U.S. Census Bureau
Enterprise Risk Management Program
Operationalizing ERM – A Top-down, Bottom-Up Approach

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ERM, Program Manager
The Landscape

- Constitutionally mandated mission
- Departmental ERM initiative
- 2010 Census lessons learned
- Major organizational transformation
- Regulatory/oversight ERM expectations
- Ongoing climate of threats, risks, & opportunities
The Value of ERM

ERM VALUE

Common Risk Processes

Informed Priority Setting

Visibility of Threats & Risks

Informed Decision-making
The Evolution of ERM

Enterprise Risk Management

Program Risk Management

Project Risk Management

Ad hoc Risk Management
ERM Implementation Playbook

- Establish “Tone at the Top”
- Develop a Strategy
- Identify Roles & Responsibilities
- Build Processes & Capabilities
- Implement Processes & Capabilities
- Conduct Awareness & Training
- Assess and Mature Processes & Capabilities
Establish “Tone at the Top”

- Engage Executive Management
- Identify a Chief Risk Officer (CRO)
- Create a vision, goals & objectives
Develop a Strategy

- Define ERM scope and parameters
- Develop an ERM framework
- Create an ERM Plan
Identify Roles & Responsibilities

- Define ERM governance
- Develop an oversight structure
- Assign responsibilities at the appropriate level
ERM Top-down & Bottom-up Approach

The Chief Risk Officer oversees the ERM Program

Enterprise Risk Review Board

Portfolio Mgmt. Governing Boards

Program Risk RRBs

Project Risk RRBs

Operations Risks (Business & IT)
- Develop uniform risk mgmt. processes
- Develop risk mgmt. guidance, training & templates
- Select a risk mgmt. tool to support the process
ERM Tool

- The ERM Tool enables a portfolio view of risks
- Level 1 risks are managed by the Enterprise Risk Review Board
- Level 2 risks are the Census Bureau’s Major Programs
- Level 3 are risks related to level 2
ERM Portfolio View of Risks

ERM Risk Categories enable visibility of common risks across the enterprise:

- Strategic
- Operational
- Safety & Security
- Compliance / Regulatory
- Financial
- Reputation
- Political
- Fraud
- COOP & Disaster Recovery
- Technology

The ERM Tool enables a portfolio view of risks w/drill down capability.
Implement Processes & Capabilities

- Implement the tool and processes
- Collect, integrate, analyze and **SHARE** risk data
- Address barriers
Working Together

- Sponsored by the COO
- Plan & Policy available to all
- Governance is hierarchal
- Managed at optimal levels
- Risk identification is positive
- Risk management is a performance criteria
- Employees understand risk management
- Tools are transparent, consistent & user friendly
- Ownership, reporting & elevation requirements are clear

Executive Management plays a key role in ERM
Enterprise Risk Review Board

ERRB COO & Execs

Reviews risk portfolio

Influences use of ERM processes

Includes risks in planning & prioritizing

Uses risks in decision making

Monitors significant risks

Includes risks in decision making
ERM Risk Tool provides:

- Standardized risk registers
- Standardized drill down reports, including:
  - Risk Matrix
  - Risk by Category
  - Active Risks by Rating
  - Top Risks Report
- Summary reports for transparency of subordinate programs/projects
- Drill down capability
Create a Policy
Conduct training & awareness
Incentivize identification of risks & opportunities
Assess and Mature Processes & Capabilities

- Develop a ERM process maturity assessment tool
- Assess & baseline the ERM process maturity level
- Assess & mature risk processes and capabilities cyclically
Assessing ERM Maturity

I. Fundamentals of Risk Mgmt.
II. Executive Leadership
III. Integration into Culture
IV. Application of Principles
V. Integration into Strategic Operations
ERM Implementation Timeline

Year 1
- Develop a strategy
- Develop an ERM plan

Year 2
- FY12 – Establish “tone at the top”
- FY13 – Build processes & capabilities
- Develop risk management guidance
- Select an ERM tool

Year 3
- FY14 – Implement processes & capabilities
- Conduct awareness & training
- Integrate & share risk data

Year 4
- FY15 – Assess processes & capabilities

Year 5 – FY16 Strengthen Operations Risk Management
ERM and the Office of the Inspector General (OIG)

- A chartered Oversight Engagement Team centralizes and shares departmental, OIG, General Accountability Office, and Congressional authorizing and appropriations committee activities

- OIG activities facilitate identification of emerging issues and risks & potential response strategies
Implementation Challenges

- Resistance to change
- Defining the scope & structure
- Communication
- Integration
- Fear of oversight
Recommendations

- Establish ERM at the highest level
- Engage Leadership
- Treat ERM as holistic & set the tone
- Redefine risk identification as positive
- Standardize risk processes
- Be patient
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