Unlocking the Value of Enterprise Risk Management (ERM)

February 1, 2017
ERM defined

► Enterprise Risk Management (ERM) is a discipline that addresses the full spectrum of an organization's risks, including challenges and opportunities, and integrates them into an enterprise-wide, strategically aligned portfolio view.

► ERM contributes to improved decision-making and performance management and supports the achievement of an organization's mission, goals and objectives.

► ERM provides a process and a tool set to solve problems.
The two circulars that form the ERM Policy framework for the Federal Government are:

- OMB Circular No. A-11: Preparation, Submission, and Execution of the Budget

**OMB Circular A-123:**

- Defines management’s responsibilities for ERM including requirements for identifying and managing risks.
- Encourages Agencies to:
  - Establish a Risk Management Council (RMC);
  - Develop “Risk Profiles” which identify risks arising from mission and mission-support operations and;
  - Consider these risks as part of the annual strategic review process.

**OMB Circular No. A-11 Section 270 discusses:**

- Agency responsibilities for identifying and managing strategic and programmatic risk as part of agency strategic planning, performance management, and performance reporting practices.
- Together, these circulars constitute the ERM policy framework for the Federal Government, with specific ERM activities integrated and operationalized by Federal agencies.