



“How-To” Tutorial Coordinating ERM Implementation Planning in a Federated Agency

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Purpose of this AFERM Briefing

- Discuss the “How-To” for designing and hosting an ERM collaborative planning workshop in a Federated Agency.
 - HHS (the Department)
 - Our Operating and Staff Divisions (Divisions)
- This workshop approach supports sharing ideas for how to potentially implement ERM at both the Department and Division level.
- The flexibility built into the approach is intended to support the Department and its Divisions with coordinating ERM planning, while permitting tailoring ERM for each unique Division operating culture.



ADMINISTRATION FOR
CHILDREN & FAMILIES

ASPR
ASSISTANT SECRETARY FOR
PREPAREDNESS AND RESPONSE

CDC
CENTERS FOR DISEASE
CONTROL AND PREVENTION

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

FDA

NIH
National Institutes
of Health

HHS at a Glance*

External Stakeholders

- HHS is the largest grant-making organization in the Federal Government
- Medicare & Medicaid provide health care insurance for 1 in 4 Americans

Resources

- HHS represents almost a quarter of all federal outlays and administers more grant dollars than all other federal agencies combined
- Approximately \$1 trillion in total net outlays in FY 2015
- Roughly 75,000 FTEs

Internal Operations

- Consists of 10 major operating divisions with diverse missions (5 divisions have over \$10 billion dollar annual budgets)
- Federated decentralized structure

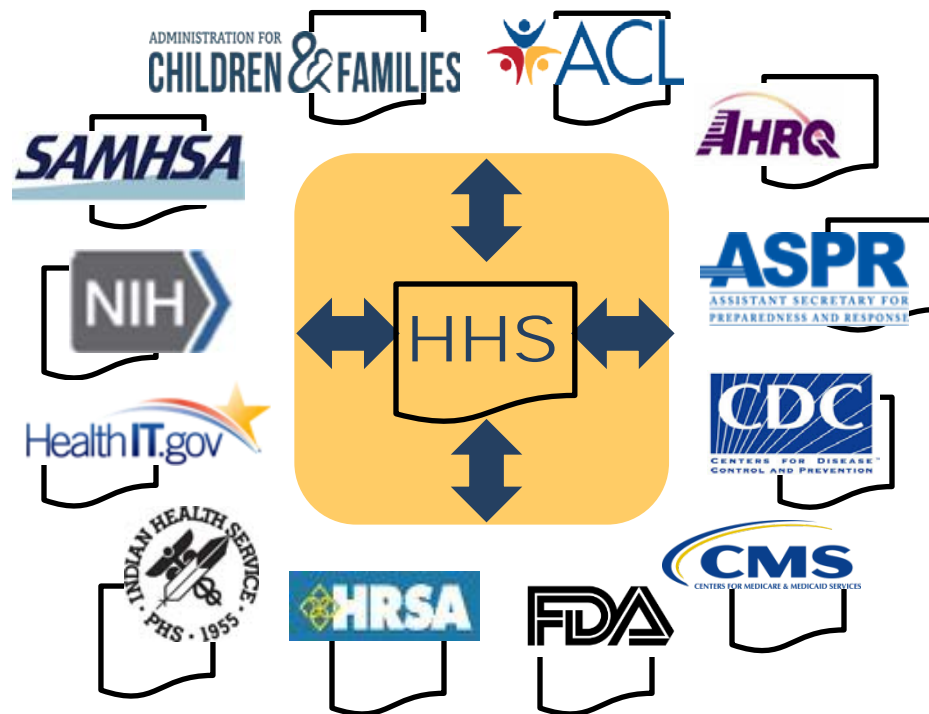
Recent Notable Risks

- Ebola outbreak in West Africa
- Unaccompanied children apprehended on the southwest border
- Laboratory biohazard incidents
- Affordable Care Act (ACA) implementation

* Data Sources: HHS Agency Financial Report FY 2014; HHS Fiscal Year 2016 Budget In Brief

Coordinated Planning Ideas and Information Sharing in a Federated Agency Structure

- *Embrace Flexibility and Tailoring of ERM to Fit Each Division Culture*
- *No Specific ERM Roadmap Template or Planning Format Required*
- *Information Sharing and Collaboration Encouraged!*



ASFR (HHS's CFO function) supports Department-wide ERM coordination, and serves as a resource and liaison with the Divisions

Objective and Deliverables of this ERM Planning and Ideas Sharing Workshop

- **Objective**

- Using the tools and technical assistance provided, collaboratively develop an “ERM Implementation Menu” and be familiar with an ERM Implementation Planning Template (Sometimes called an “ERM Roadmap Template”)

- **Deliverables**

- ERM Implementation Menu
- ERM Implementation Planning Template (ERM Roadmap Template)

ERM Workshop Agenda Topics

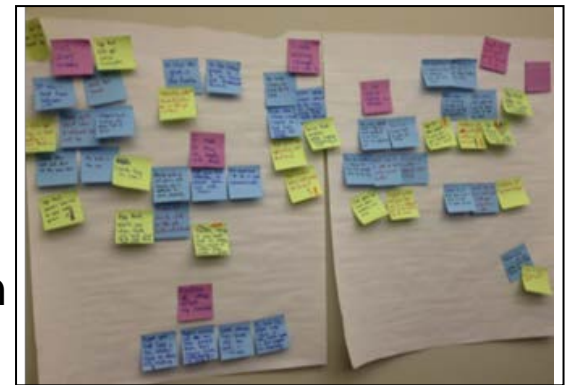
- Introduction / Ice Breaker
- Provide an ERM Overview
- ERM Implementation Menu Brainstorming
- ERM Implementation Planning Exercise
- Wrap Up / Questions

Provide an ERM Overview

- Have your leadership pick some thematic areas or guiding principles that define your ERM basic approach
- For Example:
 - Promote a risk-aware culture
 - Create a comprehensive view of risks to drive strategic decisions
 - Establish and communicate risk appetite
 - Governance and process (don't forget to consider this ERM support)

Basics Of Affinity Diagrams* For Facilitated Brainstorming

- Each participant takes 5-10 minutes to write down ideas, with one idea per small Post-It note.
- The facilitator reconvenes the group, once participants have had a chance to write down ideas.
- The facilitator starts the group brainstorming by having one participant read out a Post-It note idea, then place it on a giant Post-It Note Wall Poster. We suggest pre-defining Affinity Diagram clusters using your thematic areas or guiding principles for ERM.
- Everyone takes turns reading their Post-It notes, until each person has an opportunity to voice ideas and place them on the Affinity Diagram clusters.
- Participants are encouraged to discuss and build on ideas, and write additional Post-It notes as part of the group review and brainstorming.
- As a final step, participants use dot vote stickers to prioritize among all the ideas. Dot votes indicate the “Must Do” / “Best Ideas” across all ideas generated.



* Affinity Diagrams
are a brainstorming
facilitation technique
from Six Sigma

EXAMPLE ERM Implementation Menu

Promote a Risk-Aware
Organizational Culture

Create Comprehensive View of
Risks to Drive Strategic
Decisions

Establish and Communicate
Risk Appetite

*Activity: Individually Generate 2-3 Ideas
(One Idea Per Post-It Note) for Each of These
Four Menu “Pages”
(i.e., Color Blocks on this Slide)*

Governance & Process Support

EXAMPLE ERM Implementation Menu

Promote a Risk-Aware Organizational Culture

- Identify ERM Executive Sponsor and Champions
- Incorporate ERM Into performance plans
- Survey senior executives and staff on risk culture
- TBD
- TBD
- TBD
- TBD
- TBD

Create Comprehensive View of Risks to Drive Strategic Decisions

- Create an inventory of enterprise risks
- Determine which 10-20 risks might be elevated for leadership attention
- TBD
- TBD
- TBD
- TBD
- TBD

Establish and Communicate Risk Appetite

- Develop a risk appetite scale
- Create a risk appetite statement template and pilot it for a set of risks
- TBD
- TBD
- TBD
- TBD
- TBD

- *This slide shows how the final ERM Implementation Menu, developed collaboratively during the workshop, might look when complete.*
- *Post-workshop efforts involve synthesizing all the Post-It notes and moving those ideas with the most dot votes to the top of the menu.*
- *In preparation for the workshop, have each participant think about 2-3 ACTIONABLE ideas for each of these menu pages.*

Governance & Process Support

- Define a team roster of interested ERM participants
- Identify & map decision processes, indicating where risk information is already used and could be used

- TBD
- TBD
- TBD

Promote a Risk-Aware Organizational Culture

- Identify ERM Executive Sponsor and Champions
- Incorporate ERM Into performance plans
- Survey senior executives and staff on risk culture
- TBD
- TBD
- TBD
- TBD
- TBD

Using The ERM Implementation Menu to Build the Roadmap

Pick A Few Items From Each Menu "Page"

Identify ERM Executive Sponsor

Survey senior executives and staff on risk culture

Next 90 Days

Next 6 Months

+ One Year

+ Three Years

Risk Culture

Identify ERM Executive Sponsor

Survey senior executives and staff on risk culture

EXAMPLE ERM Implementation Planning Template

	Next 90 Days	Next 6 Months	+ One Year	+ Three Years
Risk Culture	<input type="checkbox"/> Identify ERM Executive Sponsor		<input type="checkbox"/> Survey senior executives and staff on risk culture	
Comprehensive View of Risks	TBD	TBD	TBD	TBD
Risk Appetite	TBD	TBD	TBD	TBD
Governance & Process	TBD	TBD	TBD	TBD

Pick Items From The "ERM Implementation Menu" To Populate The Rest Of The Roadmap

EXAMPLE ERM Implementation Plan (Once Complete)

	Next 90 Days	Next 6 Months	+ One Year	+ Three Years
Risk Culture	<ul style="list-style-type: none"> Identify ERM Executive Sponsor 		<ul style="list-style-type: none"> Survey senior executives and staff on risk culture 	
Comprehensive View of Risks		<ul style="list-style-type: none"> Survey leadership on risks Determine which 10-20 risks to elevate for leadership attention 		<ul style="list-style-type: none"> Establish common risk reports and visualizations (Heat Maps, dashboards, etc.)
Risk Appetite		<ul style="list-style-type: none"> Develop a collaborative and deliberative approach for setting risk appetite 	<ul style="list-style-type: none"> Determine the existing risk appetite and how it is communicated and used 	
Governance & Process	<ul style="list-style-type: none"> Confirm ERM leadership group Develop ERM implementation plan 	<ul style="list-style-type: none"> Identify management decision processes to inject risk information 		

QUESTIONS?