

Federal Enterprise Risk Management

2021 Survey Results

The 2021 Federal ERM Survey is Guidehouse's seventh annual survey in collaboration with the Association for Federal Enterprise Risk Management (AFERM). It is designed to provide federal managers and leadership with perspective on the current state and trends of ERM in the U.S. Federal Government.



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Executive Summary

For the seventh consecutive year, the Association for Federal Enterprise Risk Management (AFERM) and Guidehouse have collaborated to conduct a survey of Federal government leaders and staff to gather insights into the current state of Enterprise Risk Management (ERM) in their organizations.

ERM continues to exhibit performance levels reflective of an emerging capability, although incremental positive trends are evident across most areas measured in the survey.

Previous surveys highlighted several characteristics positively affecting ERM effectiveness. That trend continues to be reflected in this year's survey. The two demographic categories that tend to have the highest mean scores and most positive responses are:

- Organizations that incorporate risk management into the performance plans of all members of the Senior Executive Service (or equivalent); and
- Organizations with longer-duration ERM programs that have been operating for three (3) or more years.

The two other demographic categories that also demonstrate a higher correlation with ERM effectiveness, albeit not as significant as the categories above, are:

- Organizations in which the ERM program reports directly to the Agency Head or Deputy
- Organizations with a Chief Risk Officer (CRO) in charge of their ERM program

During the past year, Federal government leaders have continued to navigate uncertainties associated with nearly every aspect of agencies' operations – from adjusting to the shifts in priorities and other changes that accompany a new presidential administration to the ongoing impacts of the COVID-19 pandemic. Responses to several new survey questions intended to gauge the impact of COVID-19 indicate that many agencies took on greater amounts of risk and increased their ERM activities, particularly related to the identification of emerging risks.

In this year's survey, we see the continuation of many positive trends related to the effectiveness and adoption of ERM practices noted in last year's report. However, in some areas the positive trends we saw last year either levelled-off or slightly reversed. These areas highlight where ERM program leaders may wish to redouble their efforts to ensure ERM provides value to decision makers in their organizations and helps to manage the uncertainties 2022 surely will bring.



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Additional Key Findings

The following is a summary of additional key insights from this year's survey (in no particular order):

- **Even among agencies that have defined risk appetite statements, the statements are not commonly understood or integrated into decision making.** As in prior years, less than 10% of respondents indicated that their organization has a defined risk appetite statement that is communicated throughout the organization and integrated into decision making. Meanwhile, having a well-defined risk appetite was identified by 20% of respondents as one of the most impactful improvements their organizations could make in preparing for current and anticipated risks.
- **Integration of ERM with other management processes decreased this year,** with mean scores moving below the midpoint response of 3.00 in all four integration areas in our survey (in order of degree of integration): Internal Control Programs, Strategic Planning, Execution Processes, and Budgetary Processes.
- **The ability of organizations to prioritize and manage risk across the enterprise as an interrelated risk portfolio is about the same as last year.** While the average response this year (2.85) is slightly lower than last year (2.91) – a modest 2% drop – the percentage of respondents indicating their organizations do this “Well” or “Very Well” remained unchanged this year (26%).
- **“Cyber security/privacy” remains the top risk area receiving the greatest management attention.** It also tops the list of risks Federal agencies believe have the greatest impact on strategic objectives, currently and over the next 3-5 years. “Human Capital,” “Operational/Programmatic,” and “Strategic” risk areas also are identified by respondents as having a significant impact on strategic objectives now and in the future.
- **A mismatch continues to exist in several risk areas** in which management is employing significant resources despite having low perceptions of actual current and future risk. Some of these prominent risk areas include Compliance Risk, Financial Risk, Fraud Risk, and Reporting Risk.
- **“Tone at the top, executive support for risk management” took the top spot for most impactful improvement area** for organizations to respond to current and anticipated risks, with “Culture change to accept risk as part of day-to-day business” in second position, followed by “More clear linkage, alignment, or integration of risk with strategy and performance” (first last year) and “well-established risk identification and assessment” tied for third this year.
- **“Enhanced management decision-making” remains top of the list of benefits emanating from Federal ERM programs,** followed by “Improved strategy execution” (new response option this year), and “Reduced duplication in risk assessment and/or compliance activities.” Number four on the list again this year: “Prevented significant negative event from occurring.”
- **ERM program leaders are spending more time focused on ERM.** Past survey results confirm that, for many ERM program leaders, managing the ERM program is only one of many duties they perform. This year's results indicate the percentage of ERM program leaders spending more than 75% of their time focused on ERM nearly doubled to 31% this year.
- **Culture and leadership-related challenges continue to be the most prominent barriers** facing organizations attempting to establish and maintain a formal ERM program (with “Bridging silos across organizations,” “Rigid culture resistant to change,” and “Executive level buy-in and support,” as the top three items selected).
- **“Training and Awareness” tops the list for the fourth straight year in terms of areas of ERM program focus over the next 12 months.** However, it was closely followed by “Risk Appetite,” which is a newly added area to this year's survey.
- **Organizations appear to be dedicating greater funding to ERM activities.** The percentage of respondents reporting annual budgets for ERM activities greater than \$1M doubled this year, reaching 34%, which is the highest percentage in the history of the survey.

Survey Approach, Demographics, Report Format

This report provides the results of the seventh annual survey conducted by Guidehouse and AFERM on ERM in the U.S. Federal government. While the vast majority of questions are repeated from prior years' surveys to enable tracking of trends over time, several new questions were introduced this year to gain insight into how agencies' risk management approaches have changed in response to COVID-19.

In terms of organizational representation, responses were received from a total of 32 Federal organizations, including all 15 Cabinet agencies.

The report's bar charts include data from the 2020 and 2021 surveys, except in the case of the small number of new questions, for which only this year's results are provided. To simplify the presentation of data in these bar charts, percentages have been rounded to the nearest full percent. As a result, the sum of the percentages that are displayed may not equal exactly 100%.

For this year's report, the mean score for the 14 questions related to ERM integration, performance evaluation of ERM programs, and ERM & culture which are based on a 5-point Likert scale have been included next to the bar chart, along with the mean score for 2020, and the percentage difference between the results over the two years. In addition, **breakouts for the means for the primary demographic categories for each of these questions have also been included this year in the Mean Breakouts section.**

The survey was administered between June 28 and July 23, 2021. Links to the online survey were sent to government members of AFERM. The survey was only distributed to government personnel. While all respondents received the same set of initial questions, subsequent questions followed one of two prescribed paths based on whether the respondent's organization had already implemented an ERM program.

Given that a random sample was not used to select the survey population, this approach represents a nonprobability sample which may not be generalizable to the entire Federal population. However, the survey respondents did span the breadth of the Federal government and across several demographic categories.

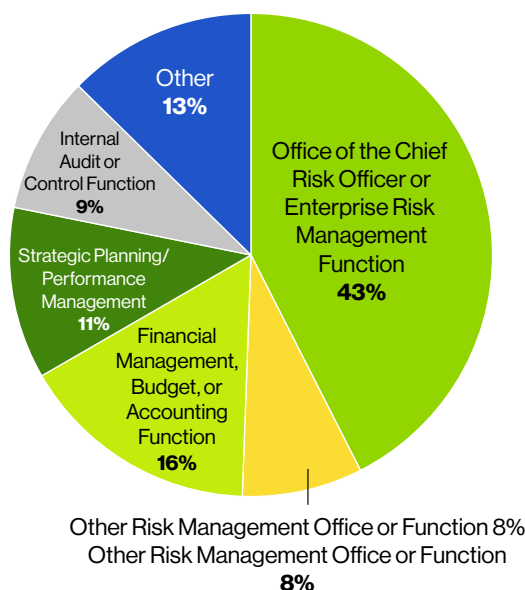
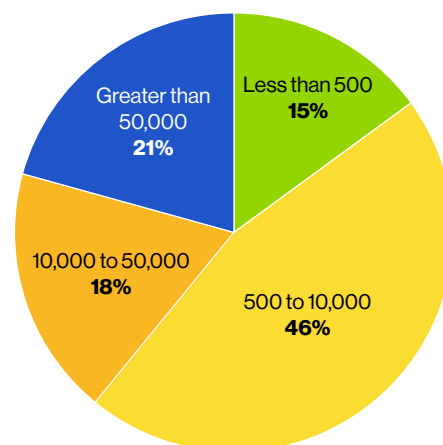
The organizations from which responses were received include the following (in alphabetical order). For Cabinet agencies, responses were received from main headquarters as well as Components and Bureaus. The latter are identified for those respondents who provided that information:

- Architect of the Capitol
- Consumer Financial Protection Bureau
- Department of Agriculture
 - Economic Research Service
 - National Agricultural Statistics Service
- Department of Commerce
 - United States Census Bureau
 - Departmental Management
 - First Responder Network Authority
 - National Institute of Standards and Technology
 - National Oceanic and Atmospheric Administration
- Department of Defense
 - U.S. Army
 - U.S. Army Material Command
 - U.S. Navy
- Department of Education
 - Federal Student Aid
- Department of Energy
 - National Nuclear Security Administration
- Department of Health and Human Services
 - Assistant Secretary for Financial Resources
 - Centers for Disease Control and Prevention
 - Centers for Medicare & Medicaid Services
 - Food and Drug Administration
 - Health Resources and Services Administration
 - National Institute of Health
 - Office of Inspector General
 - Office of the National Coordinator for Health Information Technology
- Department of Homeland Security
 - U.S. Coast Guard
 - U.S. Customs and Border Protection
 - Transportation Security Administration
 - United States Citizenship and Immigration Services
- Department of Housing and Urban Development
 - Federal Housing Administration
- Department of Justice
 - Justice Management Division
- Department of Labor
- Department of State
 - International Boundary and Water Commission
 - International Narcotics and Law Enforcement Affairs
- Department of the Interior
- Department of the Treasury
 - Bureau of Fiscal Service
 - Internal Revenue Service
 - Office of the Chief Financial Officer
 - Departmental Offices
 - Office of the Comptroller of the Currency
 - Office of Financial Research
- Department of Transportation
 - Federal Aviation Administration
 - Federal Railroad Administration
- Department of Veterans Affairs
 - Veteran Health Administration
- Export-Import Bank of the United States
- Federal Deposit Insurance Corporation
- Federal Energy Regulatory Commission
- Federal Housing Finance Agency
- Federal Reserve System
- General Services Administration
- National Aeronautics and Space Administration
- National Archives and Records Administration
- National Transportation Safety Board
- Pension Benefit Guaranty Corporation
- United States Agency for Global Media
- United States Agency for International Development Office of Inspector General
- United States Courts
- United States International Development Finance Corporation
- United States Securities and Exchange Commission

While personally identifiable information was not requested from survey respondents, some demographic information about their role and organization was captured. Responses to each question in the survey were analyzed against these demographic categories to identify any indications of differentiation in results based on these categorizations. Additional breakdowns are also provided based on other characteristics of ERM Programs identified.

Size of your organization, by number of employees.

To simplify the analysis associated with the size of organizations, the two smallest response categories are combined in the narrative portion of this document and referred to as “smaller organizations” (~61% of respondents, less than 10,000 employees) while the two largest response categories are combined and referred to as “larger organizations” (~39% of respondents, more than 10,000 employees).

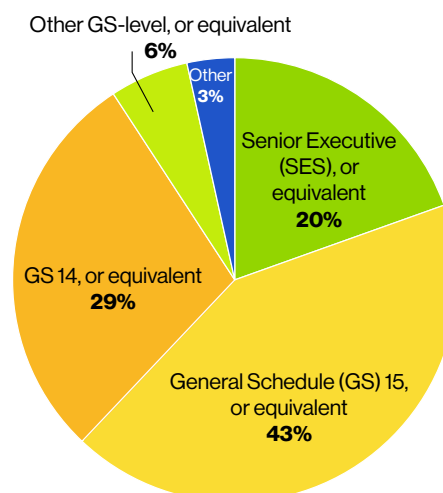


Please provide your current functional alignment within your organization.

Just over half of this year's respondents currently work within their organization's ERM or some other Risk Management function (51%), down slightly from last year (61%). Respondents from Financial Management, Budget, and Accounting functions represent 16% of total respondents in 2021, up from 10% last year. Among the “Other” category, respondents indicate working in Strategic Planning, Performance Management, or Mission, Program, or Operations functions.

What is your current level or grade?

The number of respondents from the Senior Executive Service or equivalent (also referred to in this report as “SES” or “SES Cohort”) increased to 20% of respondents in 2021 from 13% in 2020. Responses from those in the General Schedule System or equivalent (also referred to as “Non-SES or Non-SES Cohort”) decreased eight (8) percentage points from 88% of respondents in 2020 to 80% of respondents in 2021.



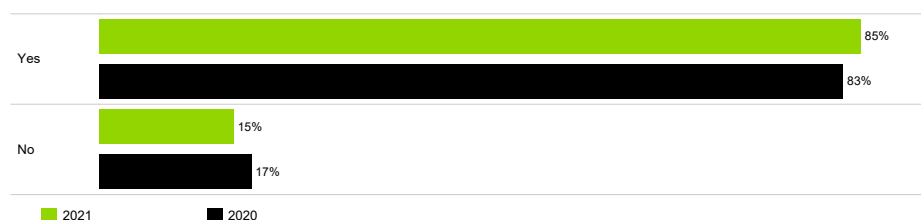
Survey Results

Characteristics of Federal ERM Programs

ERM Existence, Duration, and Budgets

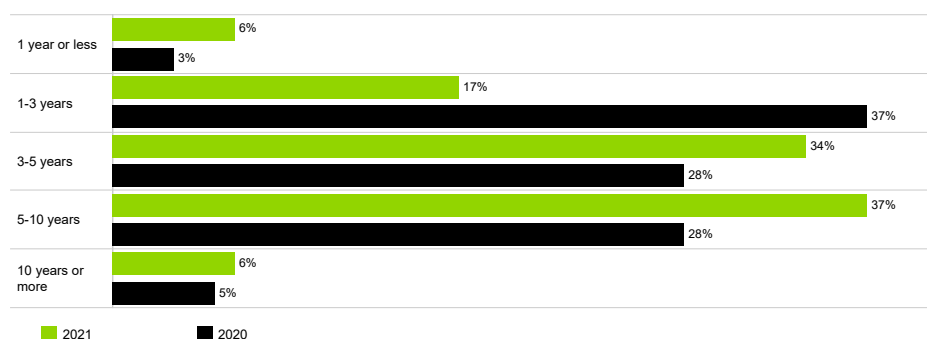
The percentage of respondents indicating they work in an agency having a formal ERM program increased to 85% in 2021, up slightly from 83% a year ago, which is the highest level of ERM adoption in the history of our survey. Among the demographic categories, both larger and smaller Federal organizations have the same percentage reporting ERM Programs (85%).

Q: Does your organization have a formal ERM program?



The percentage of respondents indicating the establishment of a new ERM program in the past year continues to be low, increasing only slightly to 6% in 2021, up from 3% a year ago. For the third year in a row, respondents indicate a notable jump in the 5 to 10-year category, now featuring 37% of respondents in 2021, compared to 28% in 2020.

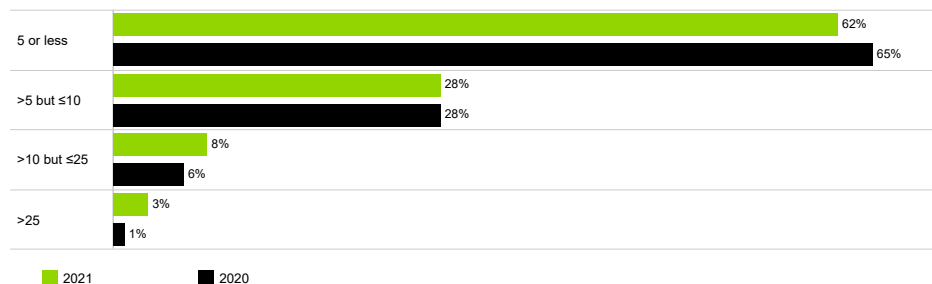
Q: How long has your organization practiced ERM?



Note: The two shortest duration response categories are combined in the narrative portion of this document and referred to as organizations with “**shorter duration ERM programs**” (less than three years having an ERM program), while the three longest duration response categories are combined and referred to as organizations with “**longer duration ERM programs**” (more than three years having an ERM program).

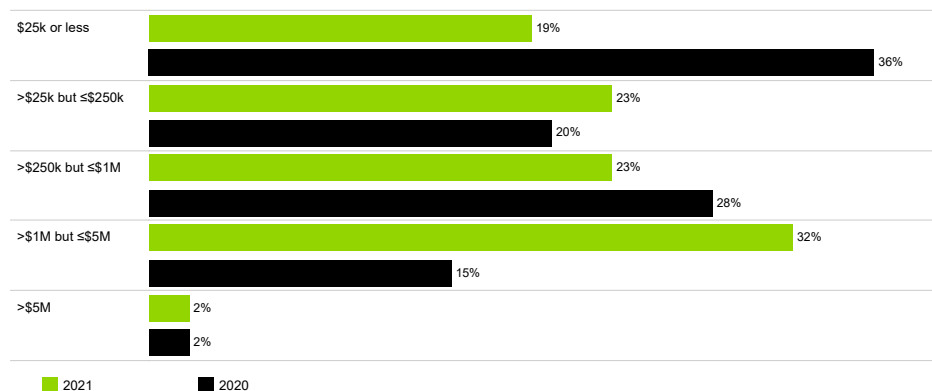
ERM programs remain small, with little change in size this year compared to the previous two years. According to our respondents, 62% indicate their organization's ERM workforce has five (5) or fewer people (including contractors). That figure increases to **89% for ERM functions with 10 or fewer people**. These responses are consistent across all demographic categories. Responses are also consistent with prior years of this survey in which at least 85% of organizations reported to have 10 or fewer people in their ERM function every year since the survey began in 2015. Longer-duration ERM programs and ERM programs led by CROs are more likely to have 10 or more people in their ERM functions.

Q: How many full-time equivalents (including contractor support) are working in the ERM function?



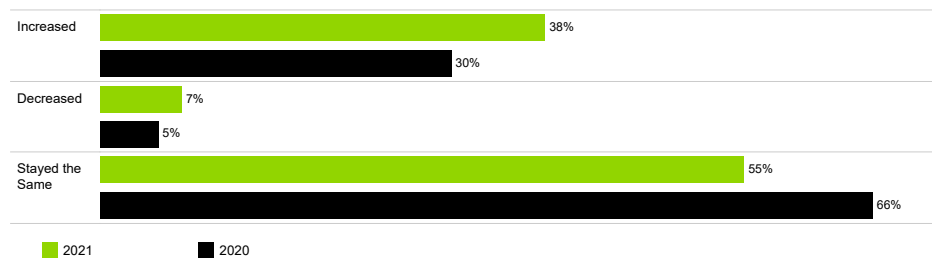
While budgets for Federal ERM activities remain small, they appear to be growing. Last year, 84% of respondents noted their organization spends less than \$1M on its ERM program. This year, **the percentage of respondents indicating that their organization spends less than \$1M on its ERM program decreased to 66%, an 18-percentage-point drop from a year ago.** This difference is seen in the category of organizations that have a budget greater than \$1M, which increased from 16% in 2020 to 34% in 2021.

Q: What is the total annual budget for ERM activities across your organization?



A majority of survey respondents (55%) indicated flat budgets for ERM over the past 12 months, but—consistent with the prior question's results—the percentage of organizations reporting an increase in spending climbed to 38% (from 30% in 2020) and only 7% experienced a reduction. Smaller organizations were more likely to see changes in their budgets, with 44% reporting an increase (compared to 27% of larger organizations) and 8% reporting a decrease (compared to 5% of larger organizations).

Q: In the last 12 months, the budget for overall ERM activities has done which of the following at your organization?



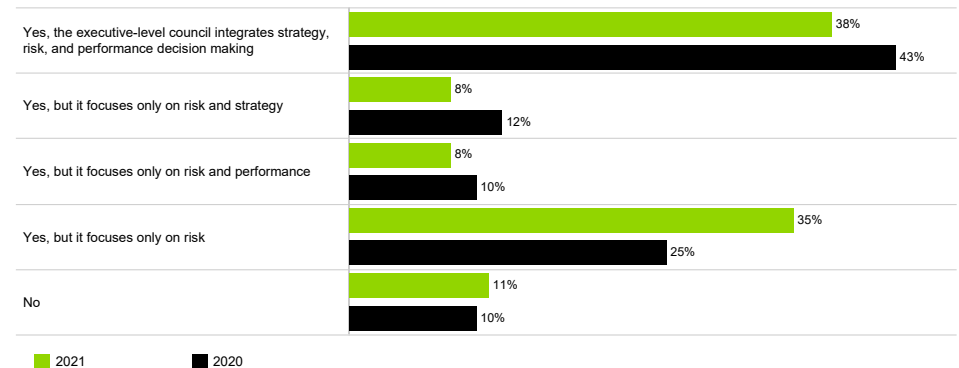
Governance, Program Scope and Technology

ERM executive councils are widely used in Federal organizations that have established ERM programs (89%), but the **focus of these committees varies widely**. In 2021, 38% of ERM councils integrate risk with strategy and performance for enhanced decision-making, down slightly from a year ago (43%).

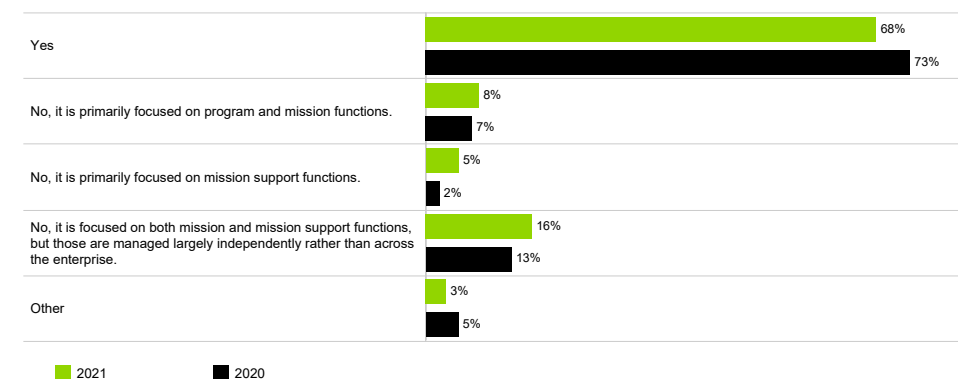
More mature ERM programs are more likely to have an ERM council that focuses on more than just risk. In 2021, 22% of the respondents who characterized the maturity of their ERM program as “initial” or “developing” indicated that they do not have an ERM council. Only 4% of respondents with more mature ERM programs (i.e., “managed”) indicated they do not have an ERM council. Consistent with this result, **ERM councils integrating risk with strategy and performance are more common in more mature ERM programs**, with 54% of respondents characterizing their ERM programs as “managed” selecting this response. Meanwhile, none of the respondents that characterized their ERM program as “initial” and only 17% of respondents that characterized their ERM program as “developing” selected this response.

For the fifth consecutive year, **a strong majority of respondents indicate that their organization’s ERM program encompasses a holistic view** of mission and mission support functions (68% in 2021). This response is consistent across all demographic categories, with the highest percentage stemming from those organizations where program maturity is rated as “Defined” (76%) as compared to 56% of organizations with lower maturity assessments of their ERM capabilities (Developing/Initial). Additionally, smaller organizations were more likely than larger organizations to indicate their ERM program encompasses a holistic approach (76% compared with 55%). Also, organizations with CRO-led ERM programs are more likely to indicate their organization’s ERM program encompasses a holistic view (78% compared with 58% for all others).

Q: Do you have an executive-level risk management council or committee that reports and monitors risk as it relates to strategy and performance?

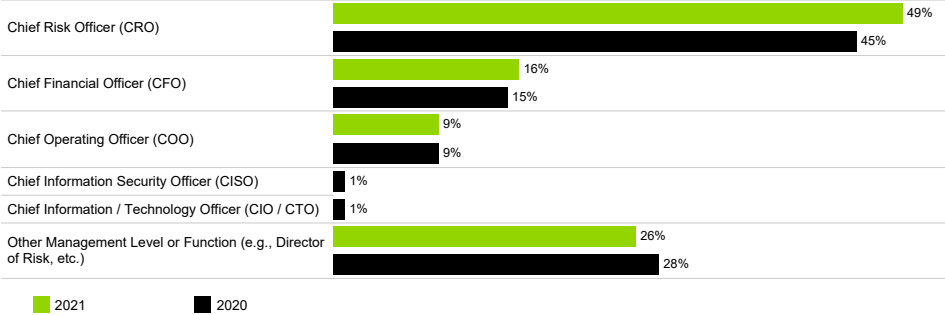


Q: Does your organization's ERM program encompass a holistic view of mission and mission support functions?



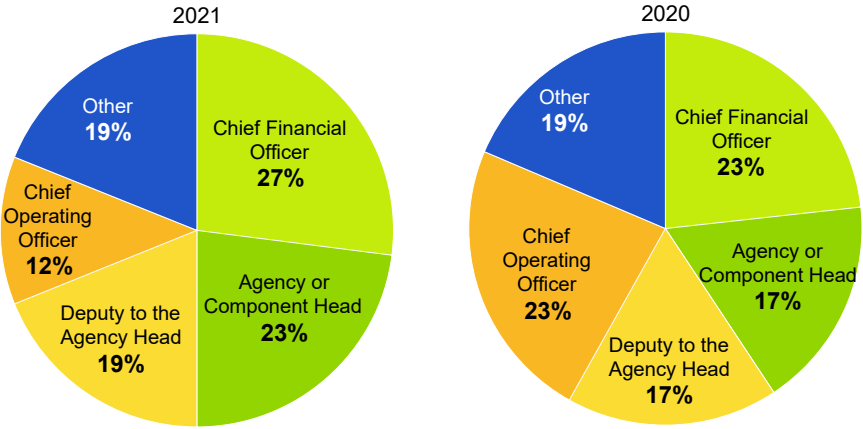
This year, responses to this question changed slightly from 2020. **The percentage of Federal ERM programs led by a CRO has remained nearly the same at 45% for each of the last four years.** This year, respondents reported a slightly higher percentage of CRO-led programs (49%). The one notable change was a move away from the “Other” category by this year’s respondents. Just over a quarter (26%) of respondents selected “Other,” and 13 of the 19 “Other” responses (68%) reported various “risk management” titles other than CRO, such as ERM Director, Director of Risk, Risk Management Officer, and Enterprise Risk Manager.

Q: Which of the following titles best describes the person responsible for your organization’s ERM program?



The percentage of ERM program leaders who report directly to the Agency Head or Deputy increased to 42% from 35% last year. The percentage of ERM program leaders reporting to their organization’s CFO has continued to increase, with 27% of respondents selecting this response this year, up from 23% a year ago. **Meanwhile, the percentage reporting to their COO has decreased from 23% last year to 12% this year.** Notable “Other” positions to which ERM program leads report this year include “Deputy to the COO,” “Chief Strategy Officer,” “Chief of Staff,” “Chief Management Officer,” “Director, Office of Strategy, Performance, and Results,” and “Director, Office of Planning and Performance Management.”

Q: To whom does the leader of your organization’s ERM program report?



Many ERM program leaders also have other duties. However, this year's survey results indicate that leaders are spending more time focused on ERM. Respondents report **31% of ERM program leaders spend more than 75% of their time focusing on the ERM program, up from 17% from a year ago (a 78% increase)**. On the other end of the spectrum, only **30% spend less than 25% of their time focusing on the ERM program**.

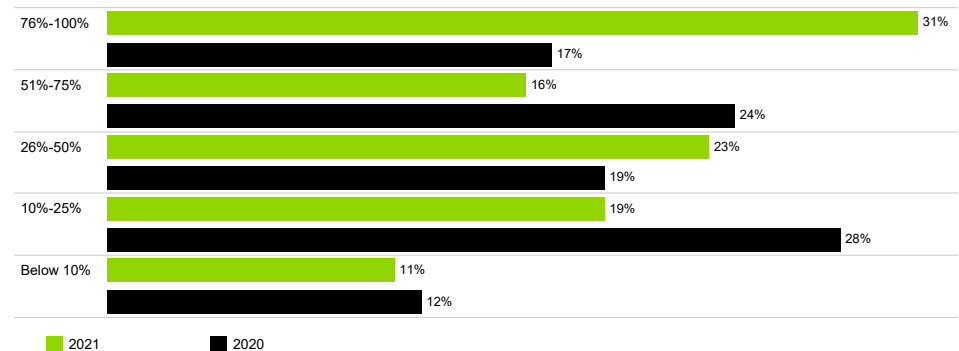
This holds true for programs run by CROs. According to our respondents, **44% of CROs spend more than 75% of their time on the ERM program, which is nearly double last year's percentage** of CROs that were reported to spend more than 75% of their time on the ERM Program. Similarly, for ERM program leaders with titles other than CRO, 18% spend more than 75% of their time on the ERM program (compared to 13% in 2020), while 68% spend less than 25% of their time dedicated to the ERM program (compared to 53% in 2020).

ERM leaders at larger agencies appear to have the most competing demands for their time, with only 17% of these leaders spending more than 75% of their time focused on ERM, compared to 40% of ERM leaders at smaller agencies. ERM leaders who report directly to the Agency Head or Deputy appear to face similar time constraints, with only 19% of these leaders spending more than 75% of their time focused on ERM, while nearly half (48%) spend less than 25% of their time on ERM.

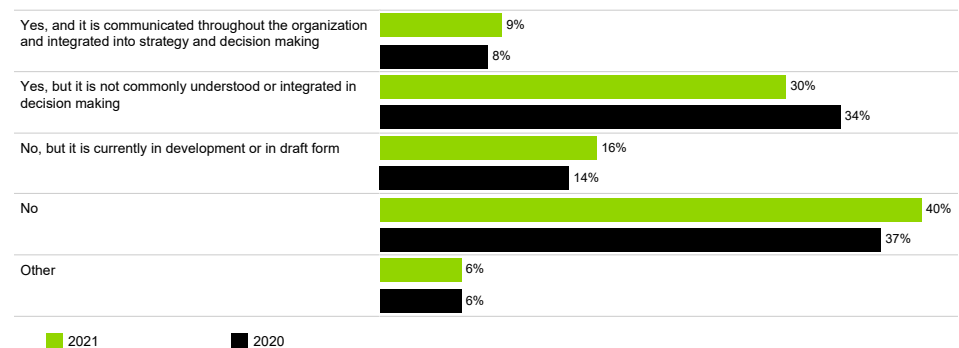
This year, respondents report a slight decrease in the percentage of organizations that have a defined risk appetite statement (39% in 2021 compared to 42% in 2020). The percentage that are communicated throughout the organization and integrated into strategy and decision making remains low, with only a slight increase to 9% this year.

Organizations with ERM programs led by a CRO indicate the existence of a risk appetite statement 65% of the time. That figure is more than triple the 19% for organizations with non-CRO-led programs. Similarly, organizations with longer-duration ERM programs indicate adoption of risk appetite statements 48% of the time, compared to 31% for organizations with shorter-duration ERM programs. Respondents from smaller organizations are much more likely to report having a risk appetite statement (45% compared to 28% of larger organizations).

Q: What percent of the ERM program leader's time is allocated to the ERM program?



Q: Does your organization have a defined risk appetite statement?



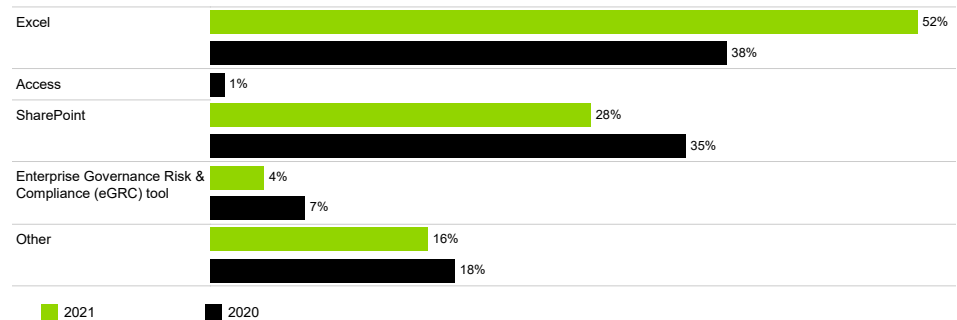
As in prior years, respondents indicate Excel (52%) and SharePoint (28%) are the most common technology enablers used by Federal ERM programs, as compared to only 16% of respondents indicating additional one-off tools used by their organization. **Just under 4% of respondents indicate adoption of an enterprise Governance, Risk, and Compliance (eGRC) tool—the lowest level of adoption of eGRC tools to date.** Small organizations are much more likely than larger organizations to rely on SharePoint (37% compared with 14%).

Given that so few respondents report using an eGRC tool, no meaningful insights into the benefits of using such tools can be gleaned from survey results. In fact, **98% of respondents indicated that their organization does not utilize eGRC tools, the lowest rate of adoption in the seven-year history of this survey.**

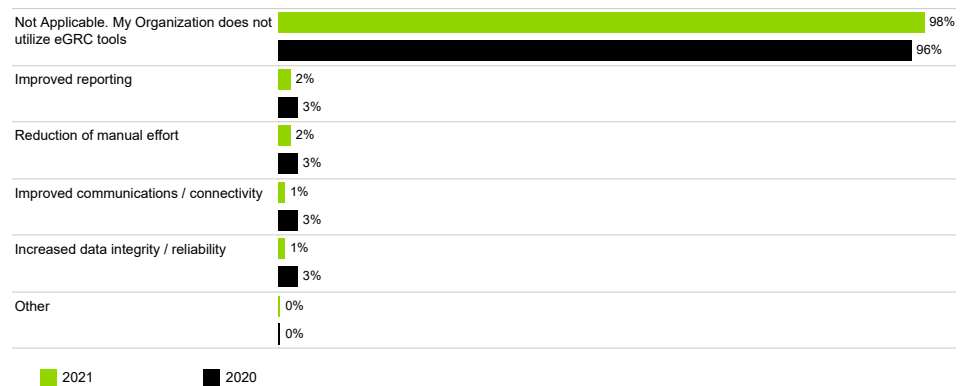
Motivations and Barriers

As in every year since 2017, **OMB Circular A-123 remains the top motivator** for establishing Federal ERM programs, with nearly half of respondents (49%) selecting that option, which represents a slight decrease from last year. **“Desire for improved management decision-making,” with 28% of respondents, remains a solid second** for the fifth consecutive year. The only demographics in which OMB Circular A-123 is not the top motivator is for organizations that report to the Deputy Agency Head or the Chief Operating Officer. For these organizations, “Desire for improved management decision-making” is the top motivator.

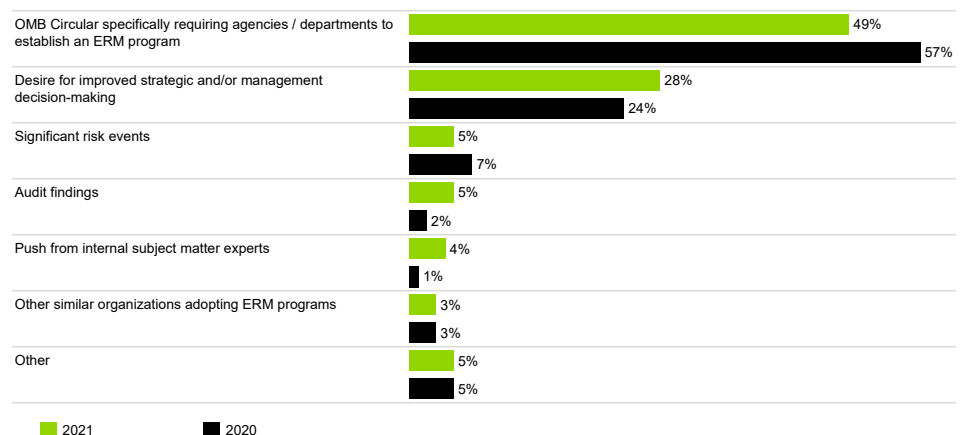
Q: What is the primary technology enabler used by your ERM Program to track enterprise risk data?



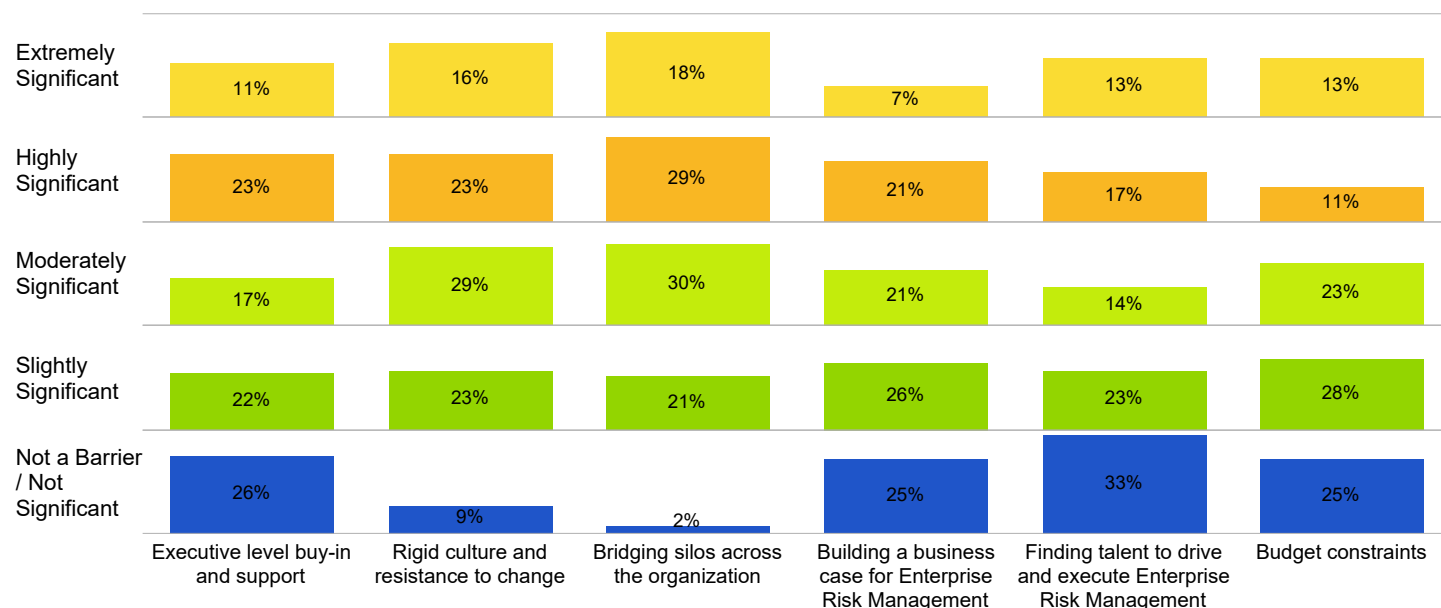
Q: If your organization uses enterprise Governance, Risk, and Compliance (eGRC) tools, what benefits or returns has your organization realized? Please select all that apply.



Q: Which of the following represents the primary motivator for the establishment of the ERM program at your organization?



Q: Which barriers does your organization face in establishing a formal ERM program and how significant are those barriers?
Please select the appropriate rating for each.



The rank order of barriers confronting Federal organizations over their ERM programs remains nearly the same as last year. As measured by the percentage of respondents identifying the barrier as either “Highly Significant” or “Extremely Significant,” **“Bridging silos across the organization” remains the top barrier**, followed by “Rigid culture and resistance to change,” “Executive level buy-in and support (including lack of support due to executive-level turnover),” and “Finding talent with sufficient expertise to drive and execute ERM.”

- Organizations with CRO-led programs are more likely to have **“Rigid culture and resistance to change”** as a barrier (either “Highly Significant” or “Extremely Significant”) compared to those with non-CRO-led programs (44% compared with 35%). On the other hand, organizations with non-CRO-led ERM programs are more likely to encounter difficulty finding talent to drive and execute ERM compared to those with programs led by CROs (37% compared with 19%).
- Finding talent to drive ERM is the top barrier facing larger organizations**, with 44% of these respondents citing this as a barrier (either “Highly Significant” or “Extremely Significant”). Comparatively, finding talent to drive ERM is only cited by 21% of respondents from smaller organizations. Similarly, finding talent to drive ERM appears to be a more significant barrier to longer-duration programs than shorter-duration programs. Longer-duration programs are 5.5 times more likely than shorter-duration programs to identify this as a barrier (33% compared with 6%).
- Having the ERM program report to the Agency Head or Deputy appears to have some influence on; “Bridging silos”** which is a barrier for 35% for these organizations, compared to 53% for all others, as well as gaining “Executive-level buy-in,” which is a barrier for 23% of organizations where ERM reports to the Agency or Deputy compared to 40% of others. Similar positive associations can be seen for all other types of barriers, except “Budget constraints,” where other organizations fare better than those in which the ERM program head reports to the Agency Head or Deputy (barrier for 29% of organizations where ERM reports to the Agency or Deputy compared to 21% for all others).
- This year, there were multiple responses to the “other” category, the majority of which are related to the theme of **time constraints and limited availability of personnel and resources** which are allocated to other competing priorities.

Integrated Capabilities

The 2020 survey marked the first time in the history of the survey that two out of four of the questions in this section on the integration of ERM with other capabilities rose above the midpoint response of 3.00. In 2021, responses to these questions showed some regression, with all of them once again slipping below the midpoint. While the degree of integration fell this year, the rank order of integration remained steady with results from the prior two years:

1. Integration with the Management Internal Control Program (mean = 2.82)
2. Integration with Strategic Planning (mean = 2.81)
3. Integration with Performance Management and Execution Oversight (mean = 2.51)
4. Integration with Budgetary Processes (mean = 2.43)

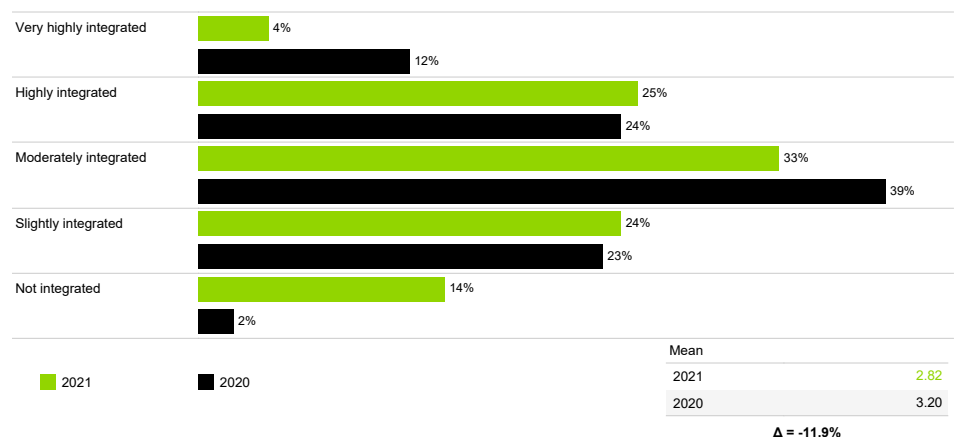
Breakout categories in which the **mean response is at least 15% greater than its counterpart** are highlighted in the tables inserted below the text, as appropriate. Refer to the Mean Breakouts section for definitions of breakout categories.

In terms of the four categories of ERM integration, the **highest marks again go to linkage to Management Internal Control programs. This year the mean is below the midpoint (3.00), with a mean of 2.82.** For organizations where the ERM program reports to the CFO, the mean response this year decreased to 3.30 from 3.50 last year. As in previous years, integration of ERM and internal control functions in organizations where ERM programs report to the CFO was greater this year than in those organizations where the ERM program reports to the Agency Head (mean = 2.47).

Noteworthy Breakout Categories

Report to Other	SES Plan Other
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Q: To what extent has your organization integrated your ERM program with your Management Internal Control program?

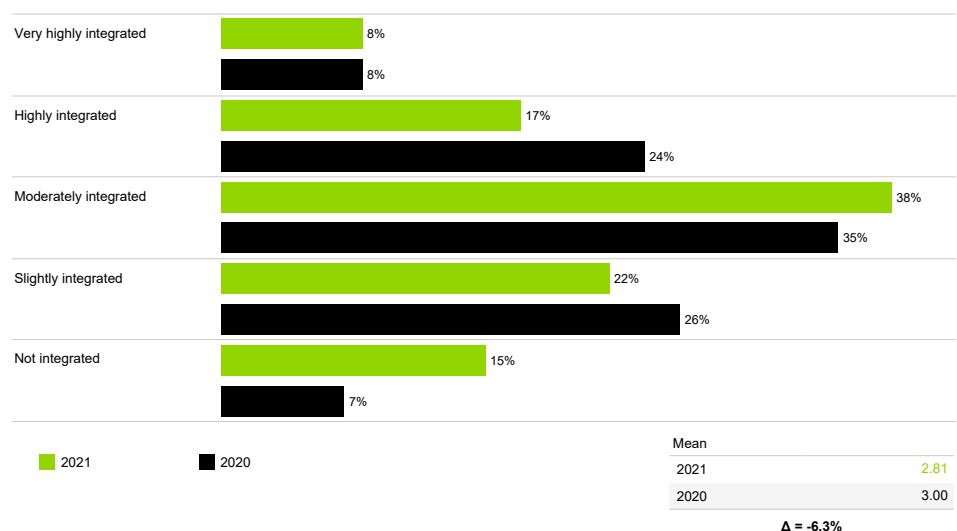


This year, the mean result for the integration of ERM with strategic planning is 2.81 (down from 3.00 last year). As in prior years, **the best performing category is for organizations where risk management is incorporated into the performance plans for all members of the SES.** These organizations represent a mean result that outpaces all other organizations by 37% (mean = 3.75, compared to 2.74 for other organizations). "Larger organizations" is the only other category that outperformed the mid-point of 3.00, with a mean of 3.03.

Noteworthy Breakout Categories

SES Plan = All	Longer Duration
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Q: To what extent has your organization integrated ERM into strategic planning?



With a **drop-off from last year**, the mean result for the integration of ERM with performance management and execution oversight is 2.51 this year, down from 2.88 in 2020. Only 17% of respondents indicate their organization is “Very Highly” or “Highly” integrated with execution processes, compared to 51% which indicate only “Slightly Integrated” or “Not Integrated.” This year, there is only one demographic category reporting a mean above the midpoint (3.00) – organizations where all SES Performance Plans incorporate requirements for risk management (3.50).

Noteworthy Breakout Categories

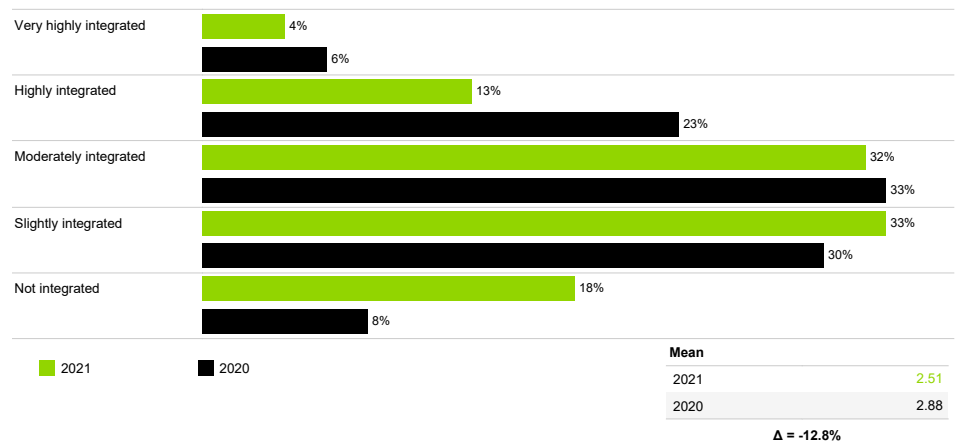
SES Plan = All Longer Duration

There was a **slight decrease this year** in the mean result for the integration of ERM with budgetary processes (2.43 this year and 2.63 last year), which continues to be **the lowest among the integration categories**. Only 15% of respondents indicate their organization is “Very Highly” or “Highly integrated” with budgetary processes, compared to 57% which indicate “Slightly Integrated” or “Not Integrated.” The only demographic category for which the mean result of this question is greater than the midpoint response is organizations where **all SES Performance Plans incorporate requirements for risk management**. The mean response for these organizations is 3.50, compared to 2.30 for all other organizations (a difference of 52.3%).

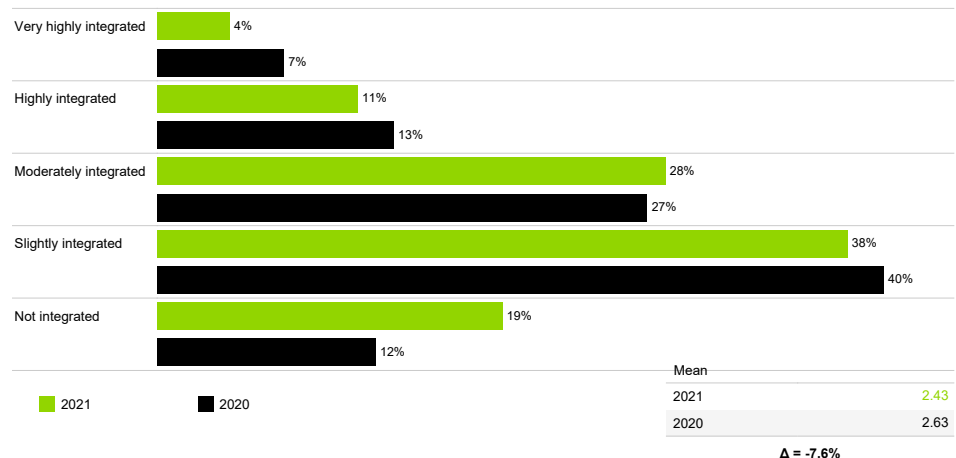
Noteworthy Breakout Categories

SES Plan = All Longer Duration

Q: To what extent has your organization integrated ERM into execution processes (e.g. performance management and execution oversight)?



Q: To what extent has your organization integrated ERM into budgetary processes?



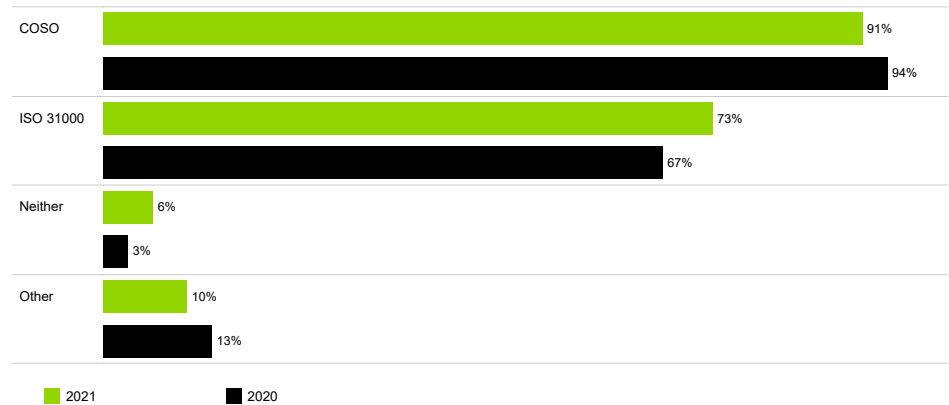
Industry Frameworks and Certification Programs

The COSO (Committee of Sponsoring Organizations of the Treadway Commission) ERM Framework continues to outpace other international frameworks in terms of recognition by the Federal ERM community with 91% recognition by respondents, compared to 73% for ISO31000. The gap between recognition of these two leading frameworks narrowed this year, from 27% last year to 18% this year. The percentage of respondents who are not aware of either framework increased slightly this year to 6%.

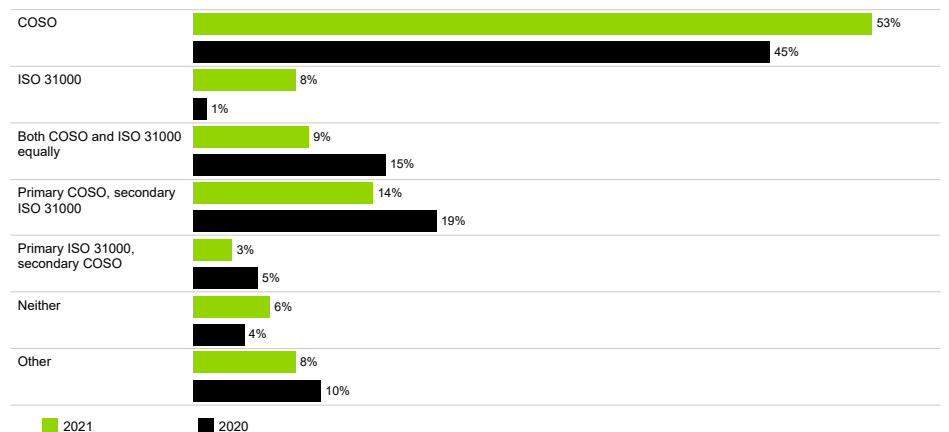
In terms of actual utilization, **the COSO ERM Framework continues to lead in adoption across Federal ERM**, with 53% of respondents indicating COSO as their organization's predominate framework, increasing to 67% if the response "Primary COSO, Secondary ISO 31000" is also included. **ISO 31000 is identified by just 8% of respondents** as the predominate framework in use by their organization. That figure increases to 11% if the response "Primary ISO 31000, Secondary COSO" is included.

Now in its fourth year of existence, the **RIMS-CRMP-FED certification continues to lead the Federal ERM community in terms of awareness and importance**, with 58% of respondents characterizing this certification as "Very Important" or "Moderately Important." The COSO ERM Certification and RIMS-CRMP certification were the second and third highest, with nearly equal percentages (48% and 47%, respectively) of respondents characterizing these as "Very Important" or "Moderately Important." These top three certifications were the top selections across most demographic categories in this year's survey.

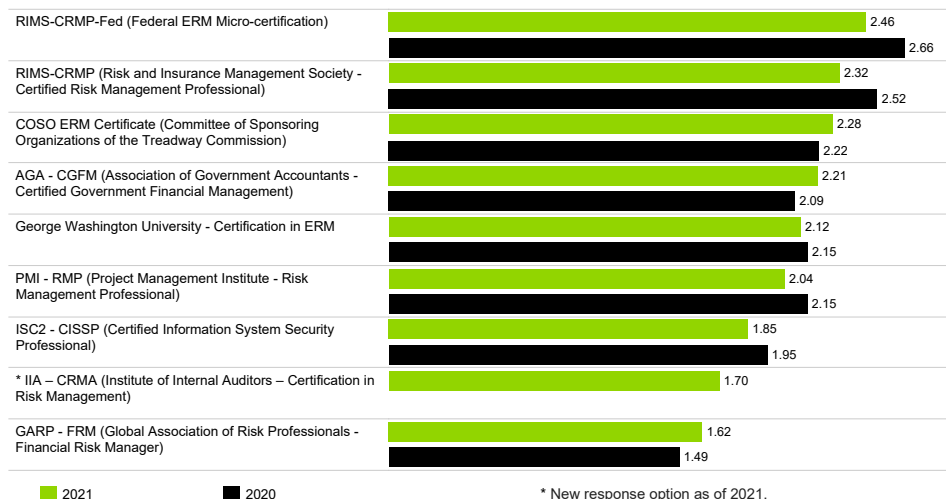
Q: Which industry standard(s) for ERM are you aware of? Please select all that apply.



Q: Which industry standard for Enterprise Risk Management does your organization predominately follow?



Q: What risk management or ERM certifications are you aware of and how important is it to you that you, your staff, or supporting contractors hold each certification?
(Results are displayed based on the mean response on a four-point scale: (1) Not Aware of this Certification; (2) Not Important, Useful, or Desirable; (3) Moderately Important, Useful, or Desirable; (4) Very Important, Useful, or Desirable.)



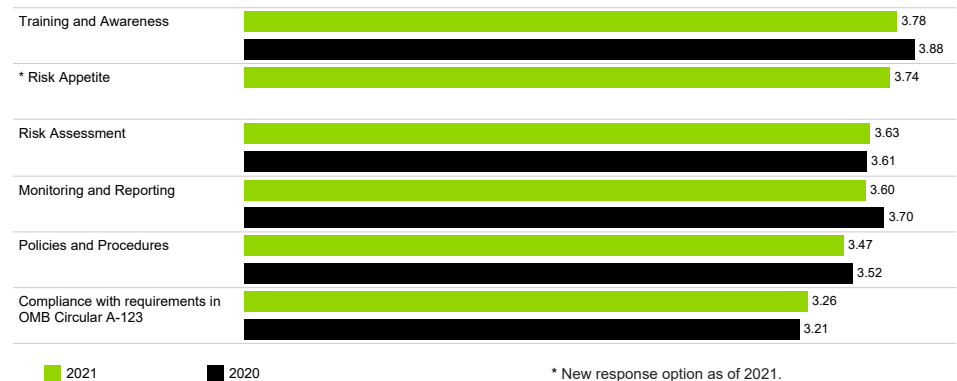
* New response option as of 2021.

Focus & Priorities

Focus & Improvement Opportunities for ERM Programs for the Next Year

“Training and Awareness” tops the list for the fourth straight year in terms of areas of ERM program focus over the next 12 months. However, it was closely followed by “Risk Appetite,” which is a newly added area to this year’s survey. Across nearly all demographic categories, these two categories were at or near the top of the list for this question. Since 2019, “Compliance with OMB Circular A-123” has remained in the last spot in terms of upcoming areas of focus for Federal ERM programs. This selection was last in nearly every demographic category this year.

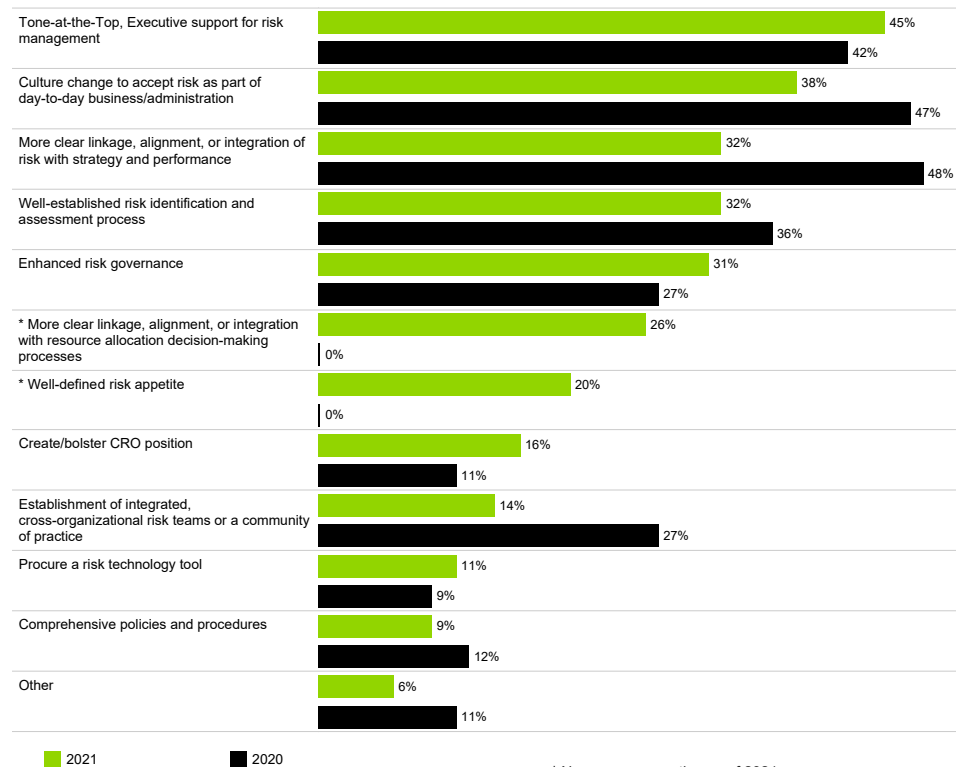
Q: To what extent does your ERM program plan to focus on each of the following over the next 12 months? (Results are depicted showing the average score for each of the five choices listed from the following scale: (1) Decrease significantly; (2) Decrease somewhat; (3) No change; (4) Increase somewhat; and (5) Increase significantly. The higher average scores reflect greater focus in the next 12 months.)



This year’s survey results show a notable shift in terms of the most impactful improvements organizations could make to better position themselves to respond to risks. **For the first time since 2018, “Tone-at-the-top, executive support for risk management” is at the top spot in the list, with just under half of respondents (45%) making that selection.** From a percentage standpoint, characteristics of organizations most likely to select this improvement area are:

- Organizations in which the ERM leader spends less than 10% of time on ERM (63%);
- Organizations with an ERM program characterized as in the initial maturity stage (67%);
- Organizations in which risk management is not included in SES performance plans (75%);
- Organizations in which the total annual ERM budget is less than \$25k (67%) or between \$25k and \$250k (64%).

Q: Please select the most impactful improvements that your organization could make to be better positioned to respond to CURRENT and ANTICIPATED risks? Please select up to three.



“Culture change to accept risk as part of day-to-day business/administration” (38%, down from 47% last year) remains in the #2 spot. “More clear linkage, alignment, or integration of risk with strategy and performance” (32%) moved down from #1 last year to #3 this year, tied with “Well-established risk identification and assessment.”

The rank order of the responses across demographic groups are not homogenous this year. While the top four categories remain fairly consistent, there are some notable differences. For organizations led by non-CROs, “Culture change to accept risk as part of day-to-day business / administration” falls lower on the list of impactful improvements, at the number #7 spot, whereas this improvement ranks #1 for organizations with ERM programs led by CROs.

Organizations with ERM programs that report to an Agency Head or Deputy tend to rank “Tone-at-the-top, executive support for risk management” near the bottom of the list of impactful improvements; however, for organizations in which the ERM program reports to someone other than the Agency Head or Deputy, “Tone-at-the-top” ranks #1 on the list. Also, there are some notable differences between smaller and larger organizations. For small organizations, “Culture change to accept risk as part of day-to-day business / administration” is the #1 most impactful improvement identified; however, for larger organizations, this improvement area is in the #8 spot.

Enterprise Risks

In this section, the focus and priorities for enterprise risks are explored from three perspectives:

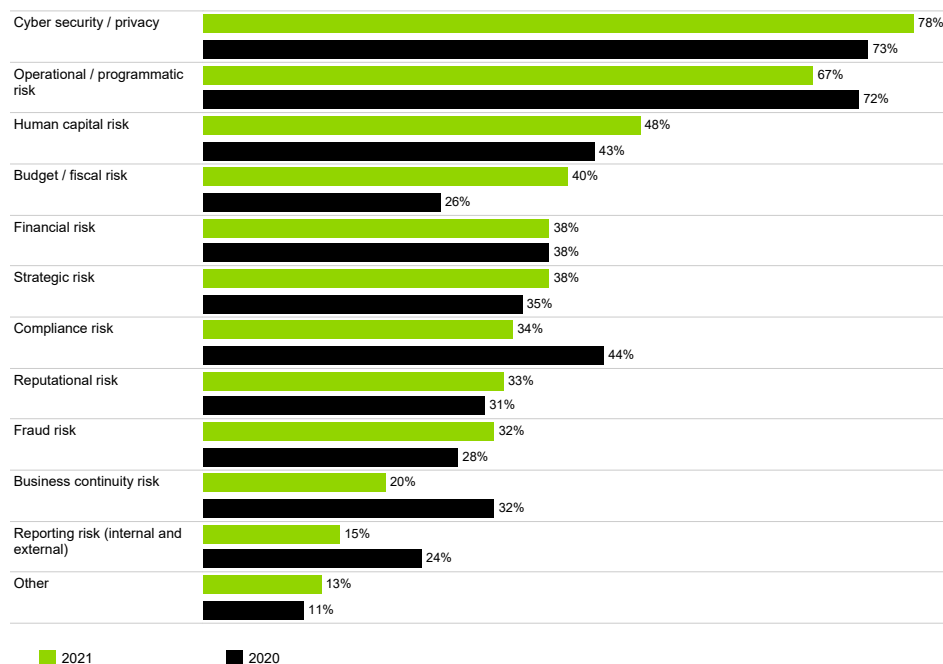
1. Management’s current focus on risks
2. Perception of risks currently believed to have the greatest impact on the achievement of strategic objectives, regardless of management’s focus
3. Perception of risks anticipated to have the greatest impact on the achievement of strategic objectives over the next 3-5 years, again regardless of management’s focus

Management’s Current Focus on Risks

“Cyber security/privacy” (78%) is again at the top of the list this year in terms of the risk which is capturing management’s greatest allocation of resources. **“Operational/programmatic risk” (67%, down from 72% a year ago) remains in the second spot in this year’s ranking,** followed by “Human Capital risk” at #3 (48%, compared to 43% last year), “Budget/ Fiscal risk” (40% this year, up from 26% last year) at #4, and Financial risk and Strategic risk tied at 38%, rounding out the top five spots this year.

It is worth noting the percentage of respondents that selected “Business Continuity risk” as one of the risks which is capturing management’s greatest allocation of resources dropped to pre-pandemic levels from 32% in 2020 to 22% in 2021.

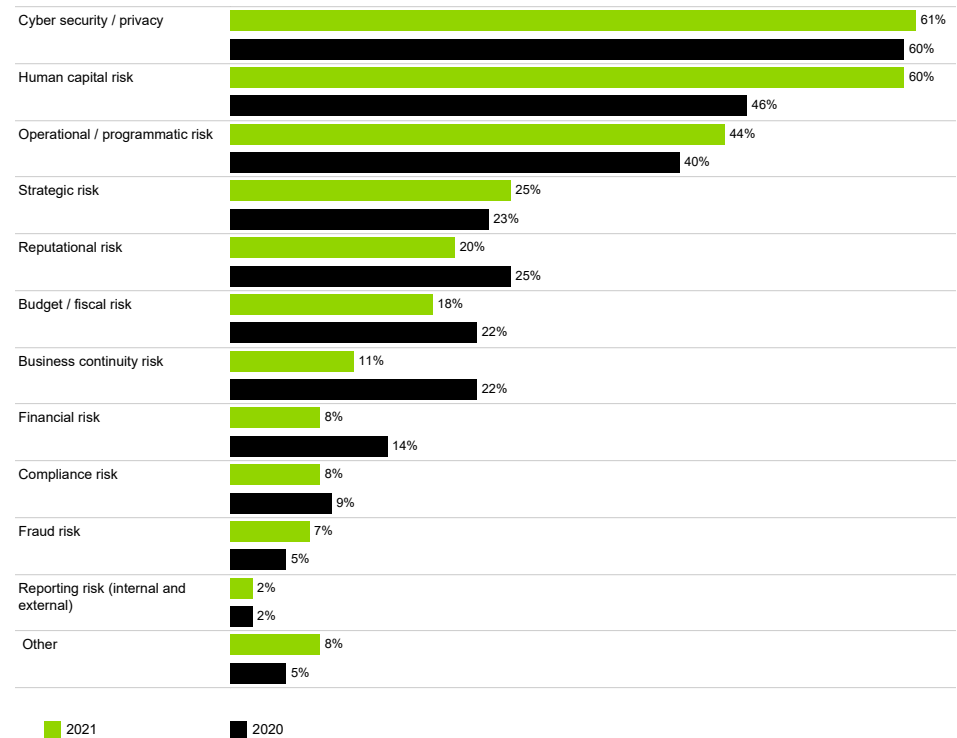
Q: Which types of risk does your management focus resources on the MOST? Please select all that apply.



Perception of risks currently believed to have the greatest impact on strategic objectives

In terms of risks currently perceived as having the most significant impact on organizations' ability to meet its mission or strategic objectives, regardless of actual management focus, **the rank order of responses this year is nearly identical to the prior two years**, with "Cyber security/privacy" at the top (61%, up from 60% a year ago), followed by "Human Capital risk" (60%, up from 46% last year), "Operational/programmatic risk" (44%, up from 40% last year), "Strategic risk" (25%, up from 23% a year ago), and "Reputational risk" (20%, down from 25% a year ago) taking the top 5 spots this year.

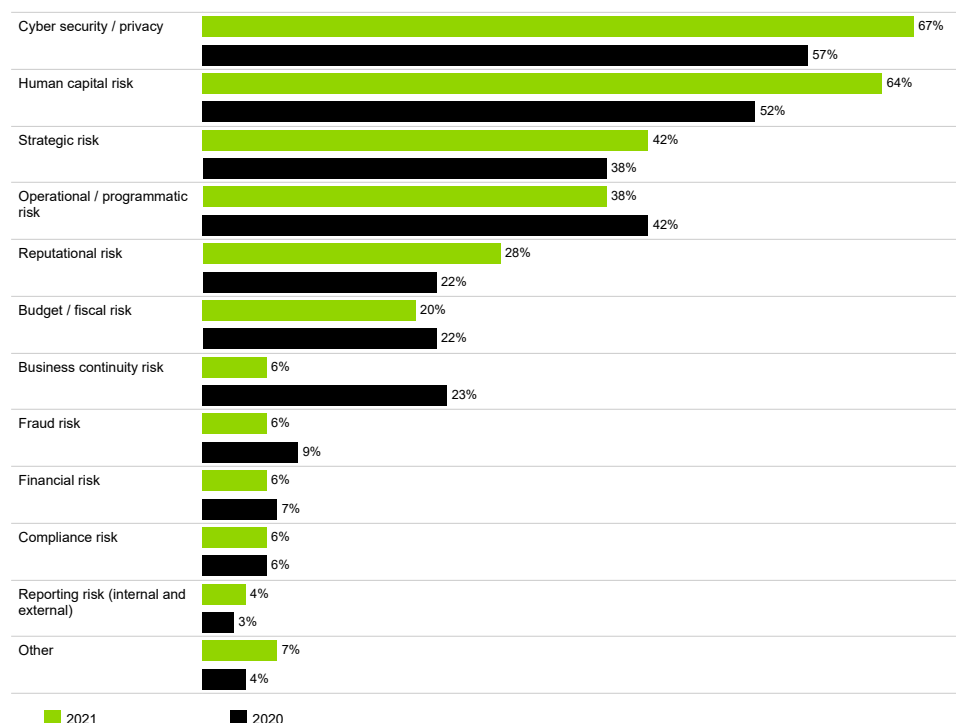
Q: Regardless of management focus, which types of risk are CURRENTLY perceived as the highest to your organization's ability to meet the mission or strategic objectives? Please select up to three.



Perception of risks anticipated to have the greatest impact on strategic objectives over the next 3-5 years

In terms of risks believed to have the greatest impact on strategic objectives over the next 3-5 years, the rank order of the top four responses is identical to last year, with "Cyber security/privacy" at the top (67%, up from 57% last year), followed by "Human Capital risk" (64%, up from 52% last year), "Strategic risk" (42%, up from 38% last year), "Operational/programmatic risk" (38%, down from 42% last year), and "Reputational risk" (28%, up from 22% last year). Moving significantly down the list from #5 to #8 is "Business Continuity risk."

Q: Regardless of management focus, which types of risk do you ANTICIPATE to have the highest impact in the next 3-5 years on your organization's ability to meet the mission or strategic objectives? Please select up to three.



Comparison: Current Management Focus vs. Perception of Current and Future Risks

Summary: Top 5 by Category

The following tables summarize the top five results for each of the previous three questions.

Management's Current Focus on Risks	Perception of Risks <i>Currently</i> Believed to have the Greatest Impact on Strategic Objectives	Perception of Risks <i>Anticipated</i> to have the Greatest Impact on Strategic Objectives over the Next 3-5 Years
1. Cybersecurity/Privacy (78%)	1. Cybersecurity/Privacy (61%)	1. Cybersecurity/Privacy (67%)
2. Operational/Programmatic Risk (67%)	2. Human Capital Risk (60%)	2. Human Capital Risk (64%)
3. Human Capital Risk (48%)	3. Operational/Programmatic Risk (44%)	3. Strategic Risk (42%)
4. Budget/Fiscal Risk (40%)	4. Strategic Risk (25%)	4. Operational/Programmatic Risk (38%)
5. Strategic Risk and Financial Risk (tied at 38%)	5. Reputational Risk (20%)	5. Reputational Risk (23%)

As can be seen in the "Top 5" listings above, there continues to be high correlation across these categories for several risk types such as Cyber Security/Privacy, which is at the top of all three categories, **indicating proper alignment between the perceived severity of the risk with the amount of management attention**. Human Capital Risk and Operational/Programmatic Risk also appear in the Top 4 across all three questions in this section. However, as can be seen in the following charts, **some risk types are currently receiving significantly more attention from management compared to the perception of the current or perceived future risk**, including the areas of Compliance Risk, Financial Risk, Budget/Fiscal Risk, Fraud Risk, and Reporting Risk. For example:

- 34% of respondents identify Compliance Risk as receiving the most management attention, while only 8% of respondents perceive it as one of their organization's most significant risks, and only 6% perceive it as one of their most anticipated future risks.
- 38% of respondents identify Financial Risk as receiving the most management attention, while only 8% perceive it as one of their organization's most significant current risks, and only 6% perceive it as one of their most anticipated future risks.
- 40% of respondents identify Budget/Fiscal Risk as receiving the most management attention, while only 18% perceive it as one of their organization's most significant current risks, and only 20% perceive it as one of their most anticipated future risks.
- 32% of respondents identify Fraud Risk as receiving the most management attention, while only 7% perceive it as one of their organization's most significant current risks, and only 6% perceive it as one of their most anticipated future risks.
- 15% of respondents identify Reporting Risk as receiving the most management attention, while only 2% perceive it as one of their organization's most significant current risks, and only 4% perceive it as one of their most anticipated future risks.

These findings indicate a potential opportunity to reallocate resources that are currently being expended in these areas to focus on higher priorities and risks, given the low sense of actual current or future risks to their organizations.

Comparison: Current Management Focus vs. Perception of Current and Future Risks

(Note: Risks are arranged in alphabetical order.)



Execution, Performance, & Culture

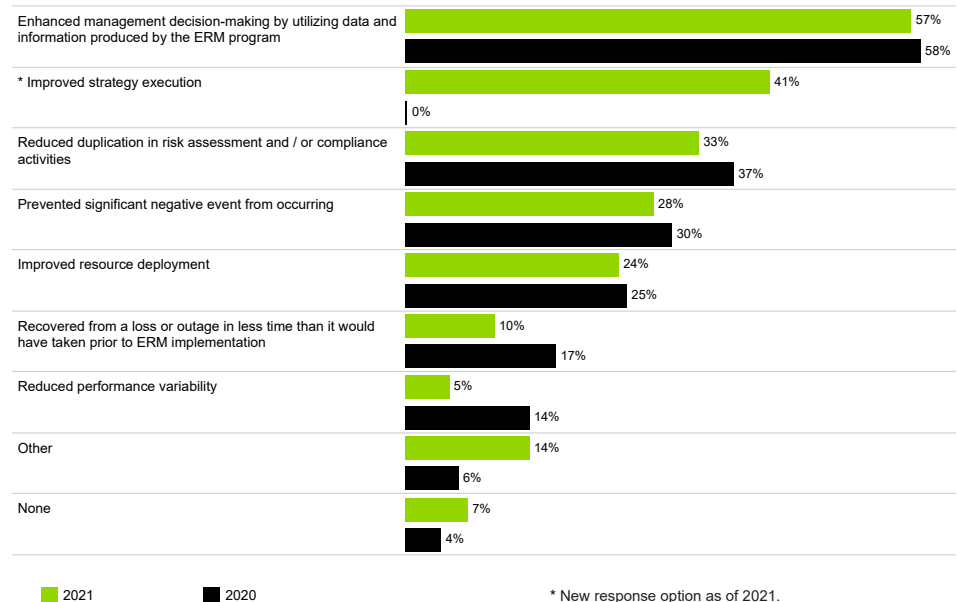
ERM Benefits

For the seventh consecutive year, “enhanced management decision-making by utilizing data and information produced by the ERM program” remains the most common benefit realized by organizations since introducing their ERM program, with 57% of respondents citing this benefit in the top spot this year (compared to 58% a year ago).

The new response option for 2021, “improved strategy execution,” was cited as this year’s second-highest benefit, with 41% of respondents citing this benefit over last year’s second-highest benefit, “reduced duplication in risk assessment and / or compliance activities,” which landed in third this year (33% this year, down from 37% last year). Rounding out this year’s top 5 are “prevented significant negative event from occurring” in fourth with 28% (down from 30% last year), and “improved resource deployment” at 24% (down from 25% a year ago).

Notable “Other” benefits identified by respondents this year include “greater communication across silos,” “better operational performance,” and “improved planning.”

Q: Since developing an ERM program, which of the following benefits has your organization realized? Please select all that apply.



Performance Evaluation of ERM Capabilities

Respondents identify declines in most of the performance-related questions in this section when compared to the previous year. As a whole, the deviations from the prior year are modest, however, all up or down by no more than 10%.

For many of these questions, organizations across the primary demographic categories – organizations where risk management is accounted for in all SES Performance Plans, where the ERM program is led by a CRO, where the ERM program reports to the Agency Head, where the ERM lead spends more than 50% of his/her time on ERM, and for organizations with longer duration ERM programs – are performing, on average, above the midpoint response.

Breakout categories in which the mean response is at least 15% greater than its counterpart is highlighted in the tables inserted below the text, as appropriate. Refer to the Mean Breakouts section for definitions of breakout categories.

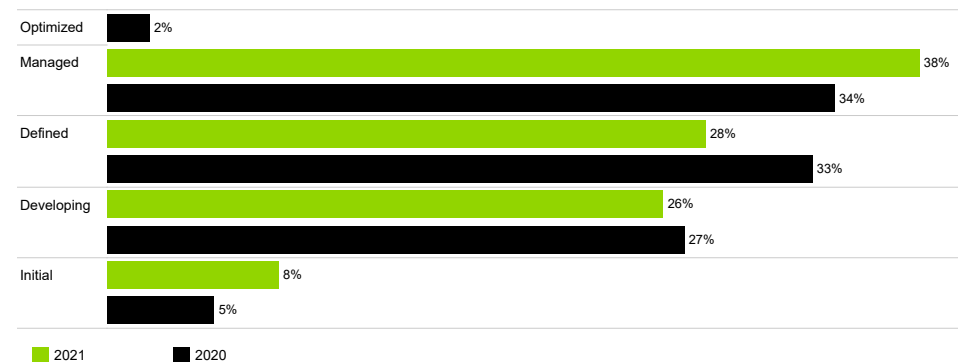
This year, 38% of respondents indicate their organization has achieved ERM program maturity of “Managed” (Level 4).

The percentage of respondents indicating their organization has an ERM maturity level of “Optimized” (Level 5) has always been low, but this year’s survey showed the smallest percentage to date, with no respondents selecting the highest maturity level. Meanwhile, the percentage of respondents characterizing the maturity of their organization’s ERM program as “Initial” (Level 1) rose from 5% last year to 8% this year, the highest level to date. The mean score across all respondents reflects these changes, **decreasing slightly from 3.02 last year to 2.96 this year.**

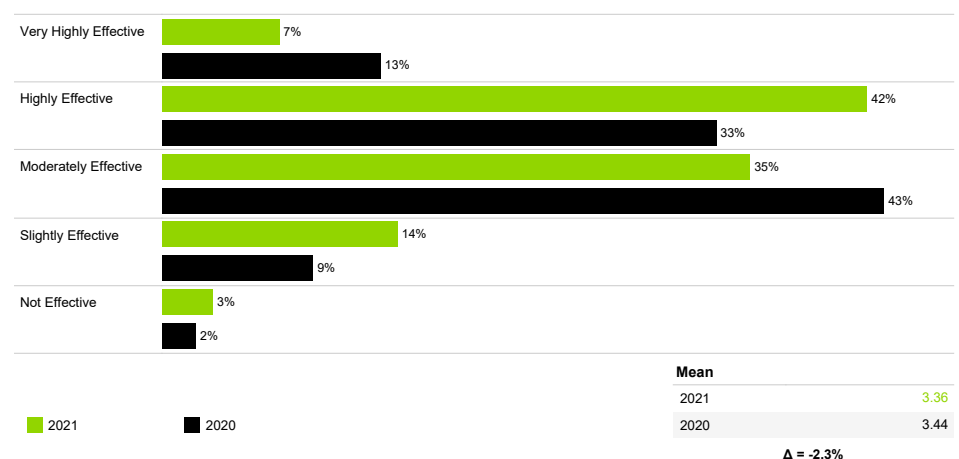
As in prior years, duration of program remains closely aligned with capability maturity – 43% of respondents from organizations with longer duration ERM programs (> 3 years) report having reached a maturity level of “Managed,” while only 19% of respondents with shorter duration ERM programs (< 3 years) report having reached this same maturity level.

Nearly half of ERM programs this year (49%, up from 45% last year) are rated as either “Very Highly Effective” or “Highly Effective” in designing and implementing the organization’s ERM capability, compared to 16% that are rated as either “Slightly Effective” or “Not Effective.” Responses were similar across demographic categories, with little variation across mean outcomes.

Q: Which of the following terms best characterizes the maturity level of your organization’s ERM program?



Q: How would you rate the effectiveness of your organization’s ERM program in designing, implementing, managing, and maturing the organization’s ERM capability?

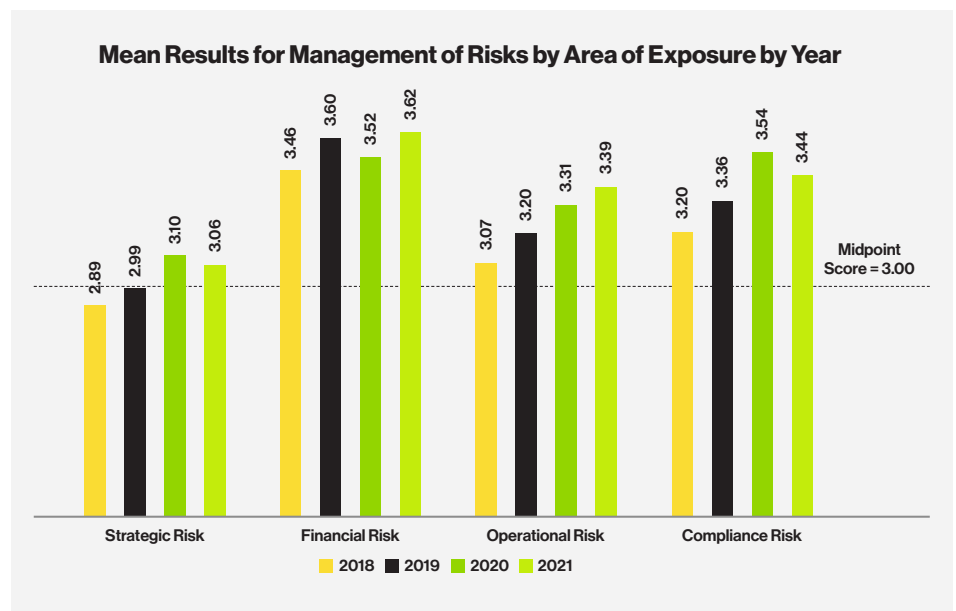


Last year, for the first time since we began asking this question in 2017, there was a change in the rank order of organizational ability to manage the different areas of risk. Performance in the context of compliance risk replaced financial risk in the top spot. This year, financial risk management regained the top spot, increasing from a mean value of 3.52 last year to 3.62 this year. **This year is the second consecutive year in which all organizations provide mean results that exceed the midpoint score of 3.00 for management of all four risk exposure areas.** This year, the rank order of organizational ability to manage the different areas of risk is:

1. Financial Risk (mean = 3.62)
2. Compliance Risk (mean = 3.44)
3. Operational Risk (mean = 3.39)
4. Strategic Risk (mean = 3.06)

As can be seen in the chart to the right, the upward trend of performance in all four of these risk areas has been interrupted this year, with slight positive improvement continuing for financial and operational risk but decreases in compliance and strategic risk.

Q: How well does your organization manage all areas of risk exposure?

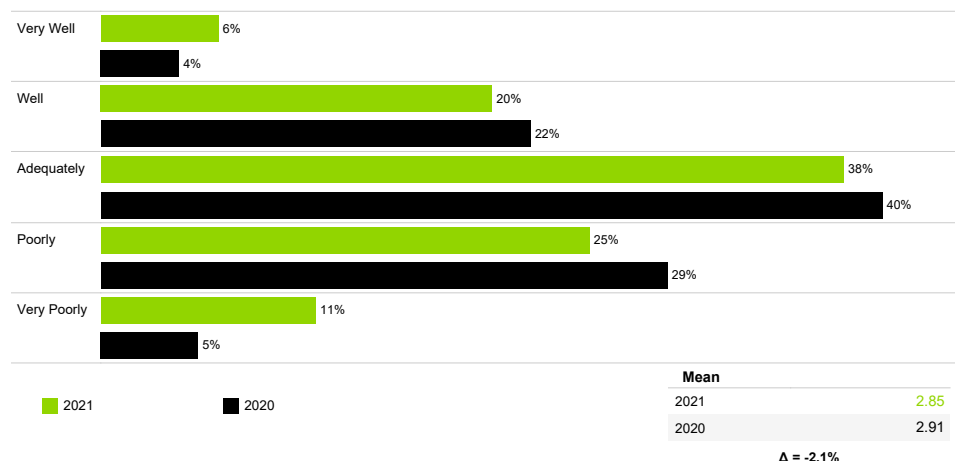


Respondents indicate a slight deterioration from a year ago when it comes to managing risk as an interrelated risk portfolio rather than individual silos. The mean response to this question decreased by about 2%, from 2.91 to 2.85.

Noteworthy Breakout Categories

SES Plan = All Longer Duration

Q: How do you rate how well your organization prioritizes and manages risk across the organizational structure as an interrelated risk portfolio rather than within individual silos?



Federal organizations demonstrate notable decrease from a year ago in terms of their ability to evaluate their risk portfolio in the context of all significant internal and external environments, systems, circumstances, and stakeholders. The mean response to this question decreased by 8.7% from a year ago, from 3.11 to 2.84 this year, ending a run of two consecutive years topping the midpoint score of 3.00.

Noteworthy Breakout Categories

SES Plan = All Longer Duration

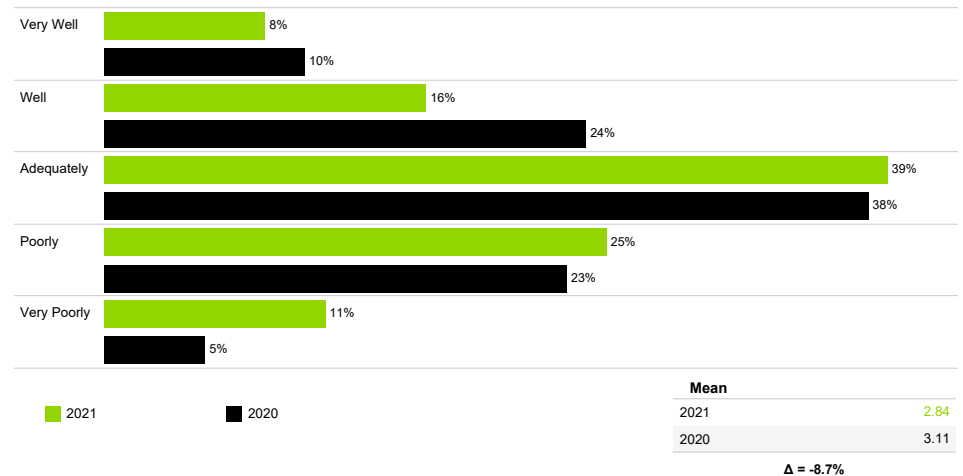
Performance in the area of organizations providing a structured process for the management of all risks dipped this year from its all-time high last year. The mean result of 3.01 is the second time this response has exceeded the midpoint score of 3.00. This year's result represents a 4.2% decrease over last year's mean score of 3.14. The percentage of respondents who rated their organizations "Very Well" dropped from 10% last year to 5% this year.

Federal organizations continue to demonstrate little change from a year ago in terms of their ability to view effective risk management as a value add / organizational advantage. The mean response to this question decreased from 3.11 a year ago to 3.10 this year. However, it is worth noting that the percentage of respondents who rate how their organizations view effective risk management as "Very Well" as an organizational advantage jumped from 4% in 2020 to 14% in 2021.

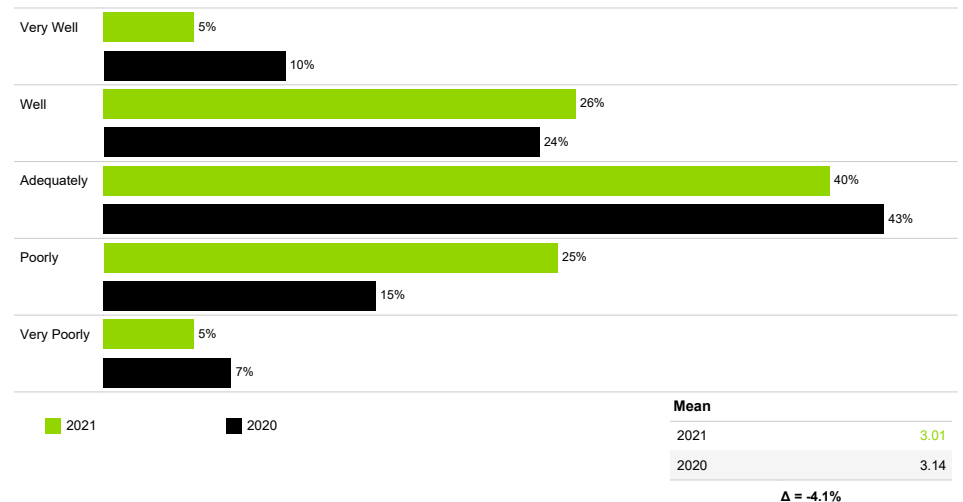
Noteworthy Breakout Categories

SES Plan = All

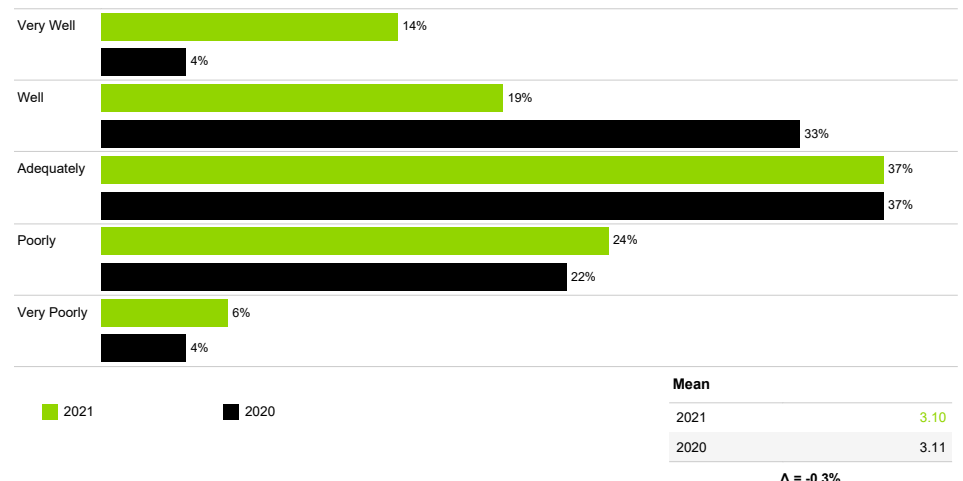
Q: How well does your organization evaluate the risk portfolio in the context of all significant internal and external environments, systems, circumstances, and stakeholders?



Q: How well does your organization provide a structured process for the management of all risks?



Q: How well does your organization view the effective management of risk as a value add / organizational advantage?



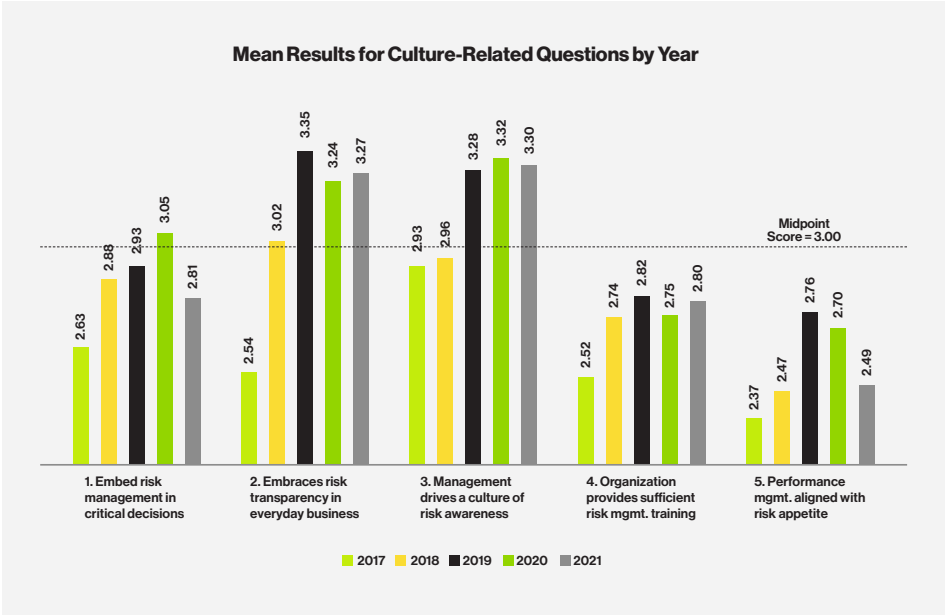
ERM & Culture

As in prior years, the survey's questions and analysis relating to ERM & Culture highlight some of the challenges confronting Federal organizations. The survey portrays **culture and leadership-related challenges as being the most prominent barriers** facing organizations attempting to establish and maintain a formal ERM program (with "Bridging silos across organizations," "Rigid culture resistant to change," and "Executive level buy-in and support," as the top three items selected).

In addition, the survey identifies the **culturally-related** "Tone-at-the-Top, Executive support for risk management" and "Culture change to accept risk as part of day-to-day business/administration" as the **top two most impactful improvements** organizations could make to better position themselves for current and anticipated risks.

Culture Trends: Responses to the culture related questions this year **indicate some decreases in performance when compared to last year, with stagnation or slight improvements in others.** Results show the mean scores of two of the culture related questions decreased by about 8%, while scores for a third question increased by only 1.8%. The remaining two questions show mean scores that are approximately level with prior year results, changing less than 1%.

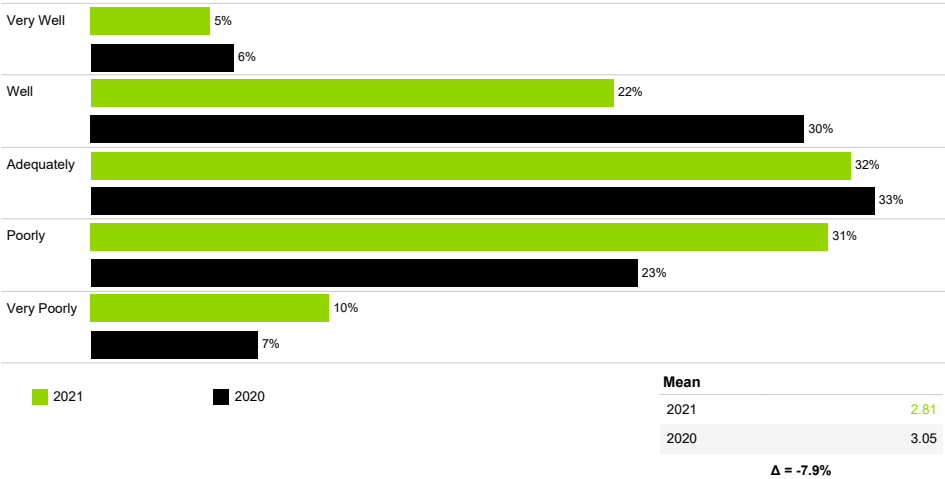
The organizational characteristics that are more highly correlated with better adoption of the cultural tenets of ERM are: organizations where the ERM Program Maturity is rