

FROM THE C-SUITE TO THE FRONT LINE

Practical Approaches for Engaging the Entire Organization in ERM

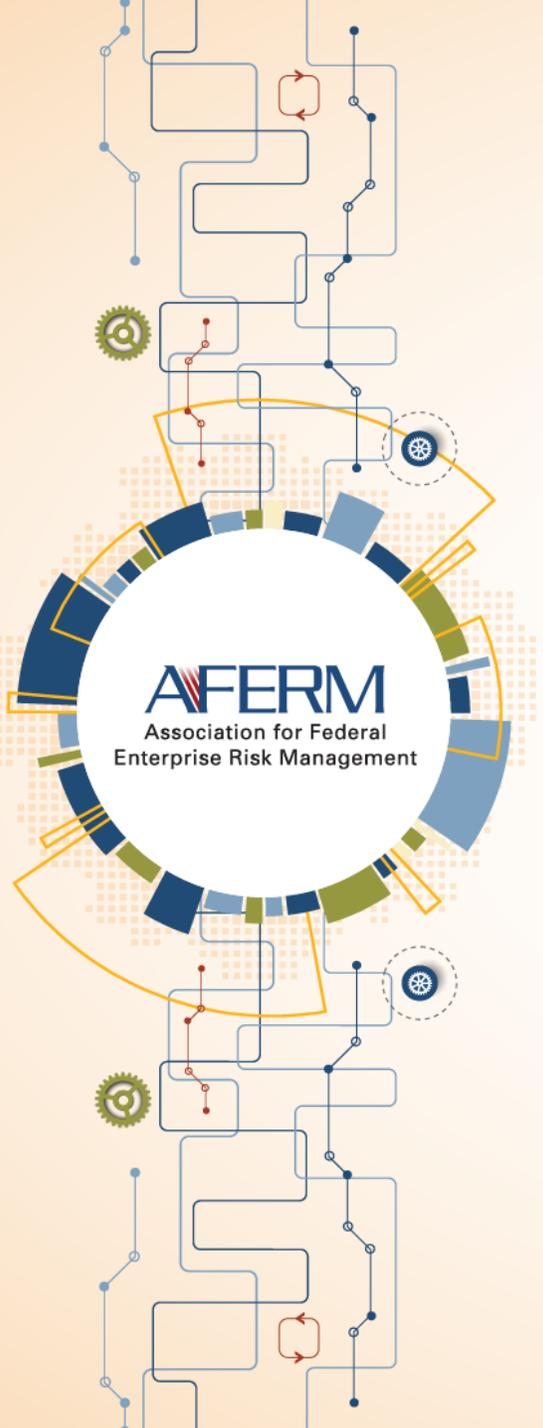
PRESENTERS

Tom Brandt | Chief Risk Officer, IRS

Melissa Reynard | Senior Risk Advisor, IRS

Debbie Poff | Senior Risk Advisor, IRS

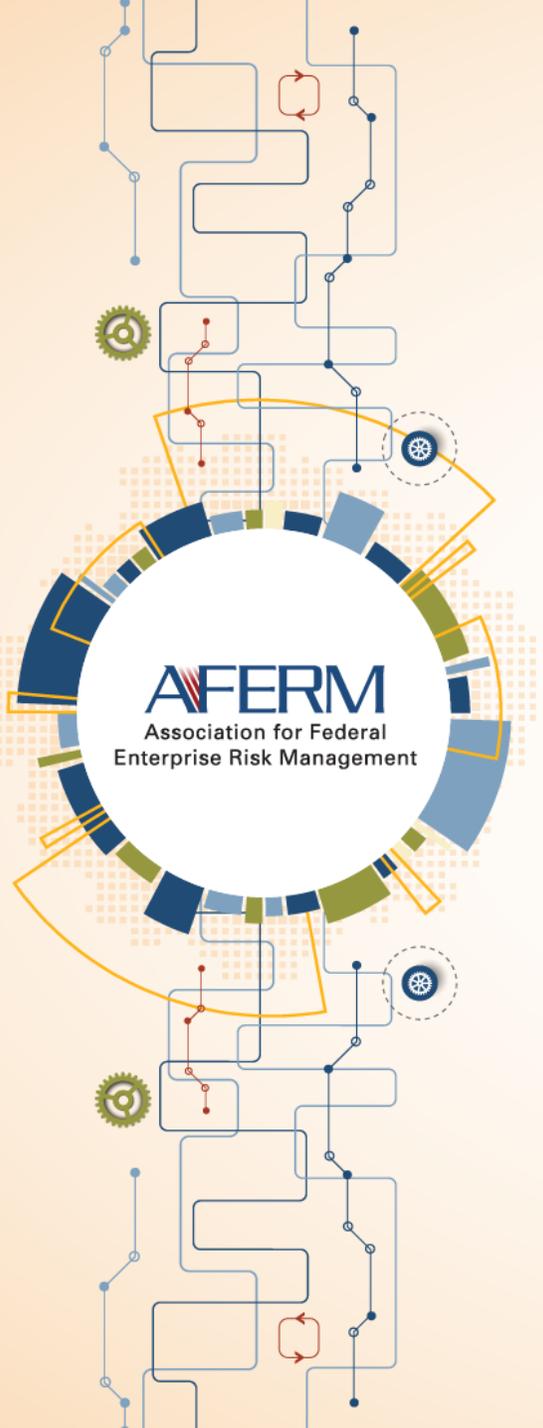
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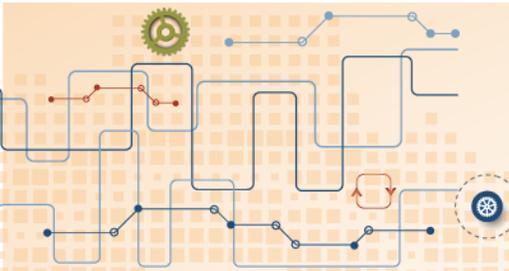
Agenda

- Overview of ERM Framework & Governance
- ERM Operationalization
- Targeted Engagement
- ERM Training and Communications
- Q&A





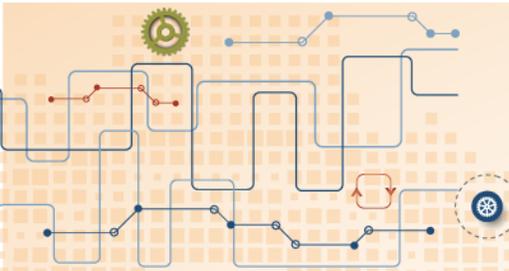
Overview of ERM Framework and Governance



Overview of the IRS ERM Program

The Internal Revenue Service (IRS) ERM Program began in 2014 to:

- Provide a common framework for managing risks;
- Improve the timeliness of information brought to leadership's attention; and
- Increase transparency of risks across the agency.

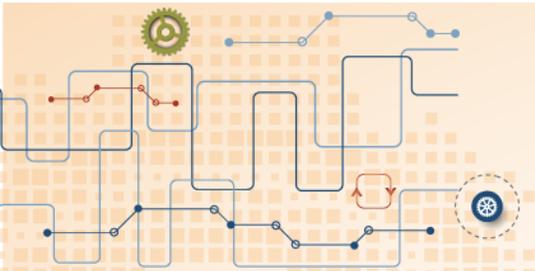


Overview of the IRS ERM Program

The approach taken to implement ERM in the agency was grounded in leading practices, but was tailored specifically to the IRS's structure, culture, and processes.

The ERM Program has evolved since its inception. It was necessary to continue to evolve the approach over time to reflect changes in the internal and external environment.

Today, the organization has a greater awareness and understanding of its risks.

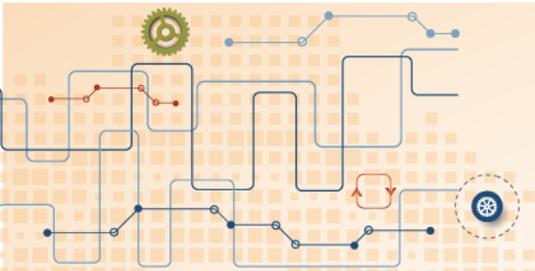


Overview of the IRS ERM Program: Governance & Structure

The Office of the Chief Risk Officer (OCRO) established the IRS's ERM Program and continues to facilitate the execution of ERM at the IRS.

The two main roles in OCRO are:

- **Chief Risk Officer (CRO):** Head of the Program, Senior Advisor to the Commissioner, works closely with executives to facilitate ERM.
- **Senior Risk Advisors:** Report to CRO, facilitate Program initiatives, work with the units and ERM Liaisons / Risk Working Group (RWG).



Overview of the IRS ERM Program: Governance & Structure

OCRO relies on the ERM governance structure to drive the Program's objectives and make risk related decisions for the agency.

- **Executive Risk Committee (ERC):** Consists of 11 members, executive level heads-of-office, makes top level risk decisions. Certain members rotate annually.
- **Risk Working Group (RWG):** Consists of Liaisons from each unit, provides risk input and support to the ERC for the agency.
- **ERM Liaisons:** Lead risk management activities in the units including the development/maintenance of unit risk registers, which serve as the primary input into the IRS Annual Risk Assessment.

