

12TH ANNUAL

ERM SUMMIT

**NEXT
GENERATION
OF ERM**
WHAT YOU
NEED TO KNOW

AFERM
Association for Federal
Enterprise Risk Management

October 29-30, 2019

Ronald Reagan Building



Petal Power: How ERM can Strengthen your Core Management Processes

October 30, 2019

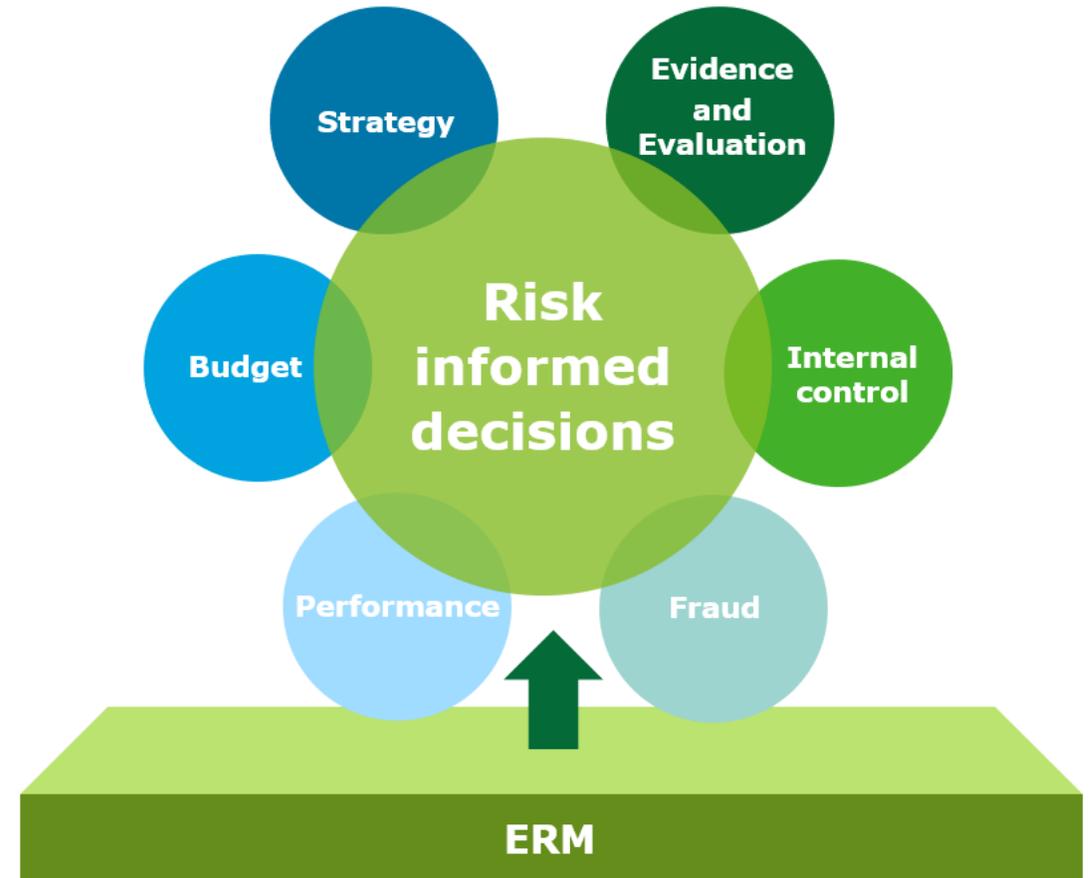
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What should be integrated?

ERM programs produce important information that can **inform** and **enhance** other ongoing management activities in an agency. These include:

- the core management processes of **strategy**, **budget**, and **performance** and
- **Evidence/Evaluation**, **internal control**, and **fraud** risk management activities.



Introducing our Panelists



**Yashika
Rahaman**

Director of Enterprise
Risk Management

Food and Drug
Administration (FDA)



**Rachel
Holloway**

Public Health Advisor

Centers for Disease
Control and
Prevention (CDC)

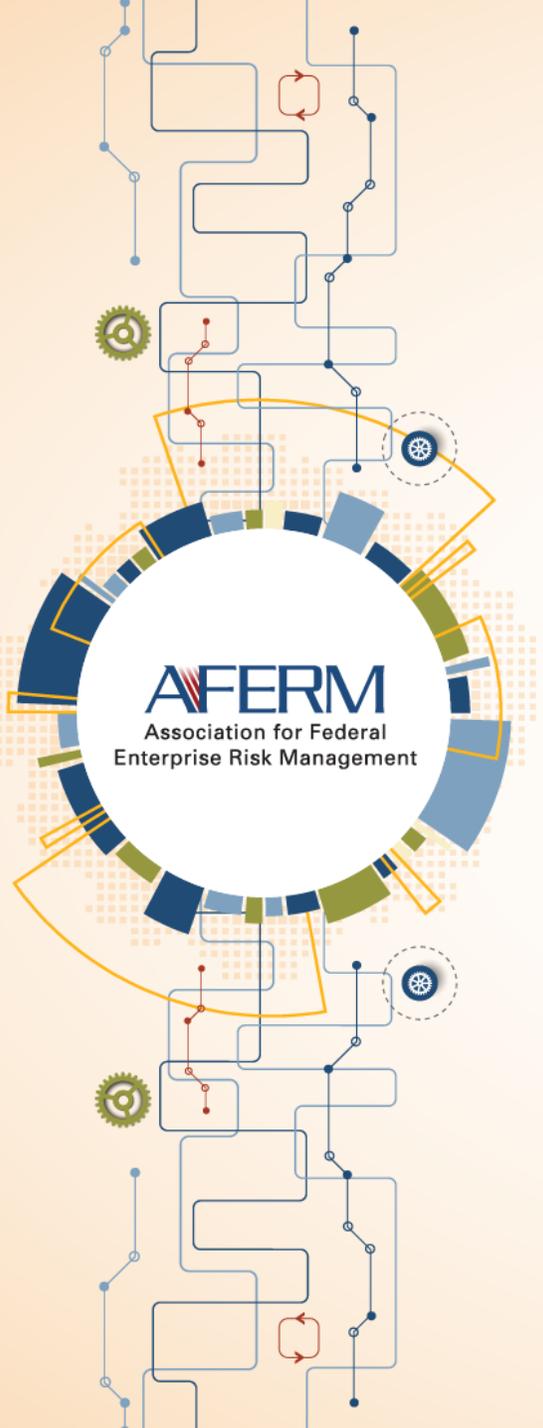


Erica Navarro

Budget Director
Chief Risk Officer
Evaluation Officer

US Department of
Agriculture (USDA)





Food and Drug Administration

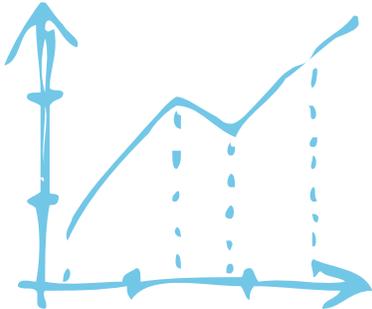
Yashika Rahaman, Ph.D.

Director of Enterprise Risk Management

Opportunities to Align ERM and Strategy

The FDA ERM Program has been working with the FDA Office of Planning and Evaluation to discuss an action plan for using ERM more strategically through two mediums:

FDA's Strategic Policy and Priority Roadmap



The Commissioner's Performance Plan



Opportunities to Align ERM with Strategic Roadmap

Aligning ERM with Strategy will drive greater value for agency stakeholders and strengthen the agency's management of strategic priorities.



Understanding the Environment

Apply a Risk Lens in **Selecting** Goals to be Included in the Strategic Roadmap



Building Strategy

Advise on Risks to **Implementing** the Strategic Roadmap



Executing Strategy

Provide Insights on Risks Generated **from Implementing** the Strategic Roadmap

Opportunities to Align ERM with Strategic Roadmap

By including the top priority risks in the Commissioner’s annual performance plan, FDA will improve transparency, strengthen accountability, and drive a culture of risk awareness across the agency. Metrics should be chosen using the following criteria:

Precise

It answers the “W” questions – Who, What, When, Where, Which, and Why.

Possible

It is possible for the Agency to achieve this target metric within the established timeframe.



Assessable

There are concrete criteria available for measuring progress toward addressing the risk.

Applicable

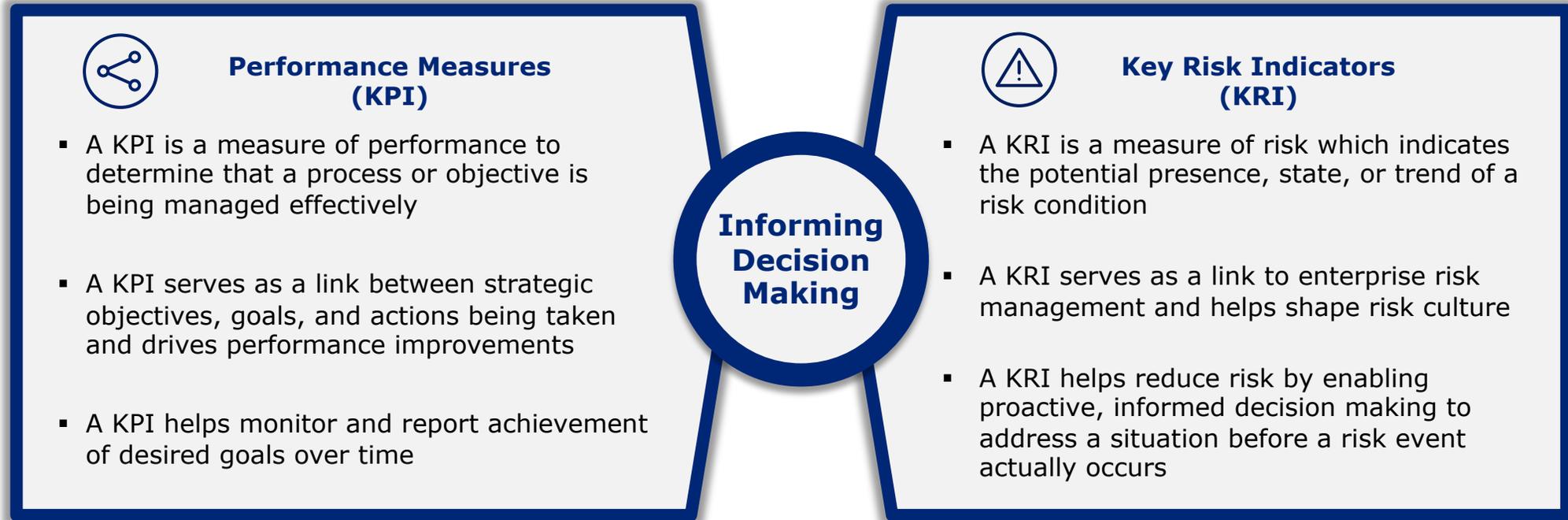
The Agency is both *willing* and *able* to work toward achieving this target metric based on current resources and current priorities.

Centers for Disease Control and Prevention (CDC)

Rachel Holloway
Public Health Advisor



Understanding the linkage between performance measures and KRIs



Measure actual performance; lagging in nature; focus on aggregated results

Measure levels of risk; can be leading, current, and lagging; help trigger management action

WHAT TYPE OF DATA DO YOU NEED TO PROVIDE?



Composite Views: *The data must be rolled up for senior leadership to see the overall picture and make informed decisions*

Baselines and Historics: *The data must include a baseline and/or historical data which allows for a deeper understanding of trends with the metric over time*



Integrating Risk with Performance Management

In support of efforts to more proactively assess and manage risk, the organization undertook an effort to build a repeatable process to align enterprise risks and performance measures

Design Criteria and Approach

Conduct stakeholder interviews and develop integration criteria

Output: Consistent criteria to be applied in support of risk/performance measure alignment

Assess Risks and Performance Measures

Apply criteria to determine alignment of existing risks and performance measures

Output: Crosswalks comparing the high priority risks against the existing performance measures

Identify and Address Gaps

Based on gaps between risks and performance measures, address priority areas as necessary

Output: Proposed KRIs that address a gap in coverage or a strategic priority

What we learned:

- Current performance measures, though not currently developed considering risk, do cover many high-risk areas
- We can align performance measures and risks, which could support the identification of gaps as well as duplicative performance measures
- Integration can be a burden; standard templates and facilitation can help, but integration is still a complex process

What we recommend:

- Reengage with ERM program
- Develop process that incorporates risk assessment into existing performance measure refresh cycles
- Begin development of analysis tools to help incorporate risk during the refresh process
- Build consensus and awareness of this approach

FY 2020 Performance Measure Refresh

The FY 2020 Refresh is designed to strengthen current metrics and introduce a new focus on enterprise risk for the business services offices (BSOs).

Criteria 1 (C1): Applies Performance Measurement Best Practices*

1. *Language is clear and enables decision-making*
2. *Data is collected through formalized processes, ensuring it is available and reliable*
3. *Represents a service or priority that internal or external customers find meaningful and useful in performing mission-driven activities*

Criteria 2 (C2): Aligns to Strategic Priorities

4. *Addresses an OCOO Strategic Focus Area: customer service, efficiency, effectiveness, and healthy enterprise*
5. *Addresses a BSO strategic priority as outlined in the most recent strategic plan*

Criteria 3 (C3): Addresses an Area of Improvement

6. *Analyzes a core process or service that is not meeting expectations*
7. *Works towards a stretching target or sustaining a key element*
8. *Accounts for potential changes in internal and external policy, guidance, and requirements*

Criteria 4 (C4): Aligns to Risk Management

9. *Addresses a BSO Strategic Risk as established within the current Risk Register*
10. *Provides potential to significantly inform a risk (i.e., quantifiable measurement), enabling its use in leadership decision-making*

*A measure must meet all areas for Criteria 1.

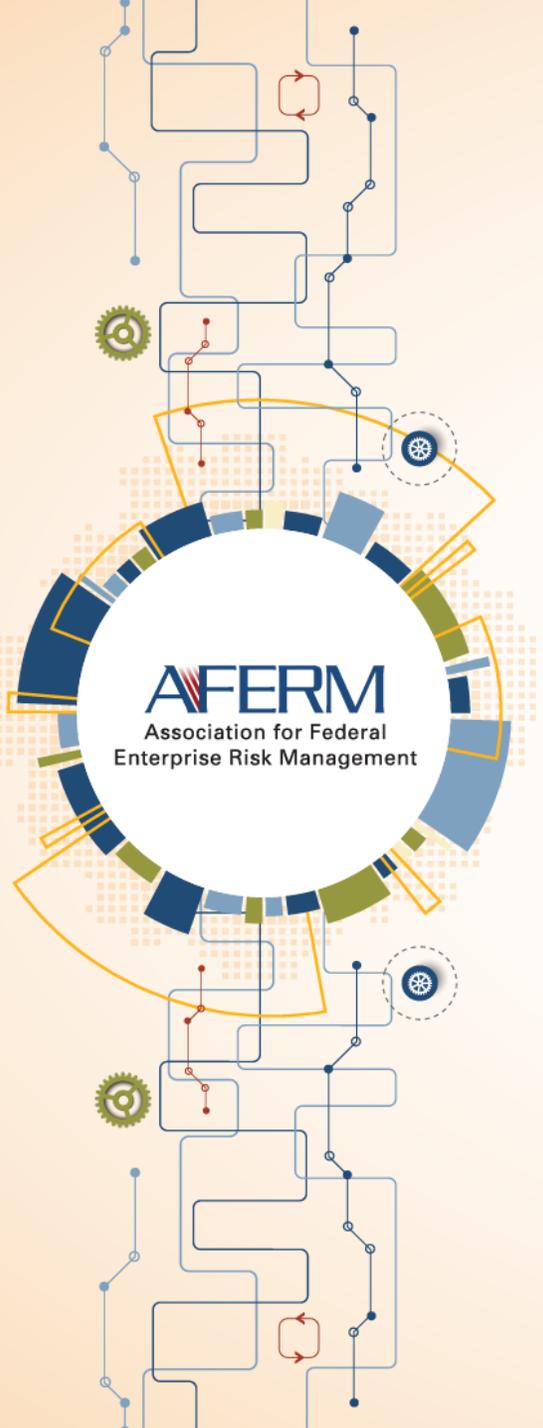


Next Steps

- Incorporating lessons learned feedback
- Working to better integrate performance staff with ERM staff
- Quarterly updates in senior leadership meetings
- Continuing to monitor how the development of KRIs impacts both ERM and performance in next several years

The findings and conclusions in this report are those of the authors and do not necessarily represent the official position of the Centers for Disease Control and Prevention.





US Department of Agriculture

Erica Navarro

Budget Director, Chief Risk Officer, and Evaluation Officer

USDA Background

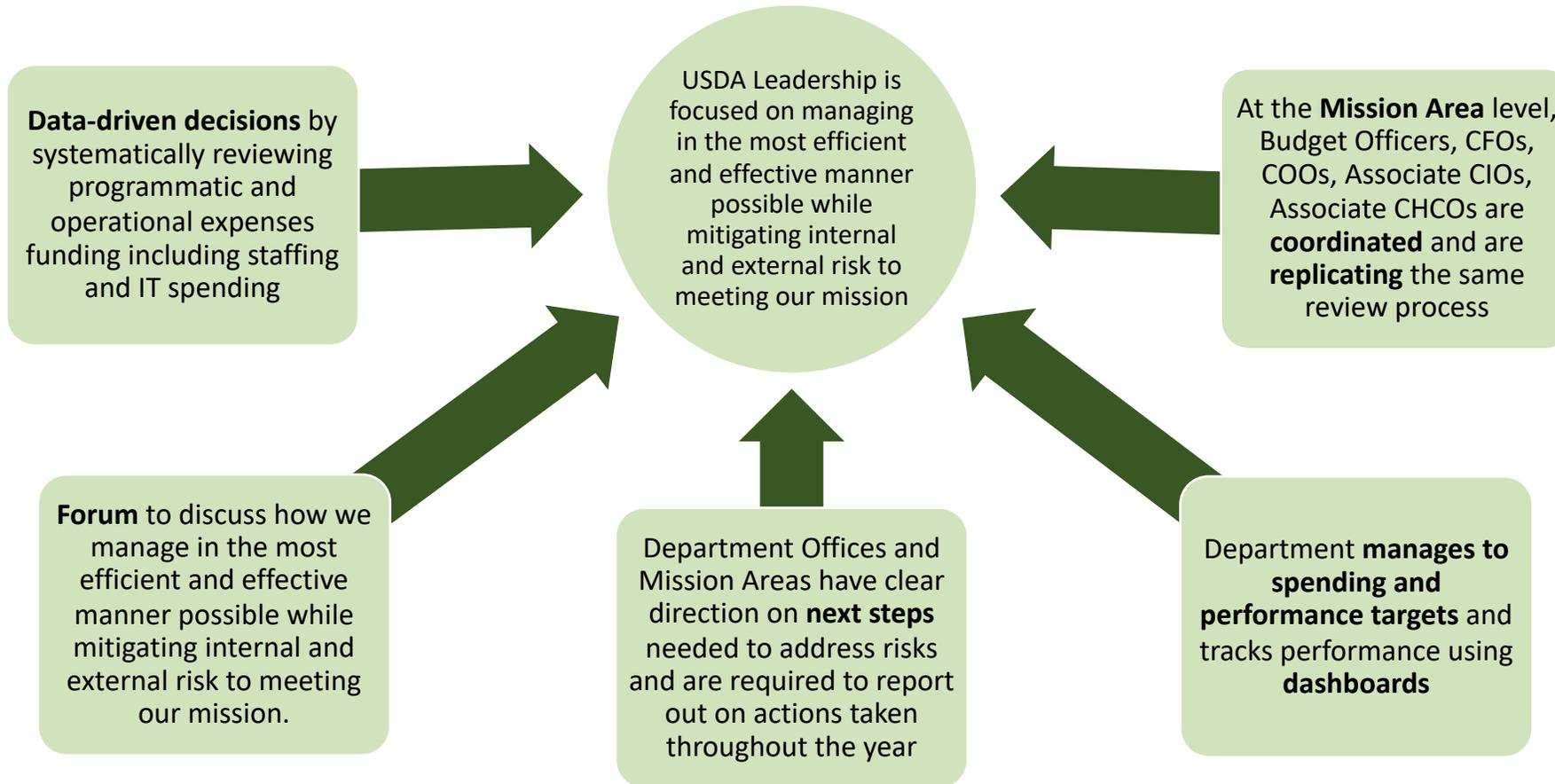
- Over 150 years old
- More than 100,000 employees
- 8 Mission Areas comprised of 16 Agencies and 19 Offices
- Annual Operating Budget of over \$200 billion
- Diverse Customer Base

Strategic Goals for FY2018-2022:

1. Ensure USDA programs are delivered efficiently, effectively, and with integrity and a focus on customer service
2. Maximize the ability of American agricultural producers to prosper by feeding and clothing the world
3. Promote American agricultural products and exports
4. Facilitate rural prosperity and economic development
5. Strengthen the stewardship of private lands through technology and research
6. Foster productive and sustainable use of our National Forest System Lands
7. Provide all Americans access to a safe, nutritious and secure food supply



Goal 1: Better Integrating Performance and Budget



Success: The Secretary Approves all Funding Decisions Through a Spending Plan Process

May: Senior Advisors and Mission Areas develop 1-2 policy proposals to meet Secretary's goals

May: WCF, Shared Services, CIOs and CHCOs develop 2020/2021 proposals to meet Secretary's management goals

June/July: OBPA and Agency Budget Officers develop 2021 scenarios for meeting Secretary's policy and management goals and Secretary makes 2021 OMB submission decisions

September/October: OBPA and Agency Budget Officers develop 2020 scenarios for meeting Secretary's policy and management goals and Secretary makes 2020 Spending Plan decisions



Goal 2: Incorporating Evaluation and Risk into Budget Formulation and Execution Decisions



Success: The Secretary Approves all Funding Decisions Through a Spending Plan Process



Developing a One USDA Mindset

DECENTRALIZED INFORMATION SHARING



- Performance Improvement Officer Meetings
- Budget Officer Meetings

RISK MANAGEMENT



- Quarterly Strategic Reviews with Mission Area and Department Leadership intended to highlight key risk areas
- Data-driven decision making led by aids such as the dashboards

COLLABORATIVE AND CONTINUOUS IMPROVEMENT CULTURE



- Enterprise Risk Management Committee
- Evaluation Committee
- Data Governance and Statistical Councils

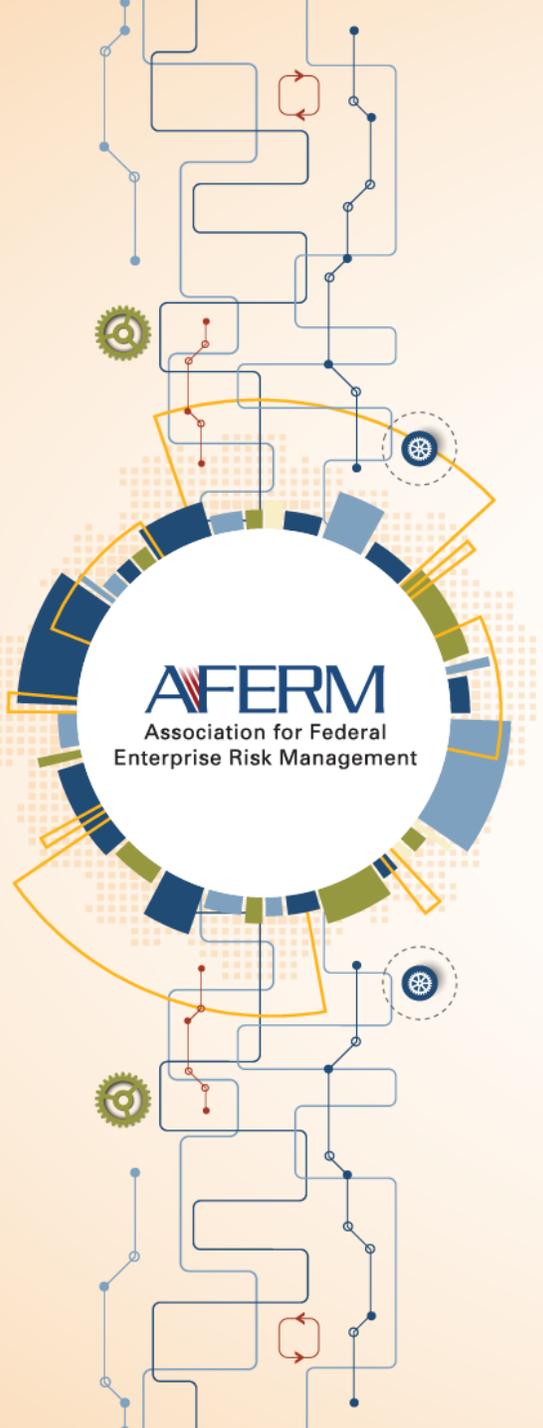
SHIFTING CULTURAL CHANGE THROUGH COLLABORATION AND DATA SHARING





Integration Lessons Learned

What are your integration lessons learned?



Question & Answer