational goals throughout the year. One major goal was to deliver important ERM information faster to our members. We accomplished this via the numerous improvements to our website, as well as through our Ask the Expert series and automated website newsfeeds. These resources bring up-to-date information and provide access to ERM best practices. We rolled out an exciting new Risk Chats podcast series featuring thought leaders in federal ERM. We also unveiled our new AFERM logo during the annual AFERM Summit this past November.

This year, we had a goal to continue to foster partnerships with other organizations to expose broader audiences to the importance of federal enterprise risk management and to provide our members with greater access to content. Our second workshop with the AGA in April was very successful and covered relevant and timely topics and also provided many practical tools and tips. We began a new partnership with the Risk and Insurance Management Society (RIMS) to develop a micro-credential for the RIMS-Certified Risk Management Professional (RIMS-CRMP) certification. We also partnered with the Performance Institute to bring discounted rates to our members for professional workshops.

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It is hard to believe that AFERM is only in its 11<sup>th</sup> year. As an all-volunteer organization, we have accomplished much in that time and our reputation for delivering quality information remains strong. Another goal we had this year was to continue to mature our association infrastructure and I would like to thank our hardworking Committees who have done so much in this regard. Through the efforts of the Finance and Budget Committee, our finances are strong, and the newly formed Business Planning Committee is setting the course for our future to ensure AFERM remains strong. The events planned by our Events Committee continue to be of excellent caliber and are highly anticipated by both our members and non-members. This year, for the first time AFERM is broadening our reach by bringing an event to Atlanta to better involve our members outside the Washington area. In an effort to increase our communication about ERM and AFERM, in addition to our quarterly newsletter, we have now launched a bi-weekly AFERM in Review digest to summarize news, events, and updates to the website. This is coupled with a significant growth in use of social media to help spread word about AFERM events and programs. And thanks to our membership committee, our membership remains strong. As of the end of July 2018, we have over 570 members with a member retention rate of 95%.

We were able to accomplish these goals this year in large part because of our corporate sponsors and volunteers. I am especially grateful to our corporate sponsors for their thought leadership contributions and support for our certification program. They are experts in the federal ERM field and they are able to bring a wealth of professional ERM expertise to our members and programs. I am pleased to note that this year AFERM welcomed several new corporate sponsorships and include several technology firms, and a new band of "Educational and Professional Certification" sponsors which are listed on our website and in the quarterly newsletter.

I also offer a special thank you to the many AFERM volunteers who have dedicated countless hours organizing and staffing the critical positions needed to make the programs and the annual Summit a success. If you are interested in being part of AFERM, our Volunteer Coordinator continues to accept offers from individuals interested in helping out, matching these offers with volunteer needs of the organization.

Next year, I am looking forward to supporting AFERM's incoming President, Tom Brandt with more exciting plans for the future. For example, we are looking to re-launch the AFERM Training program on a new platform hosted on the AFERM website. We are also building collaborative website forums where groups of AFERM members can build their own communities of practice around designated topics.

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And finally, I would like to invite you all to join me at this year's Summit to be held at the Ronald Regan building October 30<sup>th</sup> through 31<sup>st</sup>. The theme is "Innovate, Integrate, Motivate: Shaping the Future of ERM in the Public Sector," and through the efforts of many of our amazing volunteers, this year's Summit promises to be an incredible event. We will once again be soliciting nominations for the annual AFERM Awards, to be presented at the 2018 AFERM Summit. I am very excited to announce that this year's awards will also include a selection for Volunteer of the Year. I hope to see you there!

Best regards -  
Peggy

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**Peggy Sherry, AFERM President**, may be contacted at [president@aferm.org](mailto:president@aferm.org).



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## ERM Events

### *Events of interest to ERM practitioners*



This year's AFERM ERM Summit, "Innovate, Integrate, Motivate: Shaping the Future of ERM in the Public Sector," is October 30-31, 2018, at the Ronald Reagan Building in Washington, DC. This year marks the 11<sup>th</sup> annual event, and we anticipate it will be the most attended Summit yet! This is the premier venue for the growing federal ERM community of practice and leaders to meet to network, share best practices, and learn about emerging risk management practices and strategic and tactical implementation approaches.

Other ERM events upcoming include the following:

- Adapting ERM Programs to Drive Sustainability, Partnership for Public Service, August 23, 2018 (Sold Out)
- AFERM September Luncheon with Former IRS Commissioner John Koskinen, September 11, 2018
- RIMS ERM Conference, October 29, 2018 (Sold Out)

For more information on these events, and to register for the 2018 AFERM ERM Summit, visit AFERM's Events page on our website at <https://www.aferm.org/events-list/>.

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**Thomas Holland** of PwC coordinates the AFERM luncheons, networking, and other events. He may be reached at [AFERM.Lunches@gmail.com](mailto:AFERM.Lunches@gmail.com).