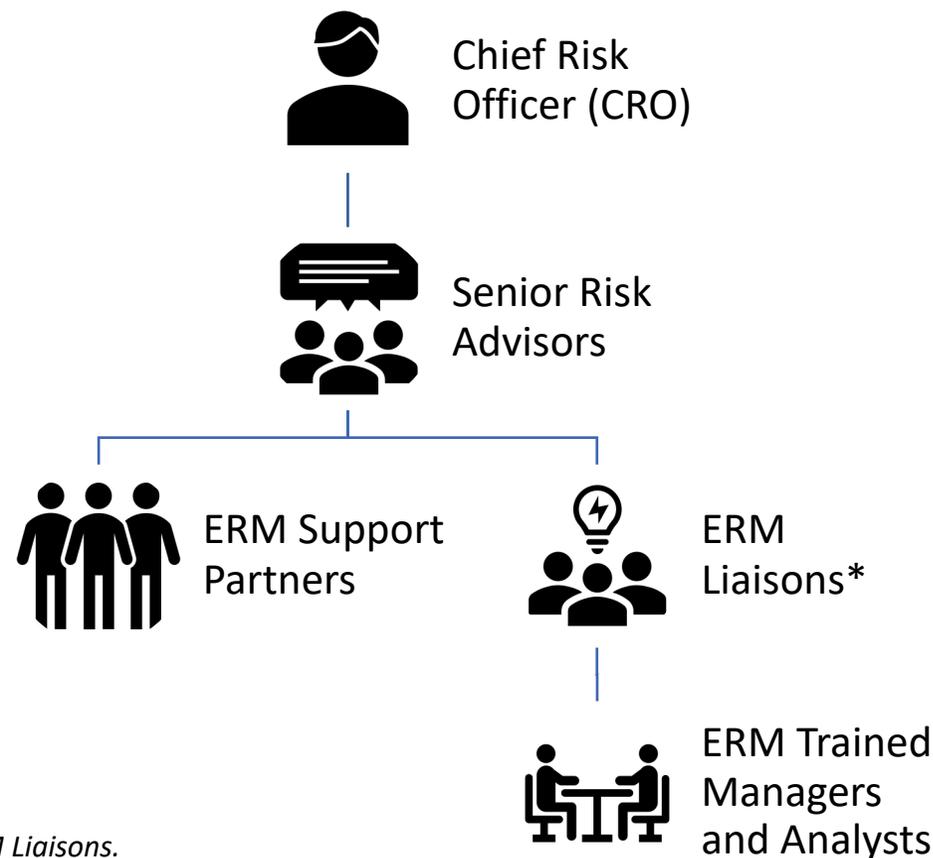
Overview of the IRS ERM Program: Governance & Structure

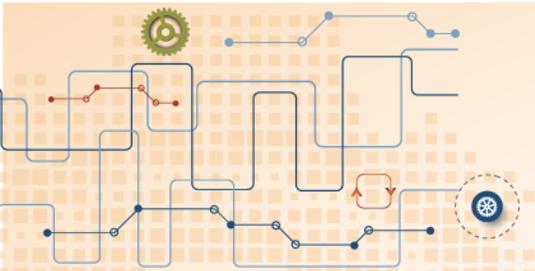
IRS ERM Governance and Operating Structure

IRS ERM Governance Model



IRS ERM Operating Model





Overview of the IRS ERM Program: Governance & Structure

The roles and responsibilities for key stakeholders are documented in the **IRS ERM Program's Concept of Operations** which also captures:

- Program Objectives
- Guiding Principles
- Components of the Program
- Governance Model and Operating Model
- Glossary of Risk Terms

Overview of the IRS ERM Program: Governance & Structure

OCRO developed ERM roles and responsibilities for IRS staff members. ERM roles and responsibilities exists for the following staff levels:



Executives



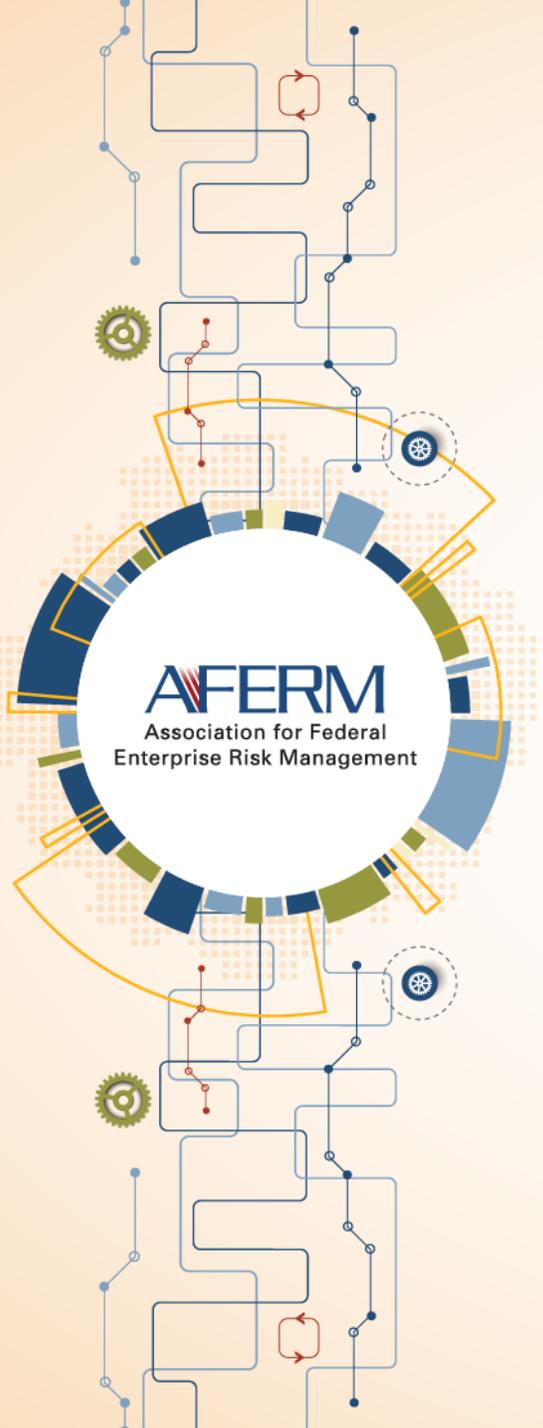
Managers



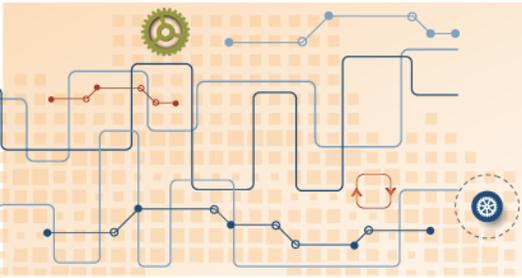
All IRS Employees (Front-line)

Overview of the IRS ERM Program: Annual Enterprise Risk Assessment Timeline

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
<p>ERM Liaisons submit:</p> <ul style="list-style-type: none"> • Unit risk registers; • Templates indicating if each enterprise risk from the prior year should remain on the enterprise risk list, input on the future outlook of the risks, & any risks that should be added. <p>OCRO aggregates updates on enterprise risks.</p>	<p>RWG meets to:</p> <ul style="list-style-type: none"> • Review aggregated risk information, • Identify any changes that should be made to the enterprise risk list, • Discuss the future outlook of the risks, • Discuss the mitigation strategies for each of the risks & identify potential exposures, & • Identify any additional information that should be gathered & provided to the ERC, as necessary. 	<p>The Business Units:</p> <ul style="list-style-type: none"> • Score enterprise risk(s), & • Provide any additional updates as necessary. <p>Each ERM Liaison meets with their head of office to determine whether they believe each risk requires additional focus.</p>	<p>ERC meets to:</p> <ul style="list-style-type: none"> • Review initial enterprise risk assessment outputs, • Agree on any changes, • Determine which risks require additional focus over the next year, & • Assign accountable parties to develop recommendations to address risk requiring additional focus. 	<p>Accountable parties identified for the risks selected by the ERC for additional focus:</p> <ul style="list-style-type: none"> • Develop recommendations for additional actions, with support from OCRO, & • Develop materials to support presentation of recommendations to the ERC. 	<p>ERC meets to:</p> <ul style="list-style-type: none"> • Review additional actions recommended by accountable parties, & • Determine associated next steps.



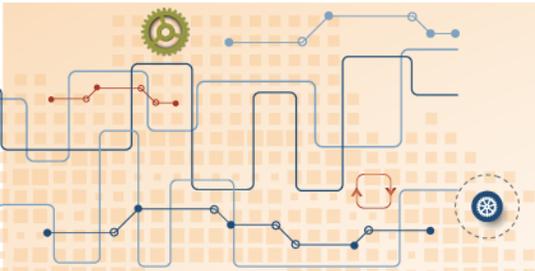
ERM Operationalization in the Business Units



ERM Operationalization in the Business Units: Background

Development of Operationalization Standards:

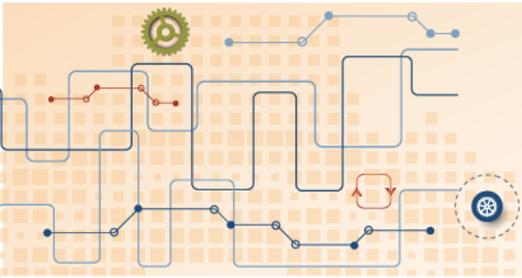
- In 2014, the IRS developed Operationalization Standards containing standardized risk management attributes in the following six areas:
 1. Risk Identification
 2. Risk Assessment
 3. Risk Response
 4. Risk Reporting
 5. Monitoring and Escalation
 6. Information and Communication
- The standards are a baseline of key risk management practices each unit should adopt.



ERM Operationalization in the Business Units: Background

Why the Organization Took a Standards Approach

- The standards approach was used to give the units autonomy to build on the risk management capabilities they already had and tailor their approach to their unit's culture, structure, and processes, while still adhering to some core requirements.
- The standards were developed based on leading practices used at other organizations and an understanding of the IRS's culture and structure.



Operationalization Self-Assessments and Peer Reviews

Operationalization Self Assessments: In 2014, OCRO developed the IRS Operationalization Self Assessment to determine units' progress in meeting the standards. The units are required to complete a series of questions related to each component of the standards. The responses are aggregated to provide insights on the current state and trends over time. In addition to the initial 2014 self assessment, self assessments were completed by Liaisons in 2015 and 2017. OCRO will conduct another Self Assessment in 2019.

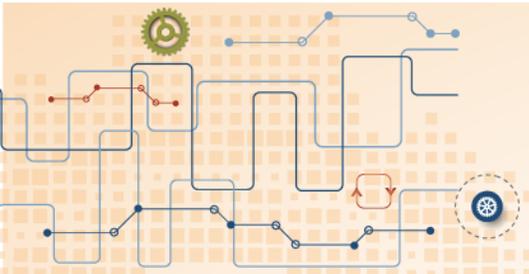
1.) **Risk Identification**

A process to identify risks that threaten your organization's and/or the IRS's business objectives.

		Rating - please select from the drop down menu	Please provide additional detail substantiating the progress rating by highlighting relevant activities, practices, and examples related to each item. (Maximum 1600 Characters)
1.1	Processes in place to successfully support the identification of risks (please provide a specific example)	3. Significant Progress Made Towards Operationalizing	<input type="text"/>
1.2	Process in place for employees at most levels to contribute to unit-wide risk assessments		<input type="text"/>

Additional Risk Identification Questions

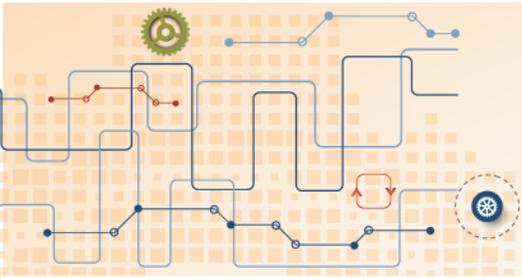
			Optional Comment Section (Maximum 1600 characters)
1.3	Do the processes for identifying risks involve the consideration of objectives (e.g., Strategic Plan, Program Letters or other documented objectives)?		<input type="text"/>
1.4	Is ownership assigned for unit-level risks?		<input type="text"/>
1.5	Are the unit's core business processes reviewed to identify risks?		<input type="text"/>



Operationalization Self-Assessments and Peer Reviews

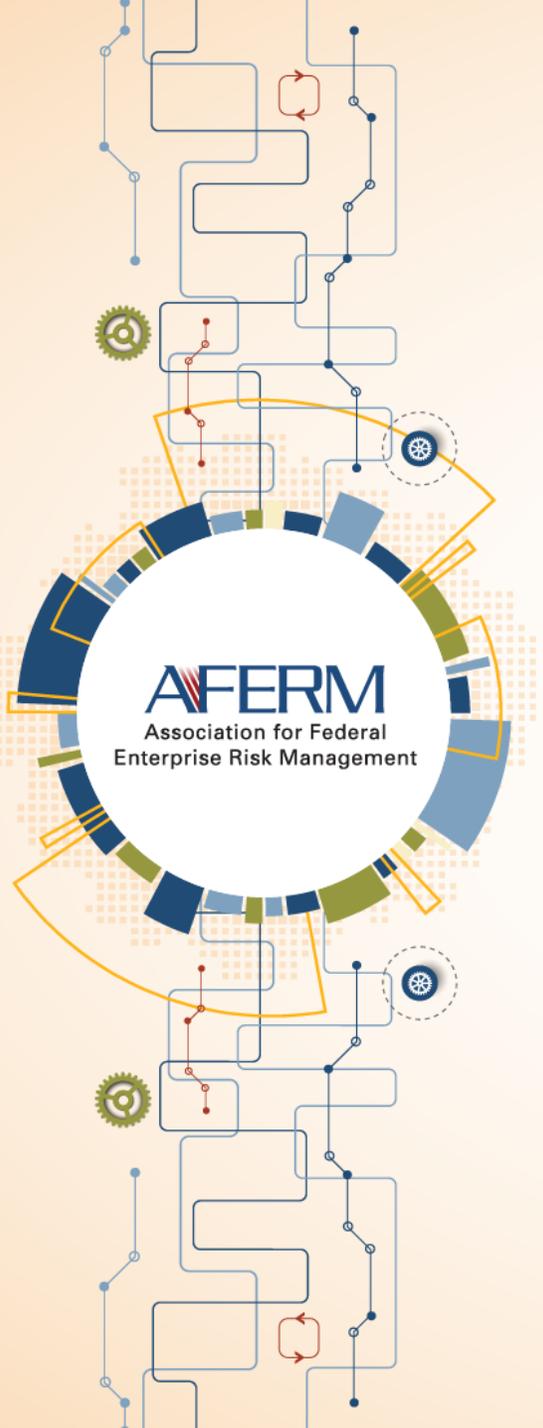
Operationalization Peer Reviews: In 2016, OCRO gathered a few volunteer Liaisons to form a Peer Review Team that used the operationalization standards to evaluate the current state of operationalization of other select units. The Peer Review team developed recommendations to help the units involved in the reviews further mature their risk management programs.

Operationalization Interviews: In 2018, OCRO took a different approach and conducted group interviews with all Liaisons to understand their perspective of how well their units were operationalizing risk management against the IRS ERM Program Components.

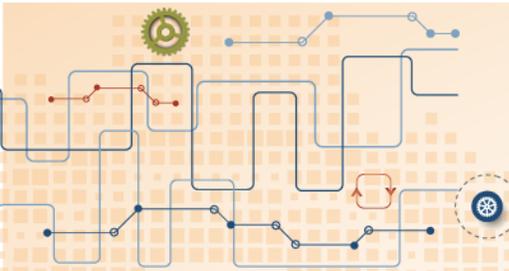


Operationalization Self-Assessments and Peer Reviews

Operationalization Outcomes: Outcomes from the self assessments, peer reviews, and interviews generated lessons learned, data trends, and recommendations. The information from these activities was aggregated to reveal common themes and key areas of focus. OCRO used the results of these operationalization activities to develop strategies to improve identified gaps.



Targeted Engagement



Targeted Engagement

To support the units as they operationalize risk management; OCRO executes a number of targeted engagement efforts, including:

- RWG/Risk Liaison Support and Development
- Special Projects Providing Program Level Support

Setting up an Enterprise Risk Channel

Targeted Engagement: Risk Working Group / ERM Liaison



In-Person Meetings:

The RWG meets annually in person to discuss the enterprise risks and make recommendations to the ERC regarding the risks.

The RWG may also meet in person for trainings and workshops, as needed.



Monthly Meetings:

OCRO shares a range of ERM/RM information including program updates with the Liaisons at the monthly RWG meetings.

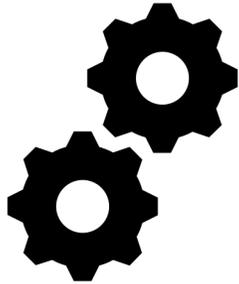
The structure of these meetings has evolved over time and RWG member participation has increased. As of FY20, certain liaisons conduct **presentations on risk management efforts occurring in their units** during these monthly meetings.

During their presentations, RWG members:

- Discuss risks in their area;
- Share successes, challenges, and lessons learned;
- Share information on cross-unit collaborations;
- Request input from other RWG members

Targeted Engagement: Special Projects

**Risk Based Process Review and
Improvement**



**Facilitated Unit-Level Risk
Assessments**

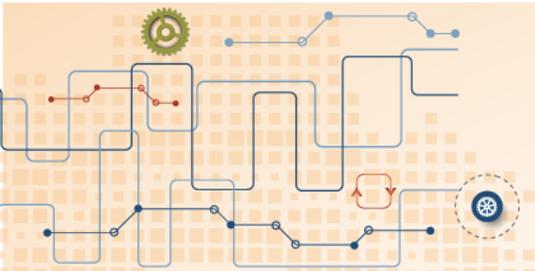


**Risk Based Lookback Review of a
Large Scale Technology Initiative**



**Deep Dive Risk
Identification**

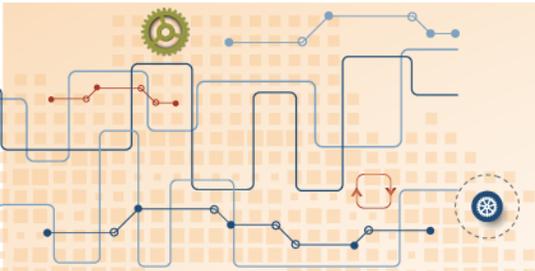




Targeted Engagement: Enterprise Risk Channel

In 2014, OCRO identified the need to implement a confidential mechanism for employees to submit risks.

- The Commissioner issued messaging encouraging all employees to be risk managers.
- A review of existing channels for employees to escalate issues revealed these channels did not offer confidentiality and/or were not risk specific.
- The 2014 Federal Employee Viewpoint Survey demonstrated some employees did not feel comfortable raising and reporting risks through their management chain.
- To ensure that employees had an alternative channel to raise potential risks, the Enterprise Risk Channel was launched in 2015.



Targeted Engagement: Enterprise Risk Channel

The Enterprise Risk Channel provides an opportunity for employees to send potential risks to the OCRO, on a confidential basis.

- The Enterprise Risk Channel is not intended to be the first place where information about risk is shared.
 - Many channels are in place throughout the IRS where risks or problems can be raised, starting with management. Risks can also be shared in team meetings and operational or program reviews.
 - Many units at the IRS have established risk programs and processes where business unit risks can be raised. All units have a designated ERM Liaison.
- Employees are encouraged to share and raise risk through one of these existing channels first; however, if they are uncomfortable sharing information through existing methods, a submission to the enterprise risk channel is appropriate.
- OCRO reviews submissions to determine the significance, responsible stakeholders, potential next steps and engages the appropriate Liaison(s) for further review and action.

ENTERPRISE RISK CHANNEL SUBMISSION FORM

Enterprise Risk Channel Submission

Do not include sensitive, personally identifiable information (PII) or taxpayer information (TPI) in the risk submission.

Purpose: The purpose of this form is to confidentially document and raise a potential risk(s) through the Enterprise Risk Channel. E-mail completed forms to "Enterprise Risk Channel."

Submitter's name (see confidentiality information below)	SEID	Telephone number	Date
BOD/FOD/Special unit	Office (if applicable)		

Describe the potential risk(s) (include as much information as possible)

Explain why you think this is a risk

Have you already reported this through a different channel, and if so, which channel

Comments (use this section to include any additional information or relevant attachments)

Confidentiality when identifying an enterprise risk

When you identify an enterprise risk, you can choose whether or not to disclose your identity.

Choosing to disclose your identity

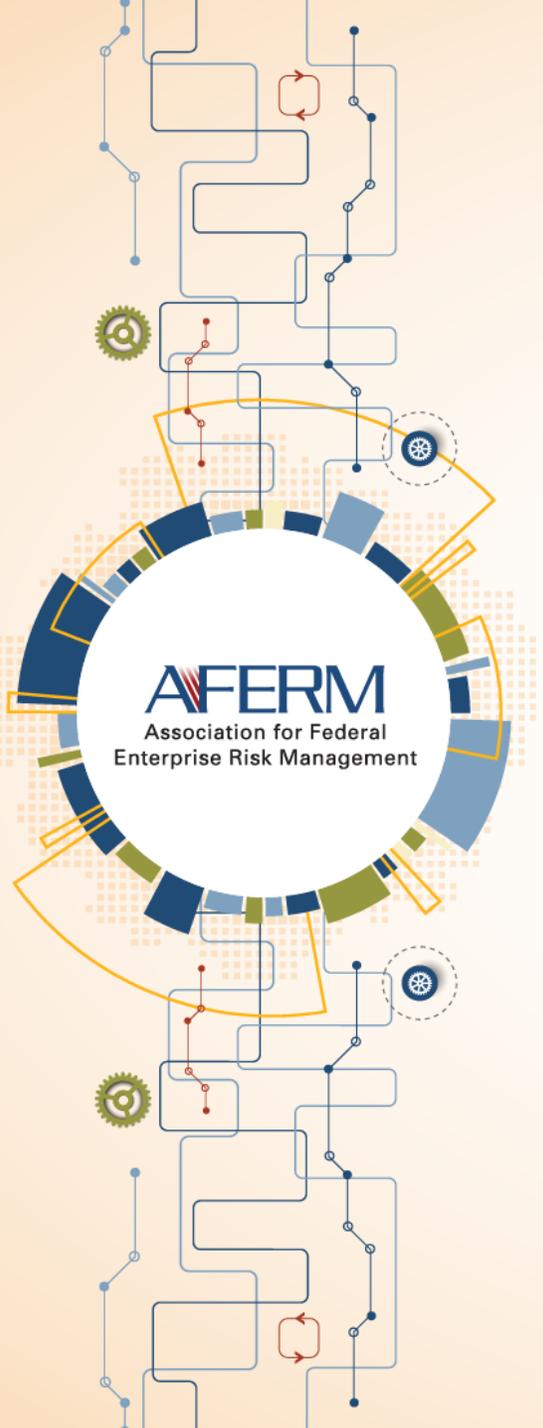
If you choose to disclose your identity, enter the requested information in the "Submitter's name, SEID, and Telephone number" fields on the Enterprise Risk Channel Submission Form.

The Enterprise Risk Channel may disclose your identity under the following circumstances:

- If there is a need to contact you for more information to complete the review of your submission and to implement corrective actions, if any;
- If disclosure is required by law; and/or
- If it is determined that disclosure is necessary to address the matters contained in the submission, including but not limited to specific dangers to health, safety, and/or national security.

Choosing not to disclose your identity

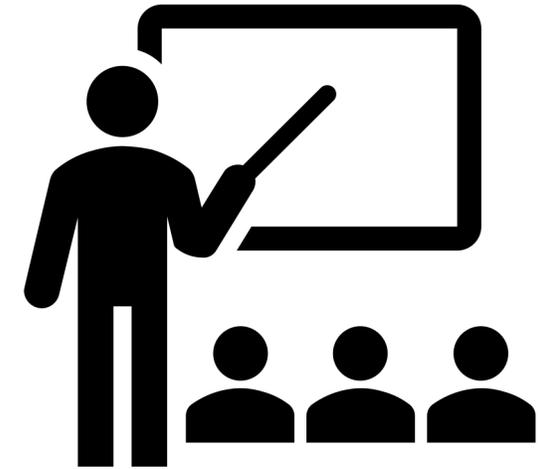
Note: Additional information on the Enterprise Risk Channel is available in the Appendix.



ERM Training and Communication

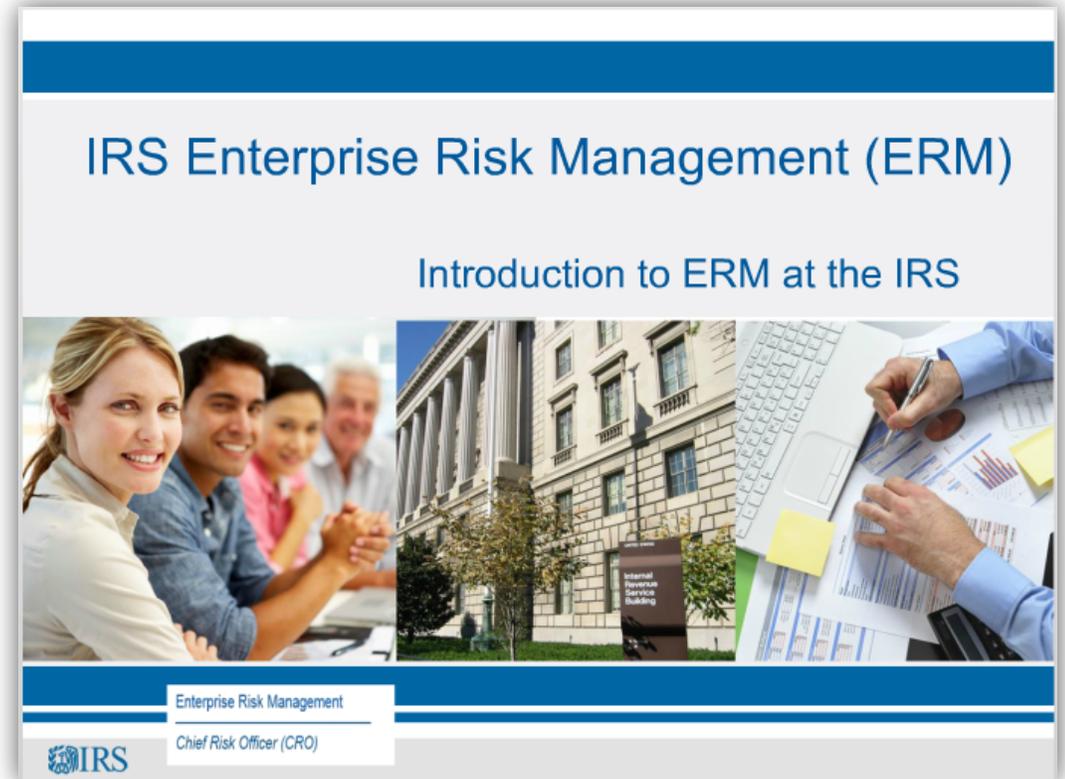
ERM Training at the IRS

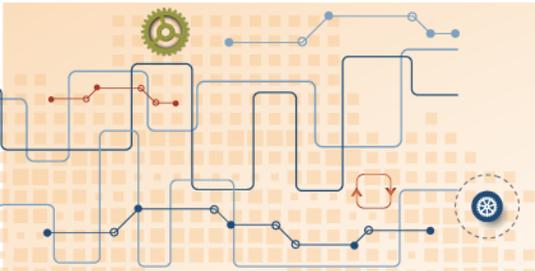
- **Targeted Audience:** Executive Leadership, Managers, Risk Liaisons, Front-line Employees
- **Training Mechanisms and Channels:**
 - In Person Workshops
 - Virtual Sessions
 - Lunch and Learn Sessions
 - Podcasts
 - Self-study ERM Training Literature
 - Risk Management Advocate Certification Program



Risk Management Advocate Certification Program

- Developed to cultivate a risk aware culture across the agency.
- Promote an understanding of ERM concepts and tools.
- Employees gain a greater awareness of IRS ERM initiatives.
- Program consists of online self-study courses through the IRS's learning management system, a multiple-choice exam, and a practical exercise.

