

Thought Leadership for the Federal Enterprise Risk Management Community

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## Highlights

*This is the 27<sup>th</sup> issue of the quarterly AFERM Newsletter! It includes three very informative thought leadership articles from enterprise risk management (ERM) professionals at Crowe, Deloitte, and KPMG. We also welcome incoming AFERM president Tom Brandt for FY19!*

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## A Note from AFERM's President



2019 AFERM President  
Tom Brandt

2018 marks another impressive year for AFERM and the community of federal enterprise risk practitioners. In the two years since the Office of Management and Budget (OMB) set broad expectations for federal agencies to implement enterprise risk management (ERM) through the issuance of a revised Circular A-123, ERM programs have expanded across the government, demonstrating value by helping agencies better understand risks that can threaten mission accomplishment.

Under the leadership of president Peggy Sherry and past-president Sallyanne Harper, AFERM continued to advance the practice of ERM through an expanded array of top-notch events, luncheons, training and other offerings that were made available this year.

Topping the list is the launch of the Risk Management Society (RIMS) Certified Risk Management Professional credential for the federal government (RIMS-CRMP-FED) credential, which marks the culmination of a years-long endeavor between AFERM and RIMS to develop and provide a means for risk professionals to demonstrate specialized professional proficiency in risk management in the federal sector. In its inaugural year, 65 AFERM members earned the new credential. Congratulations to the new RIMS-CRMP-FED recipients and thanks to all those who helped make this a possibility, with a special thanks to Todd Grams and Cynthia Vitters for championing this effort!

AFERM also launched a new series of Risk Chats in 2018, providing insight into the approaches many of our colleagues took in implementing ERM across a range of agencies and touching on promising practices, lessons learned, and helpful experiences from which we all can gain. We will continue the Risk Chats in 2019 and look forward to hearing about the ERM journey of other agencies. The dialogue on risk management also takes place through other forums such as AFERM's "Ask the Experts" blog, the thought leadership pieces in our newsletters, and the articles highlighted in our AFERM.org Newsfeed and email communications.

We just concluded a tremendous Summit in October, made possible by several dozen volunteers working together under the leadership of chair Sean Vineyard and co-chairs Mike Wetklow and Marianne Roth. Held at the Ronald Reagan Building and International Trade Center in DC, this year's Summit was an energizing event that very successfully delivered on the theme of "Innovate, Integrate and Motivate: Shaping the Future of ERM in the Public Sector!"

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I am very pleased to take on the role of AFERM President, and I look forward to continuing to expand and enhance the services our organization provides to further the effective practice of ERM. AFERM is an all-volunteer organization, and we actively encourage and welcome your continued support, ideas for programs and events, and active participation. With the leadership of the AFERM Board, all of our committees, the growing number of sponsor organizations, and you – our members – we can look forward to another amazing year ahead!

Thank you,  
Tom

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

### The Government Anti-Fraud Summit

Prevention, Detection, and Response Strategies for Agencies

January 30-31, 2019

Embassy Suites | Baltimore, MA



#AntiFraudIEN



Register Here: <https://www.insightxnetwork.com/government-anti-fraud-summit.html>

Save 20% on the cost of registration with the AFERM discount code **G106AFERM**.

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## Adaptability and Integration: Keys to Sustainable and Effective Enterprise Risk Management Programs

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By Cynthia Vitters, Managing Director, and Justin Obbagy, Senior Manager, Deloitte

Enterprise Risk Management (ERM) is no longer a new idea in the federal government. Even before the Office of Management and Budget (OMB) revised Circular A-123 to include requirements and guidance for ERM, some federal agencies had already started to build ERM programs. Following the revised Circular, ERM programs proliferated across the federal government. A 2017 Association for Federal Enterprise Risk Management (AFERM) survey reported 76% of respondent's organizations have an ERM program. AFERM asked the same question to the federal community in 2015 and at the time, only 56% of respondent's organizations had an ERM program.<sup>1</sup> A Federal Employee Viewpoint Survey (FEVS) suggests ERM is making an impact on improving the federal government's risk-aware culture as the 2017 FEVS reported that 36% of federal employees feel they cannot disclose a violation of a law, rule, or regulation without fear of reprisal. This is the lowest rate in the past four years.<sup>2</sup>

Today, many federal ERM leaders face challenges inherent to most organization-wide endeavors that unify disparate siloes under common governance and processes. Often, ERM is a critical point of connectivity and information filtering between organization leadership, CXOs, and other program and functional leaders. This role requires ERM programs to continuously maintain the interest of leaders who may have different objectives, priorities, and responsibilities.

Rather than fighting these challenges by sticking to a textbook approach, ERM programs can be more effective and sustainable by acknowledging the realities of organization-wide endeavors and adapting their methods to respond to the associated challenges.

ERM leaders should consider these realities forcing them to adapt:

- **Being Realistic About the Enterprise:** *Ideally*, an ERM program unifies stakeholders from across programs and functions to build a risk aware culture using consistent practices. *In reality*, programs and functions are concerned with managing their own risks internally, outside of an ERM program. As a result, an

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<sup>1</sup> Association for Federal Enterprise Risk Management, <https://www.aferm.org/about/surveys/>

<sup>2</sup> Office of Personnel Management, <https://www.opm.gov/fevs/>

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ERM program may overlook ongoing risk response activities and program/office efforts may go unrecognized.

- **Getting Leadership to Embrace Risk:** *Ideally*, senior leadership understand the value of ERM and provides regular, visible “tone at the top”. *In reality*, senior leaders often have competing priorities, which limits their ability to actively champion ERM. In government, the cycle of politically appointed and acting leaders amplifies this challenge and increases the difficulty of driving the major changes or decisions ERM requires. In addition, many front-line programs did not play a major role in implementing the OMB Circular A-123 before the inclusion of ERM and senior program leaders may not be able to differentiate ERM from internal controls.
- **Making an Impact on Management:** *Ideally*, risk owners take action to manage risks and report results to ERM governance bodies. *In reality*, risk owners often lack the resources to drive net new action and, while programs and offices help to identify risks at the start of an ERM program, participation often wanes later in the ERM cycle. In many cases, ERM programs also do not have the authority necessary to compel programs/offices to develop and implement corrective action.

ERM programs can be more effective by acknowledging these realities and adapting their approach to respond to the associated challenges. For example, ERM programs that are realistic about the enterprise could provide an avenue for programs to receive recognition from leadership by showcasing program’s risk management achievements. Those programs could also seek to build relationships with influential program leaders who could champion ERM.

To help leadership embrace risk, ERM programs can frame decisions as risk-based and highlight the gaps where corrective action has slowed, is ineffective, or is not planned or funded. ERM leaders can also inject risk discussions into existing leadership forums that leaders already attend to make it easier for leaders to participate in ERM activities.

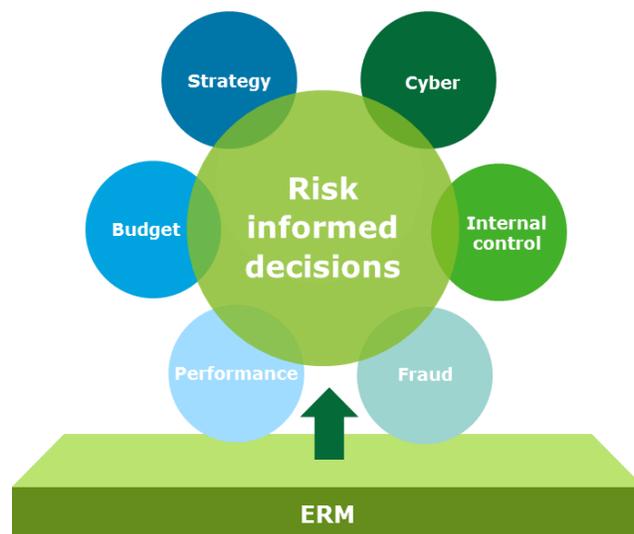
An ERM Project Management Office (PMO) could help coordinate and compel the implementation of risk response plans to make an impact on managing risk. The PMO could help drive risk response plans by combining project management techniques with ERM methods to help plans stay on time and on budget, measure and report progress, and manage execution risks that could limit the plan’s impact.

As agencies continue to mature their ERM programs, greater value can be driven by leveraging ERM to support and strengthen other agency-wide management activities. Figure 1, *Deloitte’s approach to using ERM to drive risk informed decisions*, shows six management activities—three core management processes and three risk management activities—that agencies commonly integrate with their ERM programs.

Typically, integration occurs through components of the ERM program such as the risk profile, risk appetite, key risk indicators (KRIs), and risk responses. Organizations should recognize that in order to determine how and when ERM is integrated with these activities depends on a variety of factors and should be tailored to each agency's unique circumstances. Example integration points include:

- **Strategy:** When integrating ERM information into an organization's strategic plan, identified ERM risks that relate to both external and internal mission risks could be used to inform and shape strategies.
- **Budget:** The organization's risk appetite could be used to guide tradeoff decisions during budget formulation, execution, allocation, and cuts.
- **Performance:** KRIs can be used to help provide early warning signs of performance risks to the organization.
- **Cybersecurity:** ERM processes can also identify risks arising from their cyber activities or recognize dependencies with other identified enterprise risks that affect the agency's cyber security efforts.
- **Internal Control:** Internal control data, obtained through the A-123 process, can be leveraged to measure risk likelihood and impact, identify potential material weaknesses, and provide greater assurance that controls over enterprise-level risks are operating effectively.
- **Fraud:** ERM programs go beyond existing fraud risk management activities by creating a culture of risk awareness that proactively identifies risks and establishes a risk reporting process for employees.

**Figure 1: Deloitte's Approach to Using ERM to Drive Risk Informed Decisions**



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**OMB highlighted Deloitte's approach to using ERM to drive risk informed decisions during an April 2018 presentation.**

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ERM programs must adapt to the realities of their environments to be sustainable, rather than simply following a textbook approach or generic maturity models. The effectiveness of an ERM program depends on supporting activities within programs that are not necessarily core to ERM and integrating the ERM program with the organization's other management activities.

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For more information on how Deloitte's approach to implementing ERM programs in government, please refer to <https://www2.deloitte.com/us/en/pages/public-sector/solutions/tackling-enterprise-risk-management-in-government.html?nc=1>

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## ERM Events

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### Events of interest to ERM practitioners

Upcoming events include the following:

- Senior Executives Association (SEA): Presidential Rank Awards Leadership Summit, Mayflower Hotel, December 13, 2018
- Partnership for Public Service: ERM Event (by Invitation only), January 9, 2019
- AFERM: Networking Event with Presentation on Managing Risk - Lessons for Improving Government Management from GAO's High-Risk List, Clyde's of Gallery Place, January 10, 2019
- Insight Exchange Network (EIN): Government Anti-Fraud Summit, Prevention, Detection, and Response Strategies for Agencies, Embassy Suites Baltimore Inner Harbor, January 30-31, 2019
- Partnership for Public Service: ERM Event (by Invitation only), February 19, 2019
- American Society of Military Comptrollers (ASMC): Professional Development Institute (PDI), May 29-31, 2019

For more information about events, visit AFERM's Events page on our website at <https://www.aferm.org/events-list/>.

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**Thomas Holland** of Guidehouse 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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## Viewing ERM in the Context of Program Integrity

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**By Timothy J. Comello, Partner, Risk Consulting, KPMG Federal Advisory, and Jeffrey C. Steinhoff, Managing Director, KPMG Government Institute**

The AFERM community witnessed a major milestone on July 15, 2016, when the Office of Management and Budget (OMB) reissued its Circular A-123<sup>3</sup> to establish enterprise risk management (ERM) as the centerpiece of implementing the Federal Managers'

Financial Integrity Act of 1982.<sup>4</sup> Renamed *Management's Responsibility for Enterprise Risk Management and Internal Control*,<sup>5</sup> the revisions to OMB Circular A-123 change the dialog around risk management by dramatically shifting the focus from what had largely become a reactive, compliance-driven financial management and reporting orientation to a proactive focus that takes an enterprise look at risk management.<sup>5</sup>

OMB recognized that this would take time given its transformational element. It expected agencies to move out smartly, while looking to the longer-term end game of embedding ERM in the DNA of day-to-day agency programs and operations. The past almost 30 months have seen initial implementation efforts in most agencies. Some agencies may have moved out immediately, while others are just beginning. No matter where an agency is on the continuum, it would benefit by considering ERM in the context of achieving program-specific objectives through establishing strong program integrity. In this way, program managers, who are at the heart of achieving the mission as well as being critical to gaining the full value of ERM, will more clearly see the direct correlation of ERM to mission achievement.

### Program Integrity in a Nutshell

The words "program integrity" may conjure an image of protecting against fraud, waste, and abuse, and they are often used in this context; but like ERM, the context is much broader. Program integrity "holistically encompasses all elements and considerations

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<sup>3</sup> <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2016/m-16-17.pdf>.

<sup>4</sup> Public Law 97-255, September 8, 1982.

<sup>5</sup> See "It's Time to Seize Opportunity," by Laura A. Price and Jeffrey C. Steinhoff, *AFERM Updates*, Issue 20, December 2016 (<http://www.kpmg-institutes.com/content/dam/kpmg/governmentinstitute/pdf/2016/erm-seize-opportunity.pdf>); and "Navigating Uncertainty through ERM: A practical approach to implementing OMB Circular A-123," by Jeffrey C. Steinhoff, Laura A. Price, and Thomas A. Coccozza, KPMG Government Institute, November 2016 (<https://institutes.kpmg.us/content/dam/institutes/en/government/pdfs/2016/A123-erm.pdf>).

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necessary to effectively and efficiently achieve an entity's underlying mission in the public interest, while protecting taxpayer dollars."<sup>6</sup>

Similarly, OMB Circular A-123 speaks to risk management "as a series of coordinated activities to direct and control challenges or threats to achieving an organization's goals and objectives." Program integrity and ERM, likewise, dovetail with the Government Performance and Results Modernization Act of 2010 (GPRAMA)<sup>7</sup> and its focus on strategic planning and strategic review to improve performance results of programs in supporting an organization's goals and objectives.

In a 2018 survey of federal healthcare program managers, 71 percent viewed "achieving program goals" as the main objective of program integrity. This is followed by "maximizing program efficiency" at 54 percent and "reducing fraud, waste, and abuse" at 53 percent. Survey respondents recognized that achieving program goals is paramount, while also acknowledging the importance of combating fraud, waste, and abuse in achieving program goals. For example, at the Department of Veterans Affairs the primary focus of program integrity would be to "serve America's veterans and their families with dignity and compassion and to be their principal advocate in ensuring they receive the care, support, and recognition earned in service to this Nation."<sup>8</sup> At the Department of Health and Human Services, the primary focus would likewise be on its mission "to enhance and protect the well-being of all Americans."<sup>9</sup>

Leading organizations view program integrity as strategic and preventive. They focus on key drivers of mission excellence. In keeping with ERM, they consider what could go wrong and prioritize what they want to achieve as well as what to avoid. This orientation can help take program integrity and ERM beyond compliance by more directly resonating with program managers in the trenches, who care deeply about program results and meeting public expectations.

Public expectations include:

- Mission excellence, whether it be protecting the nation or delivering a program that makes an important difference in the lives of Americans, such as healthcare or national defense.
- Customer service, including electronic interface with the government, which

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<sup>6</sup> "Switching gears: Expanding program integrity beyond fraud, waste, and abuse to enhance mission performance," KPMG Government Institute, June 2018

(<https://institutes.kpmg.us/content/dam/institutes/en/government/pdfs/2018/program-integrity-framework.PDF>); and "Program Integrity = Public Trust," by Thomas M. Dowd, Timothy J. Comello, Megan E. Beckwith, and Jeffrey C. Steinhoff, Association of Government Accountants *Journal of Government Financial Management*, Fall 2018.

<sup>7</sup> Public Law 111-352, January 4, 2011.

<sup>8</sup> <http://govinfo.library.unt.edu/npr/library/status/mission/mva.htm>.

<sup>9</sup> <https://www.hhs.gov/about/index.html>.

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enables online business transactions and an ability to more readily address individual citizens' questions and concerns. With the capabilities of modern technology at their fingertips, the public expects a high-performing digital government with ease in communicating and rapid response. An inability to do so represents an enterprise risk that adversely impacts program integrity and the public's view of government.

- Responsiveness to current public needs.
- Anticipation of and preparation for an effective, efficient, and timely response to emerging needs and risks.
- Efficiency and effectiveness of programs and operations.
- Accountability and transparency for results.
- Prudent spending, with full accountability and transparency for tax dollars.
- Protection of public assets and resources, including from fraud, waste, and abuse.

### **Program Integrity and ERM are Intertwined, with Program Managers Representing the Hub**

Agency-level leadership for implementing the Federal Managers' Financial Integrity Act (FMFIA) essentially fell to the financial management community. Program managers were tasked with evaluating controls and reporting in accordance with internal agency guidelines that implemented the requirements in OMB Circular A-123. Over time, implementation was largely viewed as a compliance exercise that was not highly valued by program managers. The July 2016 revisions to OMB Circular A-123 focused on providing greater value by providing a clearer link to mission achievement through ERM.

In addition, since the enactment of the FMFIA, mission program policies and procedures continued to evolve and often expand to address a particular problem without management adequately gauging their costs and benefits. OMB Circular A-123 is explicit that "Federal managers must carefully consider the appropriate balance between risk, controls, costs, and benefits in their mission support operations. Too many controls can result in inefficiencies, while too few controls may increase risk to an unacceptable level." Program managers must calibrate controls and find the right balance in the context of the mission and public expectations.

Establishing and maintaining program integrity, which entails highly effective and efficient ERM programs, should be an essential responsibility of program managers in focusing on underlying mission objectives and the risks to meeting those objectives. The bar of public expectations will only continue to rise. This is an ideal time to refocus the levers of program management to refocus on what program integrity means and the critical role that ERM plays in the equation.

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*The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. This article represents the views of the authors only, and not necessarily the views or professional advice of KPMP LLP.*

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**Tim Comello** may be reached at [tcomello@kpmg.com](mailto:tcomello@kpmg.com) and **Jeff Steinhoff** may be reached at [jsteinhoff@kpmg.com](mailto:jsteinhoff@kpmg.com).

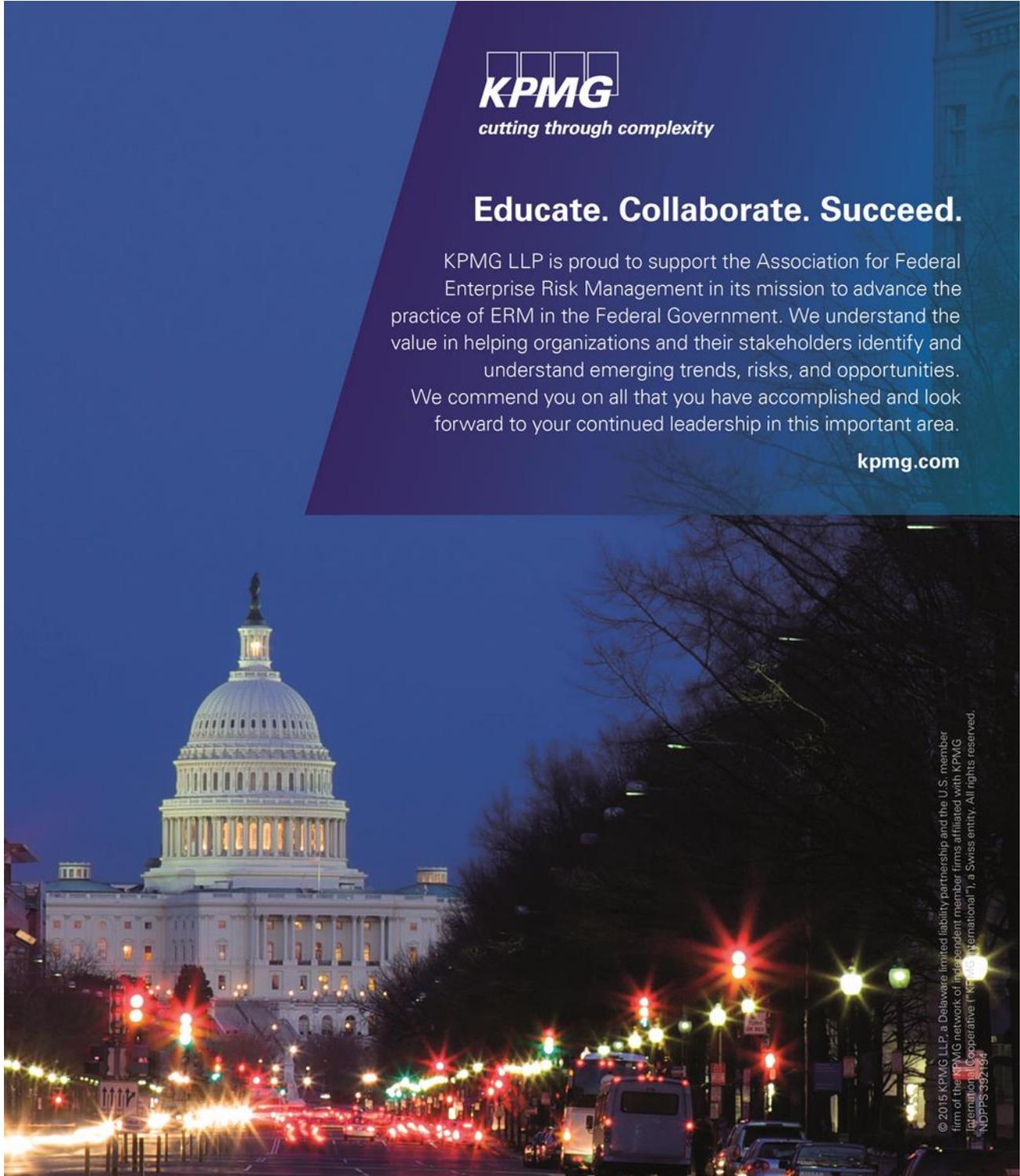
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## Educate. Collaborate. Succeed.

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

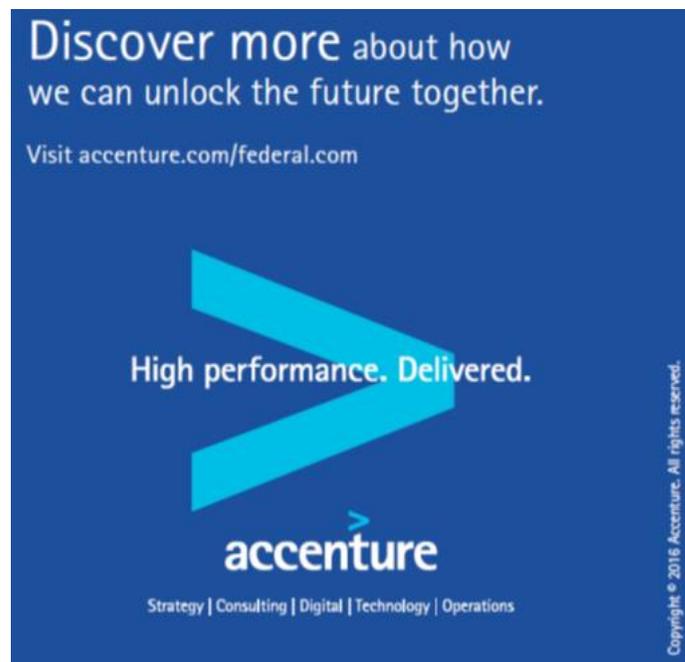
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### Staying Current on ERM News with AFERM's Newsfeed

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:

- Former NSA Director Talks Cybersecurity, Insurance at Advisen Conference
- Understanding the Risk of "Immutable" Blockchain Applications
- Disasters Highlight Potential Uses for Drones
- Artificial Intelligence and Risk Management
- Managing Energy Sector Risks
- Developing a Formal Cyber Incident Response Plan
- Cyber Insurance Strategies Explored; RIMS Report
- New RIMS Report: Establishing and Communicating ERM Info
- Cryptojacking: How Hackers Steal Resources to Mine Digital Gold
- Financing Disaster Risk in Latin America
- A Crash Course in Data Break Readiness

To view the AFERM Newsfeed, visit <https://www.aferm.org/erm-newsfeed/>.



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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)

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## AFERM's Ask the Experts

### ERM Resources for Federal Practitioners

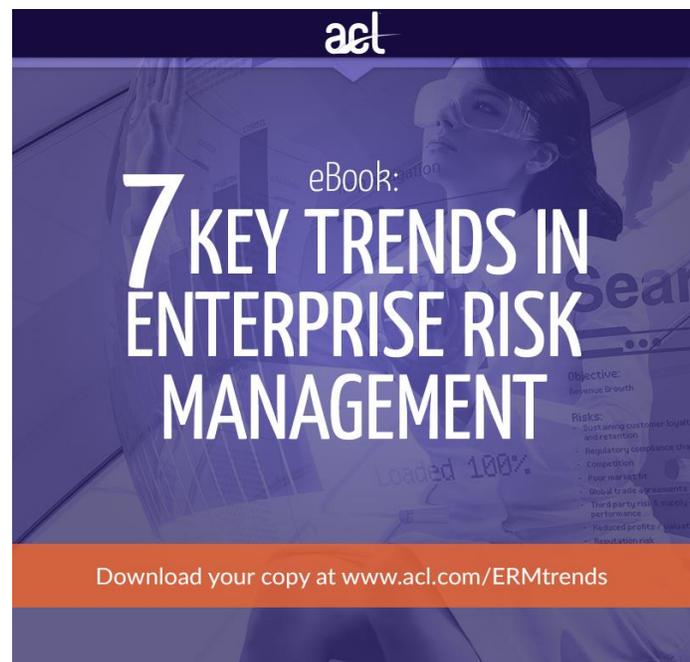
AFERM recently deployed a resource accessible via the AFERM website – “Ask the Experts.” This blog provides ERM practitioner’s access to ERM experts and facilitates the exchange of ideas.

Here are some recent questions answered:

- If an Agency executive views ERM as an administrative burden, what’s the best way to approach ERM at that Agency?
- How long does it take to implement a fully compliant ERM program?
- What are some effective methods to report the status and/or results of ERM activities to management?
- Of those ERM programs that have a formal communications program, what does it look like?
- Should agencies automatically focus resources on risks with the highest level of residual risk, or should more energy be placed on those that may exceed established risk tolerances (regardless of residual risk level)?

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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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## Using Technology to Optimize Your Enterprise Risk Management Program

By Terence Dolce, Principal, Bert Nuehring, Partner, and Joshua Reid, Principal, Crowe

*Since 2016, the Office of Management and Budget (OMB) has required federal agencies to implement an enterprise risk management (ERM) program, but some agencies have found compliance difficult. Advances in technology can help such agencies efficiently manage their ERM programs and target the most critical risks in real time.*

OMB Circular A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control," was released in 1981. The 2016 update reflects the OMB's recognition that government operations have changed dramatically and stakeholder expectations have intensified. The ERM requirement is intended to improve mission delivery, reduce costs, and better focus corrective actions.

However, for many federal agencies and nongovernmental entities, risk management remains an immature process. Agencies can make significant steps toward satisfying OMB expectations by leveraging governance, risk, and compliance (GRC) software platforms to organize information and streamline risk management processes.

### Challenges to Effective ERM

The OMB defines ERM as an agency wide approach that addresses the full spectrum of an organization's external and internal risks by understanding the combined impact of risks as an interrelated portfolio. According to the OMB, ERM provides an enterprise wide, strategically aligned portfolio view of risk that enables better insight on how to prioritize resource allocations most effectively to achieve successful mission delivery. While the OMB acknowledges that agencies cannot respond to all risks related to achieving strategic objectives and performance goals, it expects them to identify, measure, and assess risks related to mission delivery.

Perhaps the largest hurdle for federal agencies when it comes to ERM is the vast risk landscape. These agencies touch many areas, including employees, third parties, regulation, cybersecurity, operations, procurement, legal, and others. ERM is further complicated by the cross-functional nature of risk management in a federal agency, comprised of three lines of defense. The first line includes frontline employees who perform their roles according to the agency's objectives and adhere to the agency's

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policies. The second line provides guidance to make sure risk management practices and internal controls are implemented in areas such as operational risk management, information security, legal, and compliance. The third line is internal audit, which provides independent assurance that an agency is operating according to its risk management, governance, and internal control processes.

Given its cross-functional and complex structure, even a mature ERM program can lead to siloed information scattered across the agency in spreadsheets, documents, or presentation slides. When information resides in different parts of an agency, leadership often makes risk management decisions based on assumptions or inaccurate information. Silos can also lead to redundancies. For example, employees on the first line of defense might receive multiple requests from the second and third lines for the same information. To be effective, an ERM program must break down silos and integrate all relevant information to enable truly risk-based, agency-wide decisions.

Another challenge lies in various data collection techniques and formats that exist for gathering risk-based information. Audit, compliance, and IT, for example, might all use different reporting structures, making it difficult to provide summary risk reporting across the agency. Different second line of defense teams often use inconsistent methodologies for rating risks, skewing the agency's overall risk analysis.

In addition, the sheer volume of data can impede proper analysis of ERM metrics and performance measures. How can an agency summarize hundreds, if not thousands, of data points into timely, meaningful, and actionable reports for decision-makers? This task can prove burdensome when combining technical data with business-oriented data. For example, evaluating vulnerability scanning results across the agency's IT environment and determining which vulnerabilities to remediate first based on the asset's business criticality and severity of each vulnerability is cumbersome.

### How GRC Technology can Help

[GRC technology](#) gives agencies holistic views of their overall risk posture. They allow an agency to capture its information from diverse sources, correlate the information, and provide user-friendly reporting on a concise dashboard. Once an agency collects and organizes its information, it can apply data analytics to assess quantifiable risk, extrapolate trends, and identify incomplete or immature processes in order to implement process improvements.

GRC technology protect data integrity by restricting access to information and analytics results through role-based dashboards. For example, a platform could provide leadership with high-level information, department leaders with department-related information, and risk analysts with more granular information.

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In addition, GRC technology can drive accountability. By streamlining inconsistent reporting into a single format, this technology provides visibility that might otherwise be missing. Once everyone has the same understanding of the information, it becomes clear where some leaders lag behind or fail to provide their departments the necessary resources to mitigate identified risks.

On a wider scale, agencies can employ GRC technology to align risk-based decisions with strategy and performance management. The technology captures agency objectives, pinpoint the risks that prevent accomplishment of those objectives, and provide real-time status reporting to monitor the risks.

GRC technology can also help agencies determine the best use of resources. Agencies typically take a top-down approach to risk management, tapping the leaders of each area to identify the risks in their individual domains. GRC allows the collection of all those risks into a central risk repository. To determine which risks are most pressing, the platform can distribute risk assessment surveys to individuals across the agency. The technology automatically correlates risk assessment results and proactively identifies issues requiring the most attention, including allocation of financial and people resources to remediate the issue. A similar approach could be taken to prioritize resource deployment for a specific risk domain, such as cybersecurity or third-party risk management.

With GRC technology, agencies can respond to specific risks in real time, too. Imagine an agency discovers a computer virus propagating across its systems. The platform can show management the assets and operational processes that could be affected and other information vital to making decisions about where to direct resources to address the problem immediately.

Additionally, the platforms facilitate monitoring. For example, an agency might determine that a third party has a weak business continuity plan that could threaten the agency's operations in the event of a hurricane. It could require the third party to upload an improved plan to the platform, which could close out the issue upon receipt. Or, maybe the agency finds that key software applications lack the necessary security patches. It could require the IT department to upload scanning results that show the patches are in place. Again, the technology would close out the issue after receiving the appropriate proof.

Finally, GRC technology can save time and money. Performing ERM processes manually is a slow and clumsy exercise. But GRC automates the risk assessment process and can reduce the time required to gather risk information from more than a year to just a few months.

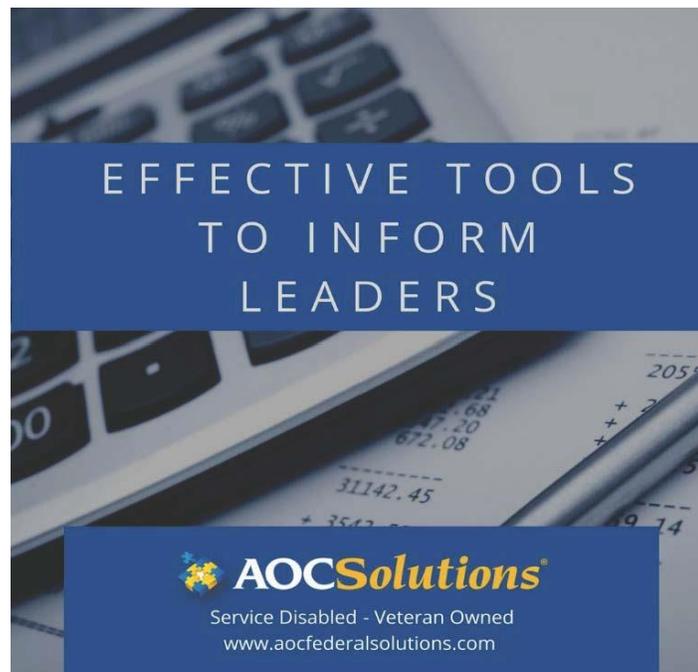
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### Beyond Compliance

OMB Circular A-123 makes ERM mandatory for federal agencies, but GRC technology combined with data analytics makes it advisable even in the absence of a mandate. The complexity and volume of information is only increasing, and this technology can help knock down the hurdles that preclude some agencies from maximizing the value of their ERM program. Moreover, it improves overall risk visibility, decision-making, and, in turn, performance.

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**Terry Dolce** may be reached at [terry.dolce@crowe.com](mailto:terry.dolce@crowe.com); **Bert Nuehring** may be reached at [bert.nuehring@crowe.com](mailto:bert.nuehring@crowe.com); and **Josh Reid** may be reached at [josh.reid@crowe.com](mailto:josh.reid@crowe.com).



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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)

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## AFERM Membership

### Membership Provides Access to Valuable Resources

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 government ERM, 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/>.

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



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## Your Success Stories and Thought Leadership

### 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.

In addition, we are willing to work with new or established authors to publish thought leadership articles in future editions of this Newsletter. Guidelines will be provided to interested parties.

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Please send your success stories or request for information on publishing a thought leadership piece to the AFERM Communications Committee at [AFERM.Communications@gmail.com](mailto:AFERM.Communications@gmail.com). The Committee is led by **Shelly Turner** with **Andrew Glover** and **Nadya Korobko** of Guidehouse.



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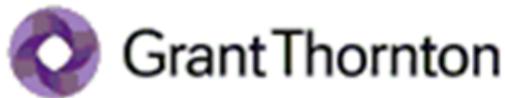
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