



Government and Public Sector Enterprise Risk Management



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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.

There is a need for more risk intelligent management of agencies so that future opportunities and threats to the

agency's performance are recognized and addressed timely and appropriately.

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.

ERM framework



EY's ERM		
Rapid ERM assessment	ERM diagnostic	Enterprise risk assessment
<ul style="list-style-type: none"> ► Focused assessment of the adequacy, alignment and coordination of risk coverage across various risk management groups, including assurance and compliance 	<ul style="list-style-type: none"> ► Assessment of governance, risk management, integration and operational-level performance ► Evaluation of the design and consistency in application of the risk management process and internal controls 	<ul style="list-style-type: none"> ► Identification, assessment and prioritization of the key risks to achieving the organization's objectives and intended outcomes ► Incorporation of the federal agency risk universe to develop the agency's risk profile and identify remediation steps

Key opportunity indicators

Organizations that have the following

- ▶ Management concerned with risk management, compliance cost and overall success
- ▶ A complex or siloed risk management and compliance organizational structure
- ▶ Multiple units responsible for risk assurance, risk management and compliance activities, leading to inefficiencies, lack of responsibility and unclear span of control
- ▶ Current tools that are manually intensive and decentralized, leading to inconsistent and inefficient monitoring and reporting
- ▶ A highly visible, public profile

Organizations that lack the following

- ▶ Alignment across the agency on ERM – a common view on methodology, scope, process and tools to enable line of sight into organizational risks and related work
- ▶ Consistent risk criteria and ratings across risk management, compliance and audit
- ▶ Defined risk appetite that is commonly understood across the agency
- ▶ Risk management knowledge needed to fully serve operations
- ▶ Clear understanding of the interdependencies between various risks and between various internal controls, compliance and risk management initiatives

Benefits for clients

- ▶ A discipline that is integral to strategy formulation, operational decision-making and resource allocation oriented around outcomes rather than individual risks
- ▶ Costs reduced through planning, resource allocation and decision-making based on areas of high risk
- ▶ Consistent, agency-wide understanding and appreciation of current and emerging uncertainties and their interdependencies
- ▶ Enhanced risk analysis through data analytics, scenario analysis and stress testing to identify future trends and predictive indicators
- ▶ Integrated risk and performance management, enabling risk-adjusted real-time decision support

services

Risk governance	Risk integration	Governance, risk and compliance (GRC) implementation
<ul style="list-style-type: none"> ▶ Design, implementation and analysis of risk strategy and oversight responsibilities to transform an agency from a reactive to a proactive risk posture 	<ul style="list-style-type: none"> ▶ Tactical review and implementation to improve risk governance, risk management, and compliance integration and performance ▶ Alignment and coordination across the existing risk and compliance management groups 	<ul style="list-style-type: none"> ▶ A systematic approach to transformation through integration of GRC practices ▶ Scope of impact that includes people and organization, processes, and technology to help derive greater value from risk management spend and improve overall business performance

ERM maturity continuum



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