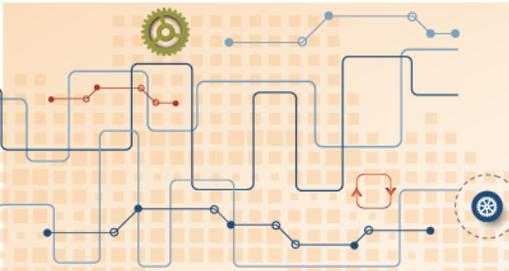




Risk Management Advocate Certification Program

The Program Includes 11 Online Self-Study Training Modules:

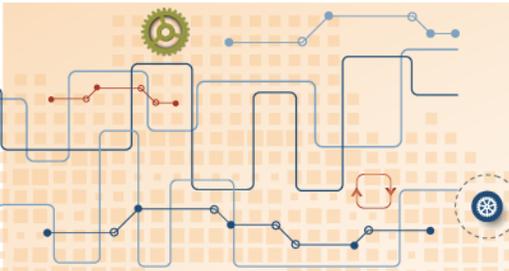
- Introduction to Enterprise Risk Management
- Introduction to Risk Identification
- Risk-Issue Continuum
- Basics of Risk Assessment
- Basics of Risk Response
- Basics of Risk Appetite
- Basics of Risk Mitigations
- Basics of Internal Control
- Basics of Risk Registers
- Basics of Risk Monitoring
- Culture and Risk Management



Executive ERM Training

Provides executives with training targeted to their skill sets and needs:

- Evolution of ERM at IRS and current outlook
- COSO ERM Framework
- Panel discussions on how executives have operationalized ERM within their business unit
- Risk appetite and decision making
- Documenting the acceptance of a significant risk



Risk Awareness Week

In 2019, IRS hosted its first annual Risk Awareness Week. This initiative helped foster a more risk aware culture.

Communications during Risk Awareness Week included:

- IRS Headlines
- Email message from the IRS Commissioner
- Video message from the Chief Risk Officer
- Messaging from Senior Leadership
- Risk Management Lunch and Learn Information Session
- Daily Risk Management News Articles
- Risk Management Poster
- Launch of the Risk Management Advocate Certification Program

COMMISSIONER MESSAGE



A Message from Chuck Rettig IRS Commissioner



The IRS will hold its first Risk Awareness Week beginning next Monday, April 29. Soon you'll see publicity about communications and events for Risk Awareness Week. One of the events planned is an [information session](#) to let you know about important risk management concepts and initiatives currently underway.

When we effectively manage risks, we can better provide taxpayers with quality customer service and maintain the integrity of America's tax system. Risk management is an important part of what we do here, and it's something we're **all** responsible for doing. In fact, you're often in the best position to notice when something isn't working or seems broken.

Practicing effective risk management starts by becoming aware of the risks to our organization and mission. It requires us to recognize risks before they threaten business objectives and to feel comfortable raising and reporting risks without fear of retribution. It also means we know where we can find the tools and resources that will help manage risks.

Thank you for the actions you already take to manage risks so we can deliver on our important mission. I encourage you to raise concerns or risks to your manager so the leadership team and I are informed and can take appropriate action.

For more information on risk management tools and resources, visit the [Office of the Chief Risk Officer](#). Effective risk management starts with you, so remember: **If you see something, say something, so we can do something.**

– Chuck

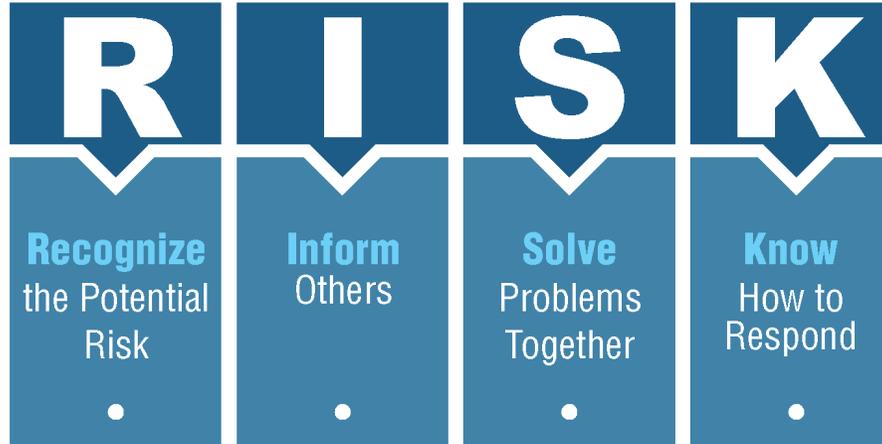


CHIEF RISK OFFICER MESSAGE



ERM POSTER

WE ARE ALL RISK MANAGERS!!



**IF YOU SEE SOMETHING,
SAY SOMETHING,
SO WE CAN DO SOMETHING...**

Visit the **Office of the Chief Risk Officer's** webpage for more information:

<https://irssource.web.irs.gov/CRO/Pages/Home.aspx>

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ERM Spotlight Series

- ERM spotlight stories are developed by the business units to highlight ERM and risk management efforts occurring in their unit.
- These stories share best practices and philosophies from business units to show how ERM is being operationalized.
- New stories posted on the IRS intranet monthly and all stories remain available for viewing by employees.

Wage & Investment

BUSINESS UNIT ERM SPOTLIGHT

See something, say something so we can do something.

What is an example of a time when an employee or manager raised a risk within the unit that enabled leadership to respond and potentially avert an issue? An Ogden W&I Accounts Management employee in the Centralized Authorization File Unit identified suspicious Forms 8821, Tax Information Authorization. These were filed on behalf of multiple individuals to gain fraudulent access to taxpayer account information. The Forms 8821 were filed using taxpayer personally identifiable information (PII) and practitioner credentials obtained outside of the IRS to gain access to IRS online services and to file fraudulent tax returns. The employee visually identified suspicious characteristics and referred the incident to Criminal Investigation and Return Integrity and Compliance Services for investigation. Mitigations were put in place to minimize the risk and an incident response was completed. You can read more about W&I's actions help prevent identity theft tax refund fraud in [this article](#).

How has your business unit partnered with other business units in managing a risk? To address the business risk associated with the implementation of the Tax Cuts and Jobs Act, W&I established a Tax Reform Project Management Office to work with the Tax Reform Implementation Office (TRIO) and other business operating divisions, including SBSE, LB&I and TEGE. A significant amount of collaboration occurred with IT to support the numerous Rapid Requirement Elicitation teams required to implement systemic changes required to implement the tax changes.

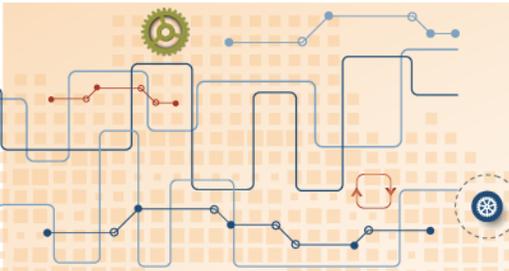
How is risk a part of how you manage your business unit? W&I manages risk throughout its daily operations, as discussed in the [W&I Operations Support Director's email re. risk management](#) and [this article](#). W&I has numerous forums in place to identify, elevate, evaluate and plan a risk response as identified in W&I. Business risks are discussed in daily operations, quality reviews, operational reviews, site visits and a variety of management meetings including the W&I Senior Leadership Team Weekly Filing Season Readiness meetings hosted by the W&I Commissioner and Deputy Commissioner.

Is there something related to risk management that your business unit is doing particularly well that you would like to share as a good practice? W&I takes a proactive approach to risk management that's integrated in its daily operations, not something W&I does as a special program. W&I has Risk Liaisons in each of its functions, who are extremely active and engaged in risk management. In addition, the W&I Risk Liaison hosts monthly meetings with the W&I Risk Committee meeting that's chaired by the W&I Commissioner and the W&I Deputy Commissioner. During these meetings, the Senior Leadership team is involved in proactively reviewing risks and progress on mitigations throughout W&I. An efficient and effective repeatable process is in place to review all W&I risks and mitigations on a quarterly basis. W&I also hosts the IRS Filing Season Readiness Executive Steering Committee (IRS FSR ESC) that focuses on managing risks associated with the upcoming filing season. The actions of the IRS FSR ESC and how it uses risk management are discussed in [this article](#).

For more information about W&I's risk management efforts and successes, check out the [W&I Risk Management website](#).

TOP RISKS

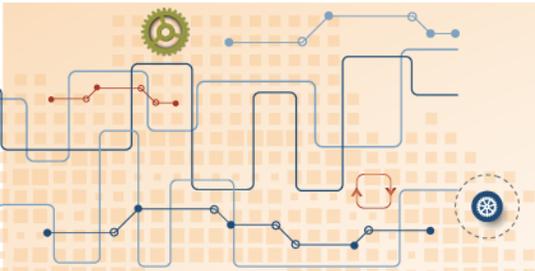
- Identity theft/Authentication and Access
- Staffing & Recruitment
- Technology Refreshment



ERM Spotlight Series

Sample questions for the ERM Spotlight Stories:

- What is an example of a time when an employee/manager raised a risk within the unit that enabled leadership to respond and potentially avert an issue?
- What benefits has your unit realized from ERM and/or risk management?
- How is risk a part of how you manage your business unit?
- How is risk communicated within your business unit?
- How is your business unit addressing its top risk(s)?
- Is there something related to risk management that your business unit is doing particularly well that you would like to share as a good practice?



Other Communications

- ERM Brochure
- Polling Questions
- Business Unit News
- Leader's Alert



WHAT IS ERM?

Risk is the possibility that events will occur and affect the achievement of strategy and business objectives.

Enterprise Risk Management (ERM) is defined as the culture, capabilities, and practices, integrated with strategy-setting and its performance, that an organization relies on to manage risk in creating, preserving, and realizing value.

ERM COMPONENTS

The IRS's ERM program is based upon the 2017 COSO ERM Framework consisting of five interrelated components. Within these five components are a series of principles representing the fundamental concepts associated with each component.



GOVERNANCE & CULTURE

Governance and culture together form a basis for all other components of ERM. Governance sets the organization's tone, reinforcing the importance of ERM, and establishing oversight responsibility.



STRATEGY & OBJECTIVE-SETTING

ERM is integrated into the entity's strategic plan through the process of setting strategy and business objectives. With an understanding of business context, the organization can gain insight into internal and external factors and their effect on risk.



PERFORMANCE

An organization identifies and assesses risks that may affect its ability to achieve its strategy and business objectives. It prioritizes risks according to their severity and considers the entity's risk appetite.



REVIEW & REVISION

By reviewing ERM capabilities and practices, and the entity's performance relative to its targets, an organization can consider how well the ERM capabilities and practices have increased value over time and will continue to drive value in light of substantial changes.



INFORMATION, COMMUNICATION & REPORTING

Communication is the continual, iterative process of obtaining information and sharing it throughout the entity. Management uses information from both internal and external sources to support ERM. Using information that applies to all components, the organization reports on risk, performance and culture.

WHAT CAN ORGANIZATIONS GAIN FROM ERM?

- **INCREASES THE RANGE OF OPPORTUNITIES:** ERM identifies new opportunities and unique challenges associated with current opportunities.
- **INCREASES POSITIVE OUTCOMES WHILE REDUCING NEGATIVE SURPRISES:** ERM improves the organization's ability to identify risks and establish appropriate responses, reducing surprises and related costs.
- **IMPROVES RESOURCE DEPLOYMENT:** ERM allows for management to obtain more robust information on risks, in the face of diminishing resources, to assess overall resource needs, prioritize resource deployment, and enhance resource allocation.
- **IDENTIFIES AND MANAGES RISK ENTITY-WIDE:** The organization faces a variety of risks that can affect many parts of the organization. Sometimes a risk can originate in one unit but impact a different part of the organization. ERM aims to identify and manage these entity-wide risks to sustain and improve performance.
- **REDUCES PERFORMANCE VARIABILITY:** ERM allows for the organization to anticipate the risks that would affect performance and enables them to put in place the actions needed to minimize disruption and maximize opportunity.
- **ENHANCES ENTERPRISE RESILIENCE:** Medium and long-term viability depends on the ability to anticipate and respond to change, not only to survive but also to evolve and thrive. ERM helps enable this as the pace of change accelerates and business complexity increases.

SELECT AND DEPLOY RISK RESPONSES

Select and deploy risk responses considering the following factors:



BUSINESS CONTEXT: Consider internal (people, process, technology) and external (political, economic, social, technological, legal, environmental) factors.



RISK SEVERITY: The response should reflect the size, scope, and nature of the risk and its impact on the organization.



PRIORITIZATION OF RISK: Priority assigned to the risk informs the allocation of resources.



RISK APPETITE: Consider whether the response brings the residual risk to within the risk appetite.



COST AND BENEFITS: Generally commensurate with severity and prioritization of the risk.



ERM AT THE IRS

Goal of Enterprise Risk Management (ERM)

The goal of the ERM Program is not to achieve zero risks. Rather, the objective is to have a program in place that properly identifies and assesses risks, and provides senior management the information necessary to make sound decisions, with risk being one of the core elements of the decision-making framework.

ERM GOVERNANCE MODEL



- **ERC:** Provides executive level accountability for identifying, managing, and monitoring enterprise risk, and for the IRS to foster an environment for collaborative and timely risk decision making, provide transparency, and enable a risk aware culture.
- **RWG:** Supports enterprise risk management and the ERC, and promotes risk awareness at the IRS. It also provides enterprise risk related recommendations to the ERC and supports risk management efforts as directed by the ERC.

PROGRAM OBJECTIVES

- **ALIGNS RISK APPETITE AND STRATEGY**
- **IDENTIFIES AND MANAGES CROSS-ENTERPRISE RISKS**
- **ENHANCES ENTERPRISE RISK RESPONSE DECISIONS**
- **REDUCES OPERATIONAL SURPRISES**
- **IDENTIFIES OPPORTUNITIES**
- **INFORMS RESOURCE DEPLOYMENT**
- **SUPPORTS A RISK-AWARE CULTURE**
- **PROVIDES TRANSPARENCY TO STAKEHOLDERS**

GUIDING PRINCIPLES FOR THE ERM PROGRAM



Remains lightweight, repeatable, and rapidly deployable.



Leverages existing capabilities and embeds ERM into the IRS.



Promotes effective risk communication to enable transparency and collaboration.



Recognizes that risks in and of themselves are neither good nor bad.



Supports the organization in critical focus areas.



Drives connectivity across risk priorities of the IRS.



Promotes risk based decision making.

IRS ENTERPRISE RISK ASSESSMENT

The Office of the Chief Risk Officer (OCRO) facilitates the enterprise risk assessment for the IRS. Beginning in 2014, the IRS initiated a top-down risk assessment known as a temperature-check. Since then the IRS has developed a repeatable, top-down and bottom-up approach to guide the enterprise risk assessment process. OCRO collects and analyzes multiple inputs, one of which is risk registers from all business units. The RWG assesses and evaluates the information aggregated by the OCRO and recommends updates to the IRS's risk profile to the ERC.

As an output of the risk assessments, the ERC develops the IRS's risk profile. Leadership determines whether additional action needs to be taken for any of the risks and assigns accountability. The risk profile reflects the environment facing the IRS, including how over the past several years the IRS has operated with reduced funding and a declining workforce while workloads and responsibilities have increased. Some of the top risk areas highlighted in the IRS's risk profile have included:

- Aging Technology Infrastructure
- Cyber and Data Security
- Critical Staffing Shortages
- Reduced Service and Enforcement Levels
- Changing and Expanding Mission

KEY OFFICE OF THE CHIEF RISK OFFICER (OCRO) RESPONSIBILITIES & ACTIVITIES:

- Establishes ERM policies including defining roles and responsibilities.
- Escalates identified or emerging risk exposures to executive management.
- Participates in IRS's strategy and objective setting discussions, including strategic planning.
- Promotes risk awareness at the IRS.
- Provides tools and templates to enable the IRS to execute consistent risk identification, assessment, and mitigation.
- Facilitates enterprise risk assessments.
- Partners with the business units on their most important risks, risk assessments, and special projects.
- Reports to the IRS Commissioner on the progress of the ERM Program and status of enterprise risks.
- Provides communication and training related to risk management to increase the level of awareness.
- Sets standards for a common approach to risk management across the Service.

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News

Title	Published Date
2019-2020 IRS Enterprise Risk Profile	10/4/2019
2019-2020 IRS Fraud Risk Profile	10/4/2019
IRS Fraud Risk Identification Guide	9/11/2019
OCRO Launches New Video on ERM for all Employees	5/7/2019
ERM Lunch and Learn Session Playback	5/2/2019
Risk Awareness Week Begins 4/29/2019	4/30/2019
Learn About Risk Management Week from CRO Tom Brandt	4/30/2019
Lunch and Learn PowerPoint	4/30/2019
Business Unit Spotlight Stories	3/4/2019

IRS launches first Risk Awareness Week beginning April 29

The IRS will launch its first Risk Awareness Week on April 29. During the week, we'll publish information to help employees understand how they play an important part in risk management at the IRS.

Monday's IRS Headlines will contain an overview of the week and link to a brief video message from Chief Risk Officer Tom Brandt announcing the schedule of events.

See the planned events and ways you can help your employees to be more risk-aware on this [Risk Awareness Week page \(.pdf\)](#). Also, encourage your employees to attend the [April 30 Risk Awareness session](#), where they'll learn about basic risk concepts and examples of positive outcomes when employees raised and reported risks.

(Submitted by OCRO - Office of the Chief Risk Officer)

What do you think of this article? Take our quick [survey](#).

PUBLISHED ON: 4/23/2019

What's coming up during Risk Awareness Week

The IRS will launch its first Risk Awareness Week on April 29, 2019.

Employees play an important part in risk management at the IRS and Risk Awareness Week will show people how they can help.

As the leaders of the IRS, employees rely on your support and guidance. They also rely on leadership to create an environment where risk management is encouraged and where they feel comfortable openly discussing risks. It's your responsibility to set the tone from the top – a tone that fosters a culture of risk awareness to protect the IRS from harm.

Here's what's coming up

- An *IRS Headlines* article on April 29 linking to a brief video message from Chief Risk Officer Tom Brandt announcing the schedule of events.
- A [Lunch and Learn training session](#) on April 30 at 2:30 PM ET. This will provide basic risk management concepts and emphasize the importance of raising and reporting risks.
- Daily highlights in the Business Unit News Section of IRS Source on important risk management activities occurring across the IRS.

Encourage employee support for risk awareness

Inform your staff about Risk Awareness Week and upcoming risk awareness events. You're encouraged to conduct internal risk-related activities with your staff to help foster an environment of risk awareness and openness. For example, in team meetings, discuss managing risks with your employees or where they can find information, tools and resources on risk management. Or you can let your staff know that you're open and available to discuss any related concerns they may have noticed during their work day.

Risk posters coming soon

You should receive risk posters sometime in May which will be delivered to your order point number. Post these throughout your work area and make sure they're visible to help increase risk awareness.

Thank you for all that you do to help manage risks and help promote risk awareness! For more information, please visit [Office of the Chief Risk Officer's webpage](#).



Appendix

ERM Roles and Responsibilities

Executives:

Governance & Culture
<ul style="list-style-type: none">• Creates a safe environment which encourages transparent risk identification by staff from across the units and is supportive of open risk discussions.• Motivates employees to embrace risk management and provides them with the tools and training to do so.• Understands and accepts responsibility for identifying, assessing and managing risk.
Performance
<ul style="list-style-type: none">• Owns risks and management of the risks associated with the business unit, programs and "upstream/downstream" activities.• Engages and collaborates in risk identification and assessment processes and activities.• Encourages the integration of risk in the decision-making process.
Review & Revision
<ul style="list-style-type: none">• Leverages risk management techniques (e.g., building key risk indicators) to monitor risks and enable transparency.• Monitors the progress and effectiveness of the implementation of mitigation plans.
Information, Communication, & Reporting
<ul style="list-style-type: none">• Supports and empowers the Liaison in the development of Risk Reporting.• Communicates support of the Liaison and the priority of ERM through the business unit.• Encourages employees to understand their ability to communicate risks to the Liaisons and management.• Promotes ERM awareness through transparency in all directions and sharing of IRS and business unit ERM successes and best practices.



ERM Roles and Responsibilities *continued*

Managers:

Governance & Culture
<ul style="list-style-type: none">• Contributes to a safe environment which encourages transparent risk identification and is supportive of open risk discussions.• Supports ERM awareness through transparency in all directions, and sharing of IRS and business unit ERM successes and best practices.• Encourages others to embrace risk management.• Considers risk as a factor in daily decisions.
Performance
<ul style="list-style-type: none">• Identifies and assesses risks within the business unit and elevates, as necessary.• May own certain risks at the unit or process level.
Review & Revision
<ul style="list-style-type: none">• Supports the prioritization and implementation of mitigation activities.• May be charged with the execution of certain mitigation or control activities (e.g., approvals, authorizations and review activities)• Facilitates the design and implementation of mitigation responses and activities.• Participates in research, analysis or mitigation planning.• Monitors the progress and effectiveness of mitigation plans.
Information, Communication, & Reporting
<ul style="list-style-type: none">• Reports on business unit enterprise risks to the ERM Liaison or through their defined ERM process.• Communicates the priority of ERM/RM and supports the ERM liaison or through their defined ERM process.• Encourages communication of risks identified upward as necessary, and communicates risk with unit leadership and the ERM Liaison.• Supports unit leadership with tailoring risk communications specific to the business unit.

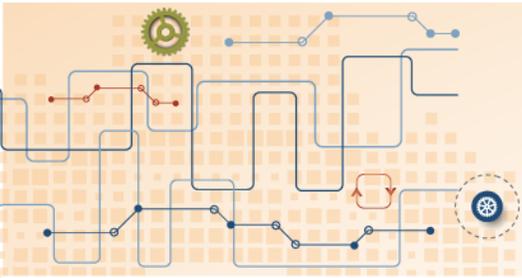


ERM Roles and Responsibilities *continued*

All Employees:

Governance & Culture
<ul style="list-style-type: none">• Contributes to a safe environment within the workgroup where risks are identified and discussed openly.• Embraces risk management and encourages others within the workgroup to do the same.• Considers risk as a factor during regular work activities.• Receives and considers training and other risk communications delivered by their managers, IRS leadership, the ERM Program, or others.
Performance
<ul style="list-style-type: none">• Works to identify risk in performing daily tasks.• Identifies and appropriately refers workgroup issues.• Participates in solving workgroup issues.
Review & Revision
<ul style="list-style-type: none">• Performs daily activities which could include performing controls (e.g., reconciliations or checklists) aimed at mitigating or preventing risks.
Information, Communication, & Reporting
<ul style="list-style-type: none">• Communicates risks to management.

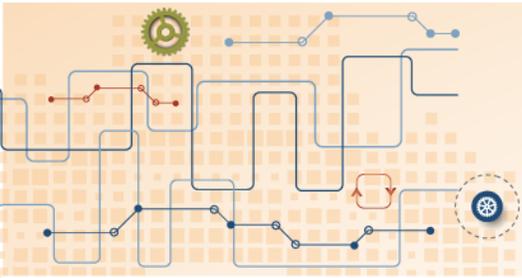




ERM Operationalization in the Business Units: Timeline

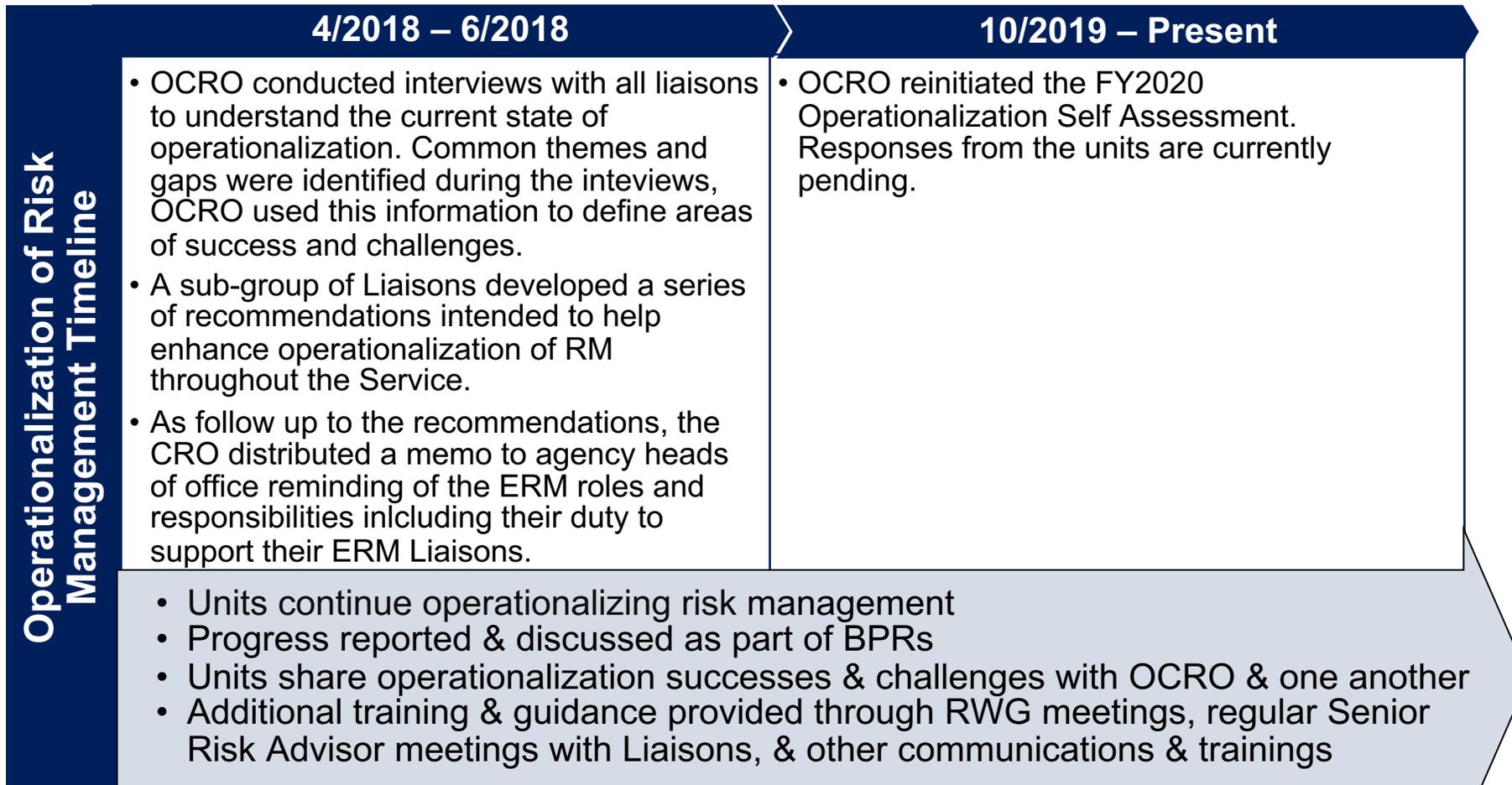
What is Operationalization of Risk Management? It is the implementation and embedding of risk management principles and practices into the daily operations of the business units.

Operationalization of Risk Management Timeline	10/2013 – 9/2014	10/2014 – 5/2015	10/2015 – 1/2016	5/2016 – 8/2017
	<ul style="list-style-type: none"> ERM Roles and Responsibilities for Executives & ERM Liaisons established & Liaisons designated by unit leadership OCRO provided attributes for operationalizing risk management to units Units submitted memos outlining approach for operationalizing risk management. OCRO briefed ERC on results Operationalization Standards developed by OCRO/RWG & approved by ERC 	<ul style="list-style-type: none"> Units completed a self-assessment of the progress made towards operationalizing risk management within their unit OCRO aggregated self-assessment results & shared results with RWG, ERC, Commissioner & Deputy Commissioners 	<ul style="list-style-type: none"> Units completed another self-assessment of progress made toward operationalizing risk management within their unit OCRO aggregated the self-assessment results & shared results with RWG, ERC, Commissioner & Deputy Commissioners 	<ul style="list-style-type: none"> OCRO & Liaison sub-group designed process for conducting operationalization peer reviews The Peer Review Team reviewed 4 units; results were aggregated & shared them with RWG & ERC Units completed another self-assessment. OCRO aggregated results & shared with RWG, ERC, Commissioner & Deputy Commissioners
<ul style="list-style-type: none"> Units continue operationalizing risk management Progress reported & discussed as part of Business Performance Reviews (BPRs) Units share operationalization successes & challenges with OCRO & one another Additional training & guidance provided through RWG meetings, regular Senior Risk Advisor meetings with Liaisons, & other communications & trainings 				



ERM Operationalization in the Business Units: Timeline *continued*

What is Operationalization of Risk Management? It is the implementation and embedding of risk management principles and practices into the daily operations of the business units.



ERM Operationalization in the Business Units: Operationalization Standards

Risk Identification

- Processes in place to support the identification of risks.
- Mechanism in place to assign ownership for risks identified.
- Processes in place to participate in enterprise-wide risk assessments.

Risk Assessment

- Mechanisms in place to assess risks in a timely manner once identified, including at a minimum assessment of likelihood and impact on a residual basis.
- Processes to obtain coverage of risk information (e.g., ensuring completeness, identifying the correct participants in the discussion and risk gathering activities) in both the short term and long term for significant business processes.

Risk Reporting

- Process to compile and report through the chain of command risks that are identified as having a potential unit-wide impact.
- Process to compile and report to the ERM Program Team risks that are identified as having a potential enterprise-wide impact (criteria for enterprise-wide impact is still in development).
- Defined reporting lines for risk information.



ERM Operationalization in the Business Units: Operationalization Standards *continued*

Monitoring and Escalation

- Processes in place to monitor risks, which may include leveraging Key Risk Indicators (KRIs).
- Mechanism in place to monitor risk responses/mitigations and effectiveness of responses/mitigations.
- Mechanism to escalate risks:
 - Mechanisms to escalate risks should leverage existing processes; e.g., Governance bodies, BPRs, Operational Reviews, One on One meetings, Monthly discussions with the Commissioner, Annual Assurance Process.

Information and Communication

- Processes to discuss risk information as part of management or governance meetings and decision making (discussion of risk should occur not less than quarterly).
- Processes to facilitate cross-functional / divisional discussion with stakeholders where applicable.
- Mechanism in place to communicate expectations of management for follow-up on escalated risks.
- Mechanism in place to communicate and identify risks across the business units.
- Method to document risk information, either in unit or process level risk registers or other documents, in alignment with the relevant record retention policies.

ENTERPRISE RISK CHANNEL DESCRIPTION

What is the Enterprise Risk Channel?

The Enterprise Risk Channel provides a mechanism for employees to send potential risks to the Office of the Chief Risk Officer on a confidential basis. The Enterprise Risk Channel is not intended to be the first place where information about a risk is shared. Many channels are in place within business and functional units throughout the IRS where information about risks or problems can be raised, starting with sharing information about a risk with your manager. Risks can also be shared during group meetings, one-one-one meetings, operational reviews, program reviews, etc. In addition, many business units have established risk programs and processes where business unit risks can be raised. In order for risks to be addressed, they need to be shared and discussed, and once known, steps can be taken to consider and address the risks. If you are aware of a risk, you are encouraged to share and raise the risk through one of these existing channels or mechanisms first so that it can be considered and addressed as quickly and timely as possible.

If you are uncomfortable sharing information about a risk through one of these existing methods, or if you have previously raised the risk and remain concerned that it has not been fully addressed, a submission to the Enterprise Risk Channel may then be appropriate. Depending on the nature of the risk or problem you are aware of, however, your submission might be better suited for one of the other channels listed below.

ENTERPRISE RISK CHANNEL DESCRIPTION

Your submission might be better suited for one of these other channels:

Channel	Description
TIGTA	Report fraud, waste, mismanagement, and abuse in IRS programs and operations. Employees may also report personnel action(s) (actual or threatened) against an employee or applicant because they disclosed allegations of wrongdoing or gross mismanagement. Please refer to the TIGTA website: http://www.treasury.gov/tigta/oi.shtml In case of a threat, assault or attempted assault against an IRS employee or infrastructure, including facilities and computer systems, immediately call your local TIGTA Office of Investigations.
Ethics Hotline	Report specific potential issues such as gifts, conflicts of interest, and post-government employment. Call (202)-927-0900 or email at GLS.Ethics@irsounsel.treas.gov .
Executive Misconduct Unit	Report potential misconduct by a GS-15, IR-03/01, and/or executives that specify covered acts or omissions (e.g., false statements, document destruction, threatening audit, etc). Overview of unit: http://hco.web.irs.gov/about/divisionspro/wrd/
Agency Grievance System	Request personal relief in a matter of concern or dissatisfaction relating to employment which is subject to the control of agency (IRS) management. See the IRM for more information: http://www.irs.gov/irm/part6/irm_06-771-001.html .
Employee Conduct & Compliance Office	Report potential Employee Tax Compliance issues and/or potential misconduct towards taxpayers (e.g., assault/threat to audit for personal gain/sexual harassment). Overview of Office: http://hco.web.irs.gov/about/divisionspro/wrd/ .
Equity, Diversity & Inclusion	Raise claims of employment discrimination: http://erc.web.irs.gov/Displayanswers/Question.asp?FolderID=6&CategoryID=1&SubCategoryID=83 . Promotes a diverse workforce and inclusive working environment: http://edi.web.irs.gov/
Commissioner's Corner Mailbox	General mailbox to receive direct feedback or input from any employee regarding any topic. Commissioner's Corner Website: https://irsource.web.irs.gov/SitePages/CommissionerCornerNews.aspx
Taxpayer Advocate Service (TAS)	TAS identifies systemic issues (involving issues with IRS systems, policies, or procedures and involving protecting taxpayer rights, reducing burden, ensuring fair treatment, or providing essential taxpayer services) that affect multiple taxpayers and works with the IRS to resolve these issues. Systemic Advocacy Management System (SAMS) site: http://www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS .
Employee Suggestion Program	Submit proposals to increase productivity and save time and/or money for the IRS. Program Overview: http://esp.web.irs.gov .

Please note that if your submission is for an improvement, and you would like to be considered for an award, you must send your suggestion directly to the Employee Suggestion Program (ESP) at <http://esp.web.irs.gov>. We do not forward suggestions to the ESP.

ENTERPRISE RISK CHANNEL INSTRUCTIONS

How do I submit a potential enterprise risk?

1. Please read the confidentiality statement below.
2. Complete the [Enterprise Risk Channel Submission Form](#). (Do not include sensitive, personally identifiable information (PII) or taxpayer information (TPI) in the risk submission.)
3. E-mail the form to the following address: *[Enterprise Risk Channel](#)

What happens after I submit a potential enterprise risk?

Once your submission is received, it will be reviewed. The information you provide will be handled according to our internal policies and guidelines, and action will be taken, as appropriate. You will not receive a notification of resolution of your submission.

If your submission is for an improvement, we will **NOT** forward to the Employee Suggestion Program. If you would like to be considered for an award, you must submit your suggestion directly to the Employee Suggestion Program.

Do I have confidentiality when identifying a potential risk?

When you identify an enterprise risk, you can choose whether or not to disclose your identity.

Choosing to disclose your identity

If you choose to disclose your identity, enter the requested information in the "Submitter's SEID, Name and Phone Number" field on the Enterprise Risk Channel Submission Form. The Enterprise Risk Channel may disclose your identity under the following circumstances:

- If there is a need to contact you for more information to complete the review of your submission and to implement corrective actions, if any;
- If disclosure is required by law; and/or
- If it is determined that disclosure is necessary to address matters contained in the submission, including specific dangers to health, safety, or national security.

Choosing not to disclose your identity

If you choose not to disclose your identity, do not enter any information in the "Submitter's SEID, Name and Phone Number" field on the Enterprise Risk Channel Form.

The Enterprise Risk Channel will make every effort to protect your identity however, this may affect our ability to review and appropriately address the submission.

Please keep in mind the Enterprise Risk Channel cannot guarantee complete confidentiality of your identity if disclosure is required by law or regulation, or we determine that disclosure is necessary to address threats to health, safety, or national security.