

Federal Enterprise Risk Management Module 1 - Follow Up Questions

1. Can you please share the links to the playbook that is referenced? Is it different than A-123?

Here is the link to the most recent ERM Playbook: [ERM Playbook \(2016\)](#). The ERM Playbook is a useful tool to help identify ways to implement the guidance outlined in OMB Circular A-123.

A presenter mistakenly made a comment regarding the forthcoming update to the ERM Playbook. EY would like to clarify that an update to the ERM Playbook is still in draft form and has yet to be finalized or publicly released.

2. Are the changes to ERM linked to the Evidence Act? I was looking at it from a data governance perspective and the associated risks.

The general practice of ERM did not change based on the Evidence Act (EA), however the EA did open a new decision-making area that can be buoyed by information that should be revealed as part of the ERM framework. Most notably the Learning Agenda linked to EA activities can leverage ERM data to identify areas that require more training or guidance within the organization.

3. Please talk more about the “Evidence Act”

The Foundations for Evidence-Based Policymaking Act of 2018 or “Evidence Act” requires agency data to be made readily accessible and requires agencies to plan to develop statistical evidence to support policymaking. This is to say that Agencies must outline steps that they will take to ensure that they have created a valid pipeline for statistical information to support decision making and ensure that decisions are based on evidence.

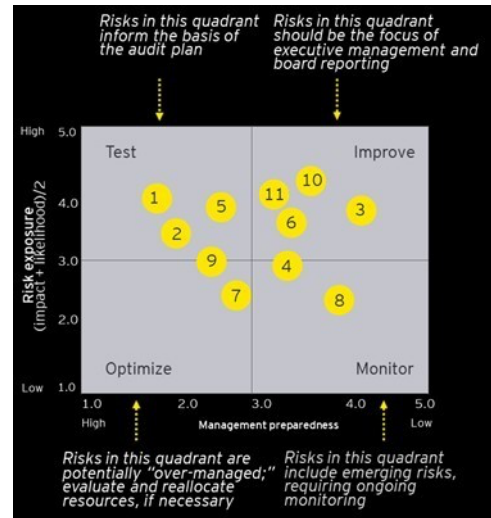
The Act requires agencies to submit an annual plan to OMB that includes:

- *Questions for developing evidence to support policymaking;*
- *Data the agency intends to collect, use, or acquire to facilitate the use of evidence in policymaking;*
- *Methods and analytical approaches that may be used to develop evidence to support policymaking; and*
- *Challenges to developing evidence to support policymaking, including any statutory or other restrictions to accessing relevant data*

4. Could we obtain information on ERM methodologies beyond "heat map" or go over the 2x2 example on previous slide?

The 2x2 Action Matrix that we highlighted plots 2 variables, Risk Exposure (Impact + Likelihood/2) and Management Preparedness on a map broken up into 4 quadrants: Test, Optimize, Improve, and Monitor. Where the data point falls will help decision makers decide how the rated risk should be handled moving forward.

- Test: Risks inform the basis of the audit plan
- Optimize: Risks are potentially "over-managed"; evaluate and reallocate resources, if necessary
- Improve: These risks should be the focus for leadership and management
- Monitor: Risks require ongoing monitoring; includes emerging risks



5. In government, our enterprise risks are often not monetary and are frequently difficult to quantify. Can you speak to or point us toward more resources for moving into more sophisticated methods for assessing risks beyond testimonial/survey methods?

Often the strength in the risk assessment is in how the information is collected in those surveys as well as how it is collected. During the assessment process doing things like standardizing and quantifying each survey response (Very Low = 1, Low = 2, etc.) will allow for more useful analysis on the back end (risk concentrations, average risk scores across the agency, tying risk directly to strategic goals and objectives) and it will allow for more objective conversation about risks and better tracking of year-over-year levels of risk. Additionally, doing risk workshops to find out what data points can be used as key risk indicators (KRIs) based on different risk scenarios will help to add new layers, dimensions, and opportunities to identify metrics to quantify and measure.

6. In this presentation, are you using "risk management" and ERM synonymously? If not, how do you distinguish the difference?

In this context, "risk management" refers to the actual act of managing variance in the achievement of stated goals, while ERM refers more broadly to the actions and infrastructure present across an organization to mitigate risks and facilitate information-based decision making from the portfolio perspective.

Risk Management: Actions or Activities take to manage a potential change in your ability to achieve stated goals.

Enterprise Risk Management: *The culture, capabilities and practices, integrated with strategy-setting and its performance, that organizations rely on to manage risk in creating, preserving and realizing value.*

7. Do you recommend opportunity matrixes to standardize tolerance for seizing opportunities (and alerting management to benefits)?

Opportunity matrices can be a useful tool for making decisions around expanding business and operations opportunities, however additional analysis may be required to understand the risks around the expansion of the associated internal processes to get the complete picture.

8. Did I hear correctly that a new ERM playbook is out?

A presenter mistakenly made a comment regarding the forthcoming update to the ERM Playbook. EY would like to clarify that the update to the ERM Playbook is still in draft form and has yet to be finalized or publicly release.

9. Two questions: 1) Why not use ISO 31000 definition of risk? 2) What is the difference between procedures and process?

We chose to use the COSO definition of risk as it is more commonly referenced in our experience in the federal government. We consider a “procedure” to be a more granular component of a “process”. We consider a “process” to be the series of tasks and activities.

10. So although ERM is just beginning or not yet mature in each organization, should you also be heavily marketing the program to the agency?

An ERM infrastructure is highly adaptable to the organization’s current level of maturity and should be focused on generating value based on current capabilities. A roadmap for increasing the level of maturity is a useful tool for promoting how effective an ERM program can be now and as the journey continues. Identifying the value that ERM can generate for its stakeholders is often an effective way to move toward a more mature program within an organization.