ERM Times

Council of Inspectors General on Integrity and Efficiency (CIGIE) | Enterprise Risk Management Working Group (ERMWG)

ISSUE #5 JUNE 14, 2019

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What role do ERM teams play in Risk Mitigation?

ERM teams can play an important role in risk mitigation activities such as 1) facilitating discussions to devise appropriate response plans, 2) reporting response progress and status to senior stakeholders, and 3) documenting status of ongoing risk response activities.

Facilitating Discussion

Teams can bring together staff from across the organization to brainstorm appropriate response plans and identify opportunities. Having a cross-cutting perspective can help gain buy-in, and ensure response plans are comprehensive and realistic.

Reporting Mitigation Status

Teams can gather mitigation information and produce formal reports to the Risk Management Councils (RMC) on a recurrent basis. They can leverage reporting templates to provide updates on mitigation status, risk tolerance, metric data and results of assurance or control activities. This report can give the RMC a comprehensive overview of risks and effectiveness of mitigation efforts to determine where and how to allocate resources in areas that need additional support.

Documenting Mitigation Activities

ERM teams can gather detailed mitigation activity information from risk owners responsible for implementing and executing mitigation strategies. They can be useful in enabling oversight and accountability among risk owners. Additional information can be found at: https://www.cebglobal.com/member/risk-management/research/executive_summary/quick-answers/17/erms-role-in-risk-mitigation.html?

Behaviors That Shape Organizational Culture

Adjusting Organizational Culture within your Agency

The Federal Employee Viewpoint Survey (FEVS) is currently open until June 27, and survey results will be available in the Fall. FEVS results provide useful insights on organizational culture, employee engagement and many other aspects of organizational health. Analyzing FEVS results is a powerful first step to improve organizational culture and promote employee engagement.

An article published by PricewaterhouseCoopers (PwC) and Strategy + Business suggests that understanding and shaping organizational behaviors can help drive real change within our government agencies. Key behaviors that executive management should seek to implement to gain the desired result of improved culture over time focus on improving empowerment, collaboration and interpersonal relations among staff. Management should keep in mind a few principles: a) focus on changing critical, few behaviors; b) link behaviors to mission objectives; c) use cross-organizational methods to go viral; and d) actively manage your cultural situation over time. Full article available here: https://erm.ncsu.edu/library/article/behaviors-that-shape-corporate-culture

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A Growing Risk of Government Failure Raises the Stakes for Agency Leaders to Practice Enterprise Risk

On average, six out of seven federal agency respondents (85%) envision a serious threat or disruption of mission operations in the next two to three years, per a recent survey jointly administered by the Senior Executives Association (SEA) and Association for Federal Enterprise Risk Management (AFERM).

In a whitepaper released recently, "Getting Ahead of Risks Before They Become Government Failures: An Imperative for Agency Leaders to Embrace Enterprise Risk Management," SEA and AFERM provide further evidence supporting recent reports and studies detailing a range of worsening trends and developments creating an increased risk for significant government failure.

While the previously cited reports and recommendations focus largely on the changes Congress and the Administration must enact to reduce the risk of government failure, AFERM's President Tom Brandt notes, "They don't put as much attention on what government leaders should do or what many government leaders are already doing to manage and address these risks – and that is, to practice and embrace Enterprise Risk Management or ERM."

SEA's President Bill Valdez adds, "The whitepaper released by SEA and AFERM aims to highlight how agency leaders can use ERM to reduce the risk of government failure while increasing the likelihood for the successful delivery of agency missions." link to article: https://seniorexecs.org/newsroom/press-releases/

July 2019 Event

Several Government agencies and the IBM Center for The Business of Government have been collaborating together to assess AI's potential impact on government. This collaboration has spawned some useful dialogue such as "More Than Meets AI," the featured research publication expounds on how AI might affect the federal workforce and how agencies could manage AI risks, such as transparency, security or bias.

On **Thursday, July 25, 9:00–10:30** am the Partnership for Public Service will hold a session to unveil their most recent research. Expert panelists will discuss insights from their research regarding ways federal agencies can manage the upcoming AI change and learn steps for success to thrive in an AI-augmented government workplace. Additional details and RSVP information can be found here.

"Culture risk is created when there's misalignment between an organization's values and leader actions, employee behaviors, or organizational systems." ~ Michael Gelles and Nathan Sloan

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Training

ERM Boot Camp

SimErgy is holding their 9th Annual ERM Boot Camp on June 17-18, 2019, in Manhattan, NY. This is a practical hands-on training program providing tangible skills that can be applied immediately to successfully implement or enhance your ERM programs. Details can be found at: **https://www.aferm.org/events/simergy-9th-annual-erm-boot-camp/**

Association of Government Accountants (AGA) Podcasts

Several podcast are available on AGA's website. These include: 1) Enterprise Risk Management at the Architect of the Capitol (available here) 2) OMB Circular A-123 Appendix (available here); and 3) Palm Beach County OIG Data Analytics (available here)

AGA Training

AGA is hosting "What does the future of Government Look Like?" **July 21–24 | New Orleans or virtual | 25 CPEs**

This is a premier training and networking event, find link: https://www.agacgfm.org/PDT/PDT-Home.aspx

The Risk Management Society Canada Training Opportunity

The transform RIMS Canada is holding a conference in Edmonton, Canada on September 8-11, 2019. The conference includes a number of sessions across a wide-range of risk-related topics. Register here.

Q&A
QUESTION & ANSWER

Question #1:

What strategies can help ERM teams effectively communicate risk information to stakeholders throughout their organization?

Answer [provided by Department of Homeland Security (DHS) OIG]:

One strategy that could assist ERM teams to effectively communicate risk information and generate active involvement in Enterprise Risk Management (ERM) throughout the organization is to make sure your stakeholders are a part of the process from the beginning by soliciting and incorporate there feedback/input. In addition, employees tend to participate in an initiative such as ERM when they can see what's in it for them as it relates to their involvement. People with an adaptable mindset tend to be more engaged than people focused on self-protection; however, no matter what side that you are on, people tend to have personal and professional reasons for being involved and active.

The impetus for risk management, whether practiced at the enterprise or programmatic level, is to improve the likelihood of successfully achieving your (agency or project) goals and objectives. When an enterprise's goals, objectives, strategies, and plans are translated to individual stakeholders and they accept their role, they will have something to lose and will embrace risk management practices. DHS OIG has implemented Strategic Implementation Plans (SIPs), which are geared towards putting the agencies Strategic Plan into action, and translates to the workforce where their contributions are recorded and included in their performance plans.

(Q&A continued)

To build a more effective ERM community where risk management is effectively communicated, consider the following:

- The Inspector General and Deputy should clearly define and **communicate** enterprise goals and objectives with strategies and plans to achieve those goals (tone at the top).
- Actively and regularly, examine the enterprise's goals, objectives, strategies, and plans with the intent of making necessary improvements and **communicate** these findings to the workforce.
- Delegate the strategies and plans to the stakeholders and make it clear through various **communication** channels that the enterprise expects them to adapt their specific strategies and plans into supporting plans of their own.
- Promote a culture that encourages employees to identify and invest resources on the potential opportunities as opposed to investing all their time and resources on the potential threats. Establish a risk community of interest for all levels of the organizations to **share** best practices, **educate** the workforce on ERM and build capability, and to develop a framework that everyone can get on board with by pulsing the workforce (including senior management) on what they value most.

Question #2:

How have others been successful in making culture change to promote a risk-based culture?

Answer: (provided by DHS OIG)

To have an effective risk management program, an organization should cultivate and maintain a strong risk culture anchored on employee engagement. As the OIG community continues to develop and mature its risk management capabilities and programs, it should work towards cultivating a culture of engagement where risks can be openly communicated and discussed.

No matter how good an organization's risk infrastructure is, risk management is essentially a people issue. Organizations can enable the development of a mature risk culture in which people within the organization take responsibility for identifying and managing risk. To enable a risk culture, participants leverage different approaches to understand and improve their organizational culture.

Other strategies used by various organizations have included conducting yearly in-depth analyses of both the FEVS and the Partnership for Public Service's Best Places to Work annual results.

Right after todays meeting we have planned a networking event planned at the Alibi this afternoon, please join us from 3:30 pm—4:30pm. Please check out the menu here below.

https://thealibidc.com/washington-capitol-hill-the-alibi-food-menu

(Q&A continued)

employee perspectives on engagement, leadership, innovation, fairness, strategic management, and many other issues. Based on trends, the organization develops targeted action plans to improve employee engagement and, subsequently, risk culture.

In addition, organizations can leverage risk culture surveys to understand employee perceptions of the organization's risk awareness, leaders' risk behaviors, and capabilities. The data from these surveys enables the organization to understand the state of its risk culture, analytics of cultural trends, and lessons learned analysis that can be used to improve ERM activities. Similarly, if an organization decides to survey senior management, then the goal may be to enhance self-awareness and improve the risk culture within leadership and management with the hopes that they may spread risk awareness and culture down to the lower levels of the organization.

Question #3:

To what extent are OIG's considering and addressing risks when developing and evaluating their organizations strategies? What new risks do their strategies create?

Answer: (provided by DHS OIG)

Strategic risk has become a major focus, rather than limiting their focus to traditional risk areas such as operational, financial and compliance risk. In addition, many organizations are taking a broad view of strategic risk that does not just focus on challenges that might cause a particular strategy to be unsuccessful, however on any major risks that could affect an organization's long-term performance. Moreover, it is imperative that organizations not just make strategic risk management a higher priority but consider the approach to which you adopt to implement this type of methodology.

An incremental change to your approach may be to integrate strategic risk analysis into your overall strategy and planning processes with the goal to effectively, efficiently and realistically develop and execute your organization's strategy.

Reputation risk is now the biggest risk concern, due in large measure to the rise of media attention on government oversight entities. If organizations lose their reputation, they lose their credibility, and value to the public and to congress.