

Thought Leadership for the Federal Enterprise Risk Management Community

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AFERM Newsletter

In our latest edition of the AFERM Newsletter, we are proud to present a message from our new president Tom Stanton, provide a summary of the most recent AFERM Summit, and a welcome to our many new members! In addition, one lucky Summit attendee has won one free year of extended membership benefits (see page 12).

Thought Leadership for the Federal Enterprise Risk Management Community

A Note from the AFERM President



AFERM -- A Community of Practice for Federal Risk Professionals

Energy is growing around ERM in the federal government. OMB has issued two circulars, A-11 and A-129, calling for more effective risk management and is about to issue a third, Circular A-123. OMB's approach is thoughtful: encouraging and supporting ERM without mandating it. Experience shows that ERM is most effective when organizations adopt it on their own rather than because they feel compelled. GAO too is adopting a thoughtful approach and has created a community of practice within GAO to bring the community up to speed on the meaning

and value of ERM.

Perhaps most exciting, agencies across government are increasingly developing the quality of their risk management functions. Officials from literally several dozen federal agencies and federally-related organizations attended the Summit. On the one hand, organizations increasingly turn to ERM as organizational self-defense. Critical information can be bottled up at middle or lower levels of an agency so that, if something major goes wrong, the agency or department head can be caught completely unawares. With its emphasis on eliciting significant risk information from across silos and up and down the hierarchy, ERM is a valuable tool for avoiding costly surprises. On the other hand -- and this was a theme of many speakers at the Summit -- ERM also helps to increase performance; once decisionmakers understand risks and rewards of alternative courses of action, they can make superior decisions and move forward with greater confidence than if they feared that they didn't know the major risks involved.

Energy continues to build at AFERM as well. Attendance at the Summit has increased each year and this year's was sold-out. Both Federal and corporate members of AFERM constantly join together to create high quality events, including the Summit, quarterly lunches, and other networking opportunities. The AFERM website is growing in quality and offerings to our members.

We are a community of practice, open to federal agency officials, corporate sponsors, academics and other professionals who want to join. Our purpose is straight-forward: AFERM exists to help everyone to improve our knowledge and practice of ERM. Just as scientists and engineers in Silicon Valley get together to share ideas and network, we provide a trusted place where federal risk professionals can compare notes about new opportunities and ways to increase our performance.

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Budget constraints have led many federal agencies to reduce training, and this could affect risk professionals as well. AFERM members seem poised to address this problem by providing our own training about ERM. Members of the AFERM Corporate Advisory Group are stepping forward to consider ways that they might provide training modules on key aspects of ERM, and risk management more generally. By offering high-quality training, experienced professionals can enhance their reputations in the federal community. Please provide feedback as we seek to launch this venture: if you are a federal official, what are your agency's training needs? If you are a corporate member, what might you be willing to offer.

Another venture might be to create an "Ask the Expert" feature on the AFERM website. One option would be to allow government officials anonymously to frame questions about problems they are trying to solve (How do I try to gain trust of a powerful business unit head? How can I try to offer a win-win to our IG who is asking for our work papers? What are options for a constructive relationship between the risk function and the CFO? Etc.). AFERM members who provide answers could do so either anonymously or not, for example in the case of a consulting firm that wants to show its skill and expertise.

An AFERM website venture already in process will allow us to share risk management documents, such as policies, templates, and other guidance, so risk professionals can borrow and adapt useful practices of other organizations without needing to reinvent the wheel every time. Several leading agencies have already offered to contribute materials to this venture. If you have useful open source materials to contribute, please send them to [what web address?] for us to compile and post.

And we have some questions for you about your preferences. Would it be useful to have a section of the website for (1) risk-related federal job postings? And (2) a Risk Q&A Chat to allow AFERM members to ask questions and other AFERM members answer them? And (3) an AFERM Wiki to address topics of interest to the AFERM Community? Our very active AFERM Communications Committee and Website developer will be proposing these and other ideas to the Board, along with an AFERM Social Media Policy and other safeguards, and your input is welcome. Just e-mail a board member or committee chair with your thoughts and we will discuss them.

You can see that a lot continues to happen at AFERM. We look forward to receiving your suggestions and contributions as we move forward.

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Enterprise Risk Management News

An Analysis of GRC Evaluation in the Market

A recent article posted by The GRC Pundit seeks to analyze the strengths and weaknesses of Gartner, Forrester, Chartis, and other GRC analysis organizations. This article takes each market analyst to task, discussing perceived weaknesses of these other groups, while espousing the benefits of their own GRC 20/20 reporting. As AFERM members explore their options related to a GRC solution, this blog is designed to serve as a resource, providing support for potential GRC customers:

"GRC, approached correctly, involves a strategy, process, information, and technology architecture. The GRC market is comprised of a wide range of solution categories. Some of these are represented in a GRC platform that tries to accomplish several areas of GRC in one neat little package. Caution though, the idea of a single 'GRC Platform' to meet all your needs has challenges."

Please access the following link to learn more:

<http://www.grc2020.com/index.php/grc-pundit-blog/198-grc-analyst-rant-throwing-down-the-grc-analyst-gauntlet>



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Enterprise Risk Management Article

Looking Back at the 7th Federal ERM Summit

We hope that all of our readers were able to attend the 7th Federal ERM Summit, held on September 9th and 10th. AFERM was fortunate to host this annual event at George Mason University's School of Business for the second straight year. We were also fortunate to have one of the most dynamic and diverse series of presenters we've ever experienced. By all accounts, this Summit was a success! In lieu of an ERM-related article from one of our experts this quarter, we'd like to take this opportunity to review the 7th annual Summit and provide brief follow-up information to our members.

Following opening remarks from our previous president Al Runnels and Dr. Sarah E. Nutter, Dean, George Mason University, School of Business, Craig Faris, principal with Ernst & Young, kicked off the Summit with the first keynote presentation of the Summit. Mr. Faris described current levels of global risk and uncertainty as unprecedented, and explained how ERM could help officials in the government sector manage risk despite the high level of known global risk. He went on to describe how linking risk and performance management creates a competitive advantage through improved business performance and enhanced value.

As the Summit's Commerce Panel, Dr. Karen Hardy, Deputy Director, Office of Program Evaluation and Risk Management and Doug Clift, CRO, US Census Bureau, gave a presentation entitled "12 Missions – One ERM: Best Practices for Institutionalizing ERM". These Department of Commerce representatives described how they share one ERM philosophy across each of their 12 "missions", or agencies.

Following the Commerce presentation, the Summit featured three breakout sessions, including Jim Kaiser, Deputy Assistant Director, U.S. Secret Service. Ed DeSeve, Senior Advisor, Oliver Wyman and Josh Cole, CTO, Assura, also presented during this time slot. Mr. Kaiser gave an energetic presentation regarding his perspectives and experiences in risk management preparing against and responding to some of our nation's most serious threats. He described the use of operational or table-top exercises as key tools for preparing relevant officials for a potential emergency situation.

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Looking Back at the Federal ERM Summit, continued

Following a buffet lunch provided by Deloitte, another breakout session was supported by several industry leaders from our sponsoring organizations. These experienced professionals provided their perspectives on topics such as Organizational Strategy and Performance, ERM and A-123 Internal Controls, and ERM Tools and Analytics.

The last session of Day One featured two esteemed representatives from Pentagon Federal Credit Union (PenFed), James R. Schenck, CEO and Angela Patel, CRO. These PenFed executives provided attendees with a presentation entitled "Aligning ERM with Strategic Planning". Following this session, AFERM hosted a reception where registrants had an opportunity to network over drinks.

To begin Day Two, Roy Hinton, Associate Dean, Executive Education, George Mason University, provided all attendees with opening remarks. Our keynote for the second day followed, led by two OMB representatives, David Mader, Controller and Mike Wetklow, Chief, Accountability, Performance and Reporting Branch. Mr. Mader and Mr. Wetklow led an engaged group of attendees in a discussion around upcoming changes to the OMB Circular A-123 appendices.

Following the keynote presentation, we had the opportunity to hear several of our Federal Agency ERM Pioneers present information about their Programs: Cynthia Vitters, FSA, Matthew Sullivan, VA, and Tom Brandt, IRS. These federal agency early adopters of ERM provided background information about their risk management programs, and featured information about best practices they have observed.

Breakout sessions were held directly before and after lunch, featuring a great variety of presenters. Our AFERM President-Elect and former President, Tom Stanton and Doug Webster, respectively, presented their perspectives on how we might use an ERM community of practice to strengthen federal agencies. Jill Oliver, FDIC, led a breakout session on relationship management and Dr. Mahesh Joshi, an Associate Professor at George Mason School of Business, gave two sessions on strategy and ERM. These and other breakout sessions were considered informative and engaging by the participants.

Dr. Webster and Teresa Grafenstine, IG, US House of Representatives, closed out the presentations for this year's Summit with a discussion of the ERM Value Proposition. To wrap up the Summit, Brack Boone, AFERM Summit Chair, gave closing comments and thanked all attendees for joining us for the two-day Summit. Finally, AFERM membership attended a brief annual AFERM membership meeting.

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Looking Back at the Federal ERM Summit, continued

We'd like to thank each of our sponsors for their support of the 7th Annual Federal ERM Summit, and George Mason University for their continued partnership with our Association. Of course, we also thank each of our presenters for taking the time to share their expertise with our Summit attendees. For more information on the presentations delivered at the Summit, please access the following link for all presentations made available following the event:

<http://business.gmu.edu/executiveeducation/upcoming/ferm/2014fermfiles/>

As always, if you have any comments based on your experiences at the Summit, please do not hesitate to contact us at aferm.communications@gmail.com.



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The advertisement features a man in a white shirt looking at a tablet, with a blue background and white text. A QR code is located to the left of the main text.

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Welcome New Members!

New Member	Agency/Company
Ahmed Bouaichi	United States Department of Housing and Urban Development
Marc Brickhouse	PricewaterhouseCoopers
Jaclynn Campbell	Deloitte
Faye Cobb	United States House of Representatives
Susan Curley	United States Department of State
Eslanda Dasher	Dimensions Healthcare
Delores Davis	United States Department of State
Tamika Edwards	Transportation Security Administration
Elizabeth Eger	KPMG
Tony Elachkar	PricewaterhouseCoopers
Matthew Emory	Deloitte
David Fitz	KPMG
Kenneth Fletcher	Transportation Security Administration
Edmund Green	KPMG
Kristy Green	United States Department of Veterans Affairs
Amber Heimberg	PricewaterhouseCoopers
Mary Heitger-Marek	Internal Revenue Service
Michael Hopkins	Internal Revenue Service
Cynthia Johnson	United States Environmental Protection Agency
LeToya Johnson	United States Department of Justice
Wanda Killingsworth	United States Department of State
Marilyn Kinsey	United States Department of Energy
Kathryn Kreilick	United States Census Bureau
Lawrence Lane	United States Department of State
Miranda Longstreth	United States Department of State
Kirk Marzock	KPMG
Paul Miller	United States Department of Health and Human Services
Charley Mitchell	PricewaterhouseCoopers
John Nelson	Pro-Concepts, LLC
Jill Olmstead	PricewaterhouseCoopers
Shawn O'Rourke	Pro-Concepts, LLC
Edward Padula	United States Securities and Exchange Commission
Kelly Pierce	Deloitte
Laura Price	KPMG
Lisa Rawls	KPMG
Lisa Robenseifner	PricewaterhouseCoopers
Roberta Robertson	United States Department of the Interior
Teresa Rojas	United States Social Security Administration
Michael Rogers	United States Department of Veterans Affairs
Jose Saavedra	United States Department of the Interior
Ashleigh Sanders	United States Citizenship and Immigration Services
Anuradha Sharma	United States Department of Health and Human Services

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New Member (continued)	Agency/Company
Lucy Sherrill	Pro-Concepts, LLC
Jeff Steinhoff	KPMG
Woody Stanley	United States Department of Transportation
Levanna Stevenson	United States Bureau of Land Management
Natalie Swabb	United States Government Accountability Office
Jule Szabo	TASC, Inc.
Alaina Teplitz	United States Department of State
Frederick Udochi	NeighborWorks America
Dianne Williams	United States Department of Energy
Robin Williamson	Federal Emergency Management Agency
Hunter Willis	
Bonnie Winters	
Kelly Wright	United States Department of Veterans Affairs
Montrice Yakimov	Bureau of the Fiscal Service

Correction: In our Q2 edition, the Newsletter team introduced new member Rehana Mwalimu as an employee of the National Institute of Standards and Technology. The full title of her Agency/Company should be listed as National Institute of Standards and Technology, United States Department of Commerce. We apologize for this oversight.




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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.

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.

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To find out more, contact Linda M. Springer at +1 703 747 0388 or linda.springer@ey.com or Daniella Datskovska at +1 703 747 0172 or daniella.datskovska@ey.com.

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AFERM Announcements

AFERM Membership Drawing: Winner Announcement!

AFERM is pleased to congratulate **Kelly Wright** of the Department of Veterans Affairs, who won the random drawing for a one year extension of membership that was conducted among new members who joined our association during our 7th Annual Federal ERM Summit from 9 to 10 September 2014. We want to thank all of the members of AFERM who recently joined us, especially those who joined during the Summit in helping us reach our goal of 200 members by 30 September 2014.

If you have a colleague or friend who might be interested in joining, please provide them with the following link to our website: <http://www.aferm.org/membership.php>.

The advertisement features a background image of several black dominoes standing upright on a green surface, with some dominoes in the foreground slightly blurred. The text is overlaid on this background. At the top, it reads 'Unmanaged Risk can Topple the Delicate Balance of your Organization'. Below this is the main headline: 'Adopt MetricStream Risk Management Solutions To Build a Robust and Sustainable Risk Program'. Underneath the headline is the sub-headline 'MetricStream Solutions for Federal Agencies' followed by a bulleted list of four benefits: 'Facilitate a proactive approach to anticipate, prioritize and mitigate risks', 'Provide optimized risk/return outcomes through greater visibility', 'Ensure consistency in practices and collaboration among stakeholders', and 'Deliver risk intelligence to improve performance and reputation'. In the bottom right corner, the 'MetricStream' logo is displayed in white, with the website address 'www.metricstream.com' below it.

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President-Elect, Todd Grams

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VP at Large, Deb Swedberg

VP at Large, Laurie Champion

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- Gilda Kolesnikova
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Request for Your Success Stories

During our 2014 AFERM Summit, we all had the opportunity to hear our esteemed speakers describe their perspectives on successful ERM. Now, we'd like to hear from you! If you have experienced a Success Story in your time leading or supporting risk management efforts, please send a short description to the AFERM Communications team. We hope to accumulate a series of vignettes that will support continued interest in the benefits of ERM throughout the Federal government.

Please send your success stories to the AFERM Communications team at: AFERM.Communications@gmail.com



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Upcoming Events

October 16, 2014: AFERM Luncheon with Mike Wetklow

On October 16th, AFERM will host a luncheon at The Hamilton restaurant featuring an informative presentation by Mike Wetklow, Chief, Accountability, Performance and Reporting Branch within the Office of Federal Financial Management (OFFM), Office of Management and Budget (OMB). Mike is responsible for coordinating OMB's efforts to initiate government-wide financial management improvements in areas including internal controls, financial reporting, improper payments, debt collection, and financial systems.

The cost is \$20 for AFERM members and \$30 for non-members and will include Lunch. Lunch will include a House Salad as a starter, and a choice of either the Roast Chicken or Seasonal Pasta entrée. A vegetarian option will be available upon request. **Lunch orders will be taken at 11:40AM, so please plan to be seated by then.**

One (1) CPE will be given to all participants, and attendance is limited to the first 75 registrants.

If you'd like to register to attend, please access the following link:
<https://www.eventbrite.com/e/aferm-luncheon-and-presentation-by-mike-wetklow-tickets-13245911879>.



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