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## Thought Leadership

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### ***King County Reduces Cycle Time on Large Losses with Risk Management***

*By Jennifer Hills*

Over the past few years, King County, Washington, has experienced a significant reduction in the length of time it takes to resolve claims in excess of \$250,000. Jennifer Hills, Director of Risk Management Services for King County, along with David Eldred, Litigation Section Manager in the Prosecuting Attorney's Office adopted an "early case assessment" strategy to reduce the amount of time it takes to reach resolution.

With this approach, case management plans are documented and reviewed by risk management staff and an attorney. They assess liability and damages, establish case reserves, and select a team to manage them. The team is tasked with early outreach, an appraisal of what essential information is needed, and a written plan to acquire that information. This early case assessment strategy allows the team to make a short list of information needed for analysis, rather than investigating every potential angle. Once the team validates there is enough information to adequately evaluate the case, work begins to resolve the matter.

Using resources efficiently saves costs and achieves better outcomes for claimants and King County's tax payers. It requires a mature process to evaluate liability and assess damages. This approach works at King County because Jennifer, her staff, and the County's in-house lawyers have the experience and judgment to stay focused on the issues that determine outcomes.

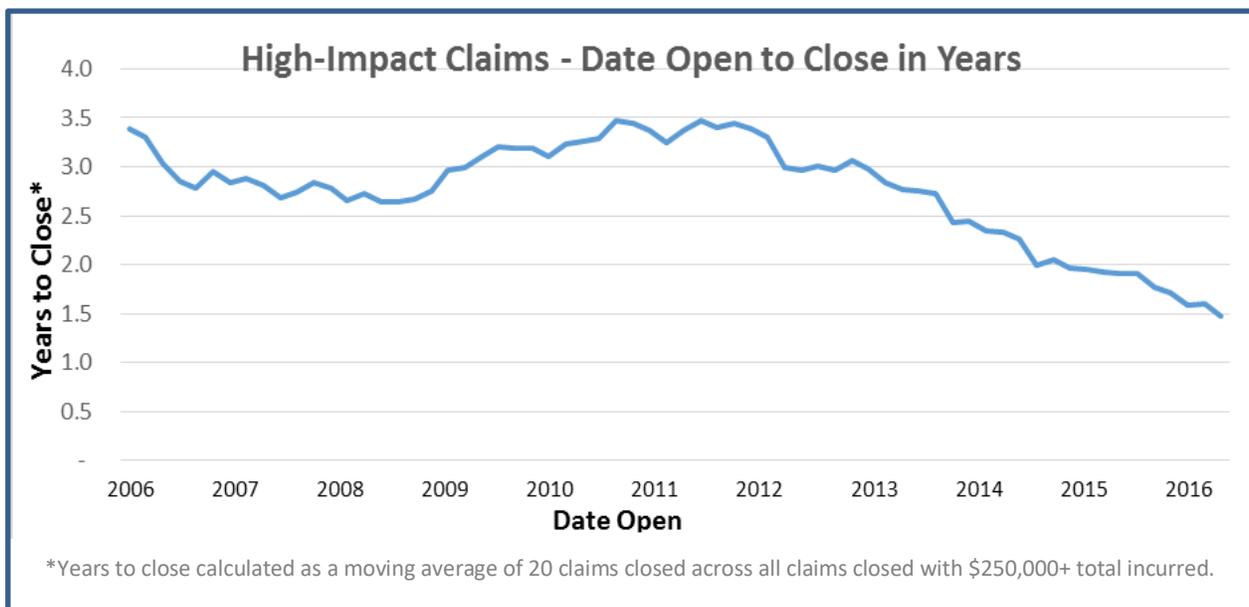
### **Real Life Example**

King County Sheriff's deputies went to a house to arrest a probation violator and search the home for weapons and other probation violations. After arresting the suspect, the deputies learned a young man was sleeping in a back bedroom. The deputies entered the bedroom and believed the young man was reaching for a weapon. They shot him 15 times and he survived. However, he was unarmed. There were obvious liability questions, and the injuries were substantial and permanent. When King County was approached by the young man's attorneys, Jennifer and her colleagues considered whether they could obtain the critical pieces of information needed to evaluate the case for early resolution. They proposed interviewing the key fact witnesses who were in the house on the night of the event. Following the interviews and exchange of medical and wage loss information, each side submitted a life-care plan and economic analysis for the young man. With that information, the parties were able to present their positions on liability and damages and resolved a controversial law enforcement use of force case without the expense of litigation.

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## Claims Management Factors

In 2012, it took 3.5 years on average to reach resolution on large claims – \$250,000 or more. By 2016, that time was reduced to 1.5 years. The cycle times have shortened to such a degree that some losses occur and are resolved within a biennial budget cycle. This has placed King County ahead of actuarial assumptions for the timing of settlements. Actuarial projections had to be adjusted to account for the earlier resolutions on large losses. In addition, financial monitoring meetings to discuss the timing of resolutions and adjust reserves increased from twice yearly to quarterly. Figure 1 illustrates the trend in King County large claim resolution over a recent 10-year period.



**Figure 1.** King County Large Claim Resolution Trend

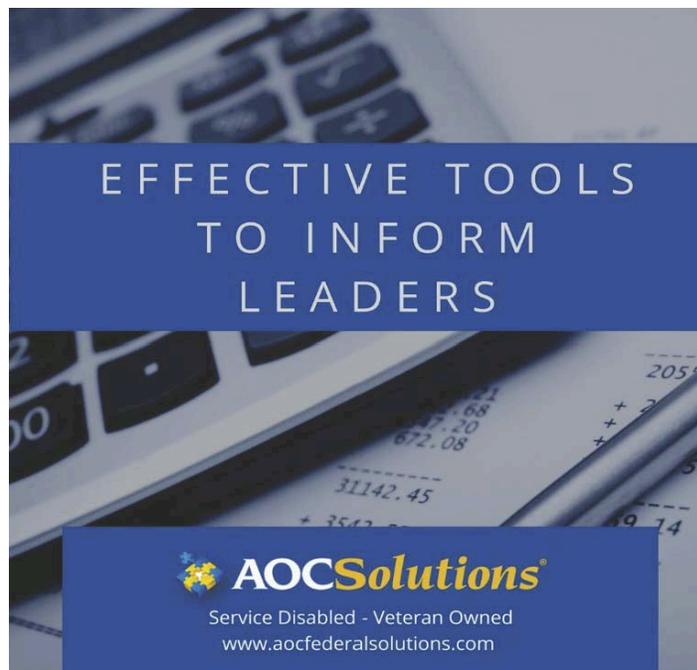
King County is currently implementing a new risk management information system (Origami) that provides an additional financial monitoring tool providing real-time custom dashboards displaying claims with large reserves, recent settlements, and anticipated settlement dates. Using Origami, the County can easily visualize data to more accurately project and track claim and litigation settlements against the budget.

Early resolution is not a measure of King County’s willingness to litigate cases where liability is disputed. The early resolution strategy is only used for losses with clear liability or where liability can be quickly determined. Key to the success has been the collaboration and close communications between Jennifer’s team and attorneys for active management of workloads. Resolving large losses at an earlier stage of the claim or litigation process saves time and money for claimants and King County, is an efficient use of risk, legal, and judicial resources, and generates good will.

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**Jennifer Hills** is the Director of Risk Management Services for King County, Washington. She may be contacted at [Jennifer.Hills@kingcounty.gov](mailto:Jennifer.Hills@kingcounty.gov).



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## Educate. Collaborate. Succeed.

KPMG LLP is proud to support the Association for Federal Enterprise Risk Management in its mission to advance the practice of ERM in the Federal Government. We understand the value in helping organizations and their stakeholders identify and understand emerging trends, risks, and opportunities. We commend you on all that you have accomplished and look forward to your continued leadership in this important area.

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## ERM News

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### ***Staying Current on ERM News with AFERM's Newsfeed***

Following are headlines of just some of the many news articles identified by AFERM as relevant to federal ERM this past quarter on our ERM News page:

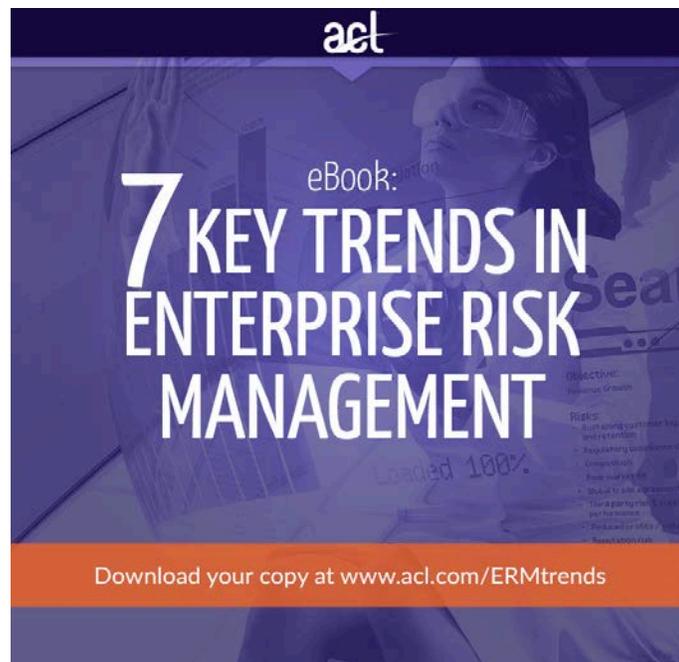
- Why Visibility Into Contracts is Crucial for Procurement Pros
- Data Breach Risk: What's Next?
- Trump Administration Plans National Cyber Risk Management Initiative
- Export-Import Bank: The Bank Needs to Continue to Improve Fraud Risk Management
- Information Security: Review of GAO's Program and Practices for Fiscal Years 2016 and 2017
- Medicare: Actions Needed to Better Manage Fraud Risks.
- Information Technology: IRS Needs to Take Additional Actions to Address Significant Risks to Tax Processing
- Medicaid: Actions Needed to Mitigate Billions in Improper Payments and Program Integrity Risks
- Despite A 'Near-Average' Forecast, Hurricane Flooding May Increase
- New RIMS Report Delivers a 'Wakeup Call' To Risk Managers
- Using Technology to Streamline Governance, Risk and Compliance
- Expect the Unexpected: Mitigating the Risks of Natural Disasters
- Compliance in 2018: Q&A with James Reese of the SEC
- Secure Messaging in Incident Response and Business Continuity
- The Benefits of Diversity & Inclusion Initiatives
- Understanding the New ISO and COSO Updates
- Making Employees More Cyber-Aware
- Fixing the Problems with Passwords
- NASA Information Technology: Urgent Action Needed to Address Significant Management and Cybersecurity Weaknesses
- Reputational Crisis Forces Cambridge Analytica's Closure
- Helping the Helpers: Supporting the Resilience of First Responders
- Growing Cities Mean Growing Risks
- Prescription Opioid Risks to the Workplace Explored at RIMS 2018

## Thought Leadership for the Federal Enterprise Risk Management Community

To view the newsfeed, visit “Resources” on the AFERM website and choose “Newsfeed” or use the following link: <https://www.aferm.org/erm-newsfeed/>. The “Resources” page provides multiple ways to sort the large library of content by audience, content type, and resource or choose “View All Resources” to scroll the full library.

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Your feedback and suggestions on the AFERM Newsfeed is welcome and may be submitted at [AFERM.Webmaster@gmail.com](mailto:AFERM.Webmaster@gmail.com).



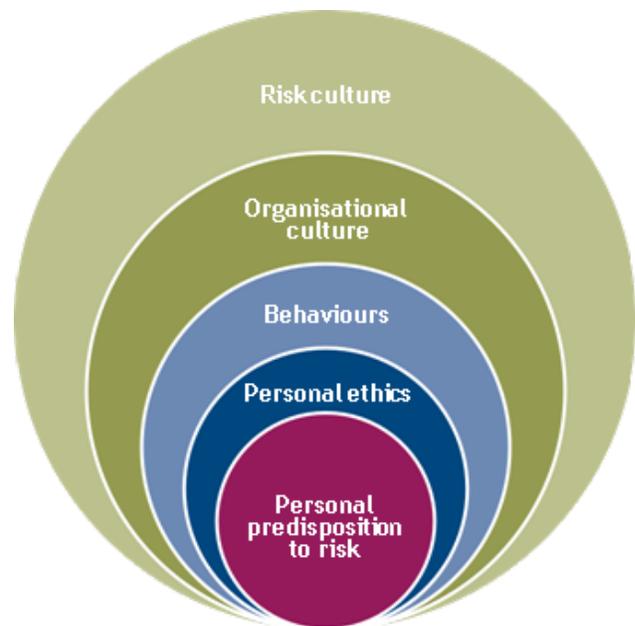
## Thought Leadership

### ***Creating a Risk Culture One Story at a Time***

*By Natalie K. Houghtby-Haddon*

When I was growing up, a story my sisters and brother and I heard repeatedly was the story of how Great-Great Uncle Albert blinded himself as a 16-year old. The story went something like this: While whittling, he was scraping the knife along the piece of wood toward himself; it hit a bump along the wood and came flying up toward his face, and he hit himself in the eye, making himself blind. The story was a cautionary tale, of course—never use a knife in a way that points the blade towards yourself; always whittle (scrape, cut) away from yourself. To this day, the story shapes the way I cut vegetables, bagels, or use anything sharp.

Whether they intended it or not, my parents were very successful in creating a risk-aware culture of safety in our family, at least when it came to using knives. Culture is, of course, the “taken-for grantedness” of the world around us, the things we think and do and say without really thinking about them. As the person who teaches *Change Leadership and Culture Sustainment* for the **GW Center for Excellence in Public Leadership’s Enterprise Risk Management in Government Certificate and Certification programs**, I’m always thinking about how we can create organizational cultures that provide us with the results we’re looking for in enterprise risk management (ERM). These cultures should support information sharing and openness about the risks within our areas of responsibility, so that across the enterprise we can make the best possible decisions about those risks that threaten our ability to achieve our mission and our strategic objectives. Further, from a sustainment perspective, I’m always interested in what it takes to make the culture we want simply “the way we always do things around here.”



**Figure 1. IRM Risk Culture Framework**

## Thought Leadership for the Federal Enterprise Risk Management Community

Earlier this year, I came across the **Institute for Risk Management's** *Risk Culture Resource Guide for Practitioners* ([www.theirm.org](http://www.theirm.org)), which I recommend to anyone interested in shaping a risk-aware culture. As you can see in the graphic presented in Figure 1, their framework for risk culture begins with (1) an individual's personal predisposition to risk, which then shapes (2) the individual's personal ethics, followed by (3) that individual's actual behavior; and that person's behavior combines with all other members of the organization to create (4) the organization's culture; which then shapes how willing people in the organization are to live in a (5) risk culture that either welcomes openness and information sharing or "punishes" people for identifying risks openly.

The "Aha!" for me is the reminder that organizational culture is created by the individuals who comprise that organization. What is my personal "risk appetite" for raising issues that I may see as career-ending, rather than career-enhancing? Am I more likely to wait to raise a problem until I have a resolution for it (which may then make it almost impossible to address if I can't figure out a solution in time), or am I willing to admit that I don't have a solution on my own and ask others for help early on? Am I willing to share information about a risk that I've uncovered, or do I keep that information hidden because there may be negative political consequences? How prepared am I to work collaboratively with others in my organization, even though that may risk them knowing that I and my part of the organization may have made mistakes or failed to achieve something we were responsible for? And what about my colleagues—how do they answer these questions for themselves?

The leadership challenge in creating and sustaining an organizational culture that supports and rewards people for raising risks is to figure out how to ensure that what we **say** and what we **do** are aligned with our vision for that risk-aware, risk-informed culture. It also involves making sure that all those individual mini risk cultures—each person's own Great-Great Uncle Albert story—are managed in such a way that as a collective we come to believe that working in an organization that supports openness and the sharing of potential risks is the best kind of organization of which to be a part. **Roger Connors** and **Tom Smith**, in their book, *Change the Culture, Change the Game*, suggest that the experiences people have in their organizations lay the foundation for the culture that creates the results the organization produces (see chapter 5). Experiences do this because they confirm or disconfirm the beliefs individuals have, which then shape the actions individuals are prepared to take to complete their work.

## Thought Leadership for the Federal Enterprise Risk Management Community

As someone who is concerned about implementing ERM in public sector organizations, let me invite you to consider incorporating these three practices into your leadership tool kit:

- **Tell stories** (over and over again—think Great-Great Uncle Albert!) that create a compelling vision for why a risk-informed organization is the best kind of place to work.
- **Be vigilant** in making sure that what you say matches what you actually do when it comes to dealing with the sharing of potential risks.
- **Design experiences** for your employees that confirm a positive approach to ERM, and risk management in general, and that will help them believe it is safe to raise concerns and possible risks early and often. For example, consider using In Progress and After-Action Reviews to demonstrate your openness to hearing bad news without shooting the messenger.

My Great-Great Uncle Albert blinded himself almost 140 years ago. But the story of his experience, and what we should do to mitigate that risk for ourselves, is now passing on to a fifth generation in our family. What are the stories that your agency tells about risks that were avoided because committed employees were willing to take the risk to share information and to work across organizational boundaries? If you don't have those stories yet, how can you help to craft them, so that current and new employees will discover that being open about potential risks is simply "the way we've always done it around here?" How will you help to create an enterprise-wide culture of risk-informed decision-making by what you say and do, so that the American people will benefit, as your agency successfully accomplishes its mission on behalf of them?

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**Natalie K. Houghtby-Haddon, Ph.D.**, is the Associate Director of the George Washington University Center for Excellence in Public Leadership (GW CEPL). She is the Faculty Director for GW CEPL's ERM in Government Certificate and Certification Programs. She would love to hear your stories and how you are getting the message out about the successes and benefits of ERM for your organization. Feel free to contact her at [hsquared@gwu.edu](mailto:hsquared@gwu.edu). For more information about the Center's ERM and Leadership Development programs, please visit their website at [www.gwu.edu/cepl](http://www.gwu.edu/cepl), or contact Moe Nikbakhshian, Big Data & ERM Program Director at [mnikbakh@gwmail.gwu.edu](mailto:mnikbakh@gwmail.gwu.edu).

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## 2018 AFERM ERM Awards

### *Recognizing Excellence in the Federal ERM Profession*

AFERM ERM Awards season is upon us! At the Summit in October, AFERM will recognize this year's awardees. Established four (4) years ago, the AFERM ERM Awards recognize ERM professionals who make lasting impacts on federal organizations and the practice of ERM.



*From Left: 2017 AFERM ERM Award recipients with AFERM past-president Sallyanne Harper. Nahla Ivy, Lindsey Coates, Peggy Sherry, Sallyanne Harper, Karen Hardy, Montrice Yakimov. Not Pictured: Roy Wright. Photo: David Fox.*

The awards include the following:

- **Enterprise Risk Management Leaders of the Year:** This award honors leaders in the public sector that demonstrate sustained leadership while making exceptional contributions to the ERM discipline.

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- **Enterprise Risk Management Professionals of the Year:** This award honors federal professionals who have demonstrated exceptional initiative, professional development, achievement, and leadership.
- **Enterprise Risk Management Hall of Fame:** This award honors federal professionals that have made extraordinary contributions to advancing the ERM discipline within the federal sector.

If you wish to nominate an outstanding federal ERM professional for a 2018 award, please download a nomination form from AFERM's website at <https://www.aferm.org/awards/>. Nominations should be submitted via email to [AFERM.Awards@gmail.com](mailto:AFERM.Awards@gmail.com).

Your feedback and suggestions on the AFERM Newsfeed is welcome and may be submitted at [AFERM.Webmaster@gmail.com](mailto:AFERM.Webmaster@gmail.com).

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 ENTERPRISE RISK MANAGEMENT FOR THE PUBLIC SECTOR**

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April 10-12, 2018	MODULE II The Tools and Techniques of ERM
May 1-3, 2018	MODULE III ERM Implementation and Organizational Change Management
Final Exam	Scheduled individually

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## Embracing risk for better performance

Interest in enterprise risk management (ERM) is growing fast among Federal agencies. A number of them have appointed a chief risk officer to manage their ERM efforts. Federal entities are starting to focus on enterprise solutions to manage risks that impact strategic and tactical objectives and use of resources. Along with this, a number of agencies are looking to translate the concept of ERM past the abstract framework into practical solutions that will ultimately support risk enabled performance.

The EY Government and Public Sector Enterprise Risk Management team offers a proven methodology and approach to help agencies leverage their investments in complying with Office of Management and Budget Circular A-123 Appendix A and other requirements by identifying and replacing isolated initiatives and remediation fixes with a holistic approach to integrating internal controls, compliance and risk management initiatives under an ERM framework.

That's how we make a difference.

To find out more, contact Werner Lippuner at +1 202 327 8389 or [werner.lippuner@ey.com](mailto:werner.lippuner@ey.com) or Daniella Datskovska at +1 703 747 0172 or [daniella.datskovska@ey.com](mailto:daniella.datskovska@ey.com)

## AFERM's Ask the Experts

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### ***ERM Resources for Federal Practitioners***

AFERM recently deployed a resource accessible via the AFERM website – “Ask the Experts.” This blog provides ERM practitioners access to ERM experts and facilitates the exchange of ideas.

Here are some recent questions and answered:

- Where should the ERM process/program reside within the agency to include who should oversee the program?
- How will auditors audit ERM, since this is different than regulation and procedure compliance? What conversations are happening with IGs to ensure they understand how ERM works?
- How can the OIG's risk assessment process for audit planning purposes coexist with the ERM program's assessment for risk management purposes? Where is the line drawn for collaboration?
- The COSO ERM – Integrated Framework identifies three approaches to communicating an organization's risk appetite (e.g., through general statement, by organization objectives, or by risk types identified by the organization). What organizational characteristics would benefit from each of these methods?
- How do you maintain precise risk trigger descriptions when you aggregate risk profiles from low organizational levels to higher level summary risks? It becomes difficult to know which trigger event is monitored to determine when a risk response should be executed.

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Join the ERM discussion at AFERM's Ask the Experts blog - [www.aferm.org/ask-the-expert/](http://www.aferm.org/ask-the-expert/).

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(not so)  
new here.**

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## Thought Leadership

### ***Integrating the Privacy Office into the Agency's ERM Profile***

*By Talmadge Seaman and Paul Marshall*

**Introduction:** Have you felt that something big is missing from your risk register? You've met with leadership from the program offices, you've met with mission support programs, but there must be another important organization you've forgotten about? This article focuses on building and blending in the Privacy Office's risk register to the agency profile. Agency Privacy Offices are supposed to take actions to protect sensitive information held and managed by the agency, but they don't actually hold or manage any of that information. They are supposed to keep the ship off of the rocks, but their hand isn't on the helm. How are they supposed to do this?

**Background:** During the implementation of an agency-wide enterprise risk management (ERM) program, the mission and mission support components will tend to follow the 'Top-Down' approach. This means that when applying your ERM framework you can start with the Strategic Plan, Congressional Budget Justifications, Annual Performance Plans, and Business Plans and readily identify agency level objectives upon which you develop your risk registers. But then you run into programs which are very different - the Privacy Office, Office of General Counsel (OGC), and the Chief Information Officer's (CIO) Information Security (IS) programs. These programs are not focused so much on executing programs, but on risk management professionals assessing, deterring, and preventing threats.

**Discussion:** The Privacy Office traditionally has three upper level functions:

- 1) Identify, assess, and mitigate privacy risks to sensitive information;
- 2) Influence, shape, and strengthen operating and support components' business processes to increase privacy protections; and
- 3) Respond to privacy incidents and assist in mitigating attendant harm.

The Privacy Officer helps keep the agency's leadership aware of business areas where sensitive information resides (at least that which they know of) and the effectiveness of business processes intended to protect that information (to which they may only have

THE WORLDS 'S WORST AND  
BEST PRIVACY OFFICER IS THE  
SAME PERSON: THE DATA IS  
LOCKED UP SO TIGHT THAT NO  
PRIVACY INCIDENTS CAN  
OCCUR – HOWEVER, THE  
AGENCY CANNOT ACCOMPLISH  
ITS MISSION EITHER.

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limited access). The Privacy Office doesn't actually protect privacy, it helps business and data managers protect privacy - and the Privacy Officer has limited tools to do this. This is risky business.

The Privacy Office works hand-in-hand with the CIO's IS program. Together they monitor the creation, development, and management of data sets within information systems - assessing the sensitivity and vulnerability of both the data and the systems within which they reside.

Because of the Privacy Office's important function, once you have completed the mission and mission support programs' risk registers and you note that the Privacy Program (and perhaps the IS program and OGC) don't have risk registers, you are likely to have the feeling that the agency profile is very incomplete. This feeling is for good reason, as the Privacy Program (and its peer OGC and OCIO IS programs) is built upon the premise of managing specific segments of an agency's risk, which have both high visibility and high vulnerability—a deadly risk duo.

**Integrate the Privacy Office into the Risk Register:** When working with the Privacy Office, there are peculiarities that make developing this register different from those of mission and mission support programs.

- **Top down doesn't work:** While mission and mission support programs have a direct alignment between their program objectives and the business processes which produce the activity, this is not the case for the Privacy Office. The Privacy Office doesn't own or manage the data it protects, and there are large gaps between the Privacy Office's major functions, roles, and activities and meeting the objective of deterring and preventing major privacy incidents.
- **A two tiered register is needed:** To properly capture Privacy Office risks, you need a register with one tier for entity level privacy risks and one for Privacy Office-specific risks. First, let's tackle agency-level privacy risks. The register should identify specific vulnerabilities in systems and data sets, risks associated with the Privacy Office's ability to shape and form agency behaviors, as well as issues within the agency's culture and the design of agency-wide processes that present vulnerabilities. These vulnerabilities may include the following:
  - Free-wheeling offices' and bureaus' cultures where programs feel empowered to design, gather, and manage data sets at their discretion.
  - Loose organizational structures with ambiguous Privacy Office oversight roles.
  - Missing tools and levers that obstruct or prevent the Privacy Office's access and integration into program processes.
  - Cultural norms that do not reward timely and proper reporting of possible privacy incidents.

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When describing entity level privacy risks, use a ‘this causes that’ statement where the above vulnerabilities could be the first half (the ‘this’) of the risk statement. Then couple the vulnerability with a description of the resulting event, which could occur (the ‘that’). For instance, “free-wheeling offices’ and bureaus’ cultures where programs feel empowered to design, gather, and manage data sets at their discretion (‘this’) results in new sets of sensitive personally identifiable information (SPII) improperly managed outside of the IS and Privacy Program’s oversight and controls. (‘that’).

Now let’s address Privacy Office-specific risk. The relationship between the Privacy Office’s performance dealing with privacy impact assessments and major privacy incidents is similar to that of the CIO’s IS program and its management of major hacker incidents. It is impossible to keep all privacy incidents from occurring—phones, work papers, laptops, and storage devices will be lost. If the Privacy Program is functioning well and processes are compliant, then when an incident occurs, its mitigation strategies will be effective and the incident can be managed. However, if the program is not operating in a compliant way, then an audit or Inspector General review may not be kind, and there is risk of significant or catastrophic harm to the agency’s reputation. The register needs to include risk identification and analysis for risks to the Privacy Program’s performance and compliance.

**In Brief:** If you don’t have Privacy Office risks in your risk register, you certainly need them. The Privacy Office serves a primary risk management function for your organization.

- The register will not likely be effective if approached top down from strategic goals, because the Privacy Office doesn’t own and manage data.
- The register will need to be two tiered—one focusing on agency-level privacy risks, and one on the ability of the Privacy Office to meet its compliance functions.

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## AFERM's Small Agency Community of Practice

### *Supporting Small Agencies' ERM Pursuits*

The ERM Small Agency Community of Practice (SACoP) is a Federal-only forum where practitioners come together to share their experiences and learn from each other as we navigate the unique challenges of enterprise risk management in a small agency setting. Starting in FY19, meetings will be held monthly with guest speakers, Industry Days, and agency presentations on relevant topics. A schedule of next year's meetings is coming soon and will be posted to the AFERM calendar.

For more information or to join SACoP, please reach out to **Valerie Lubrano** at [aferm.sacop@gmail.com](mailto:aferm.sacop@gmail.com)



The image shows a business card for Pro-Concepts. The top half features a photograph of a person writing in a notebook at a desk with a laptop and a coffee cup. The Pro-Concepts logo is overlaid on the photo. The bottom half of the card is green with white gear icons and contains the following text:

**Risk Register Empowering Factors-  
Visibility, Collaboration,  
Scalability, Simplicity**

Call 757.637.0440  
Email [RiskRadar@ProConceptsllc.com](mailto:RiskRadar@ProConceptsllc.com)  
[www.ProConceptsllc.com](http://www.ProConceptsllc.com)

There are also two circular logos: one on the left with a red and yellow design, and one on the right with a blue laurel wreath and the text 'SDVOSB' and 'eVe'.

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that threaten  
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## AFERM Surveys

### *AFERM's 4<sup>th</sup> Annual Survey is Underway*

For the fourth year in a row, in collaboration with Guidehouse (formerly PwC Public Sector, LLP) and AFERM are conducting the Federal ERM Survey. As each year passes, the data from your responses to the annual surveys gets richer, providing more insight into ERM in the Federal sector.

This is the only survey of its kind in the Federal space, and if you are a Federal ERM professional, we would be delighted to have you participate! You may access the survey as follows:

- Survey link (mobile device compatible) - [2018 Federal ERM Survey](https://pwcpublicsector.co1.qualtrics.com/jfe/form/SV_3fprwSOH7JTLhk1)
- Website URL - [https://pwcpublicsector.co1.qualtrics.com/jfe/form/SV\\_3fprwSOH7JTLhk1](https://pwcpublicsector.co1.qualtrics.com/jfe/form/SV_3fprwSOH7JTLhk1)

If you have any questions or technical issues regarding the survey, please contact **Cameron Arimoto** of Guidehouse at [carimoto@guidehouse.com](mailto:carimoto@guidehouse.com).

The advertisement features the TFCI logo on the left, a central gold laurel wreath with '15 YEARS OF EXCELLENCE' inside, and the slogan 'Every move is strategic.' on the right. Below these elements, the words 'PERFORMANCE' and 'OUTCOMES' are spelled out using wooden blocks. At the bottom, a red banner contains the text 'ASK US HOW WE CAN HELP YOU IMPROVE YOUR PERFORMANCE' and the tagline 'We Listen | We Innovate | We Deliver'. Contact information for phone, email, and website is provided at the very bottom.

**tfc** | CELEBRATING **15** YEARS OF EXCELLENCE | Every move is strategic.

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We Listen | We Innovate | We Deliver

240.453.6288 | [ddatskovska@tfcci.net](mailto:ddatskovska@tfcci.net) | [tfcci.net](http://tfcci.net)

## RIMS-AFERM ERM Microcertification

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### *An Opportunity to Demonstrate Training and Expertise*

Earlier this year, RIMS and AFERM agreed to create a micro-credential that expands on the RIMS-CRMP certification by focusing on public sector ERM concepts. The RIMS-CRMP-FED has been developed as a response to the Office of Management and Budget Circular A-123 that urges Federal agencies to implement enterprise risk management to enhance decision-making. Speaking about this new micro-credential, AFERM President Peggy Sherry said, "While ERM programs continue to emerge and grow across the Federal government, there remain significant challenges to its progression through the initial stages of the ERM development lifecycle. The RIMS-CRMP-FED will instill confidence in government leaders, encouraging them to take the next steps and fully realize the value of a mature ERM program."

RIMS and AFERM are currently working on a pilot exam that will be completed in the Fall of 2018. Online testing for the RIMS-CRMP-FED will commence in 2019. We are excited to share that the second prep course for the CRMP-FED certification is being held in August. Applicants for the certification must first pass the CRMP exam before sitting for the FED pilot exams. With dozens of applicants, we are looking forward to validating and standardizing the exam so that more professionals will be able to earn this important certification in 2019!

For more information please visit the AFERM website at the following link:  
<https://www.aferm.org/2018/05/19/introducing-the-rims-crpm-fed-micro-credential/>.

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Thank you to **Todd Grams** and **Cynthia Vitters** of Deloitte for their efforts working with RIMS to establish this certification program!

## AFERM Membership

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### *Membership Provides Access to Valuable Resources*

As of July 2018, there are more than 570 ERM professionals who are members of AFERM. There are 18 corporate sponsors of AFERM who support AFERM. For a list of our corporate sponsors, see page 30.

AFERM serves the Federal government and the public through sponsoring efforts for full and fair accountability for managing risk in achieving organizational objectives. AFERM maintains a forum for discussion of the Federal risk management profession, sponsoring educational and training programs, encouraging professional development, influencing risk management policies and practices, and serving as an advocate for the profession.

Benefits of AFERM membership include the following:

- Education, training, and knowledge
- Insights on emerging trends, tools, and techniques
- Career advancement and networking opportunities
- Direct access to risk management professionals in the public and private sectors
- Annual Federal ERM Summit for advancing industry best practices

To join AFERM, please use the following link: <https://www.aferm.org/membership/>.

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The chair of the AFERM Membership Committee is **Yehuda Schmidt** of Cotton & Company at [AFERM.membership@gmail.com](mailto:AFERM.membership@gmail.com).

## Request for Your Success Stories

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### *Communicating the Value of ERM*

We'd like to hear from you on your experiences in leading or supporting risk management efforts, please send a short description to the AFERM Communications team. We hope to accumulate a series of vignettes that will support continued interest in the benefits of ERM throughout the Federal government.

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Please send your success stories to the AFERM Communications Committee at [AFERM.Communications@gmail.com](mailto:AFERM.Communications@gmail.com). The Committee is led by **Shelly Turner** with **Morgan Fuentes, Andrew Glover, and Nadya Korobko** of Guidehouse.

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## 2018 AFERM Officers and Committees

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### **Leadership of AFERM**

#### **Officers**

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VP at Large, Ken Phelan  
VP at Large, Cynthia Vitters

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Paul Marshall, AOC Solutions  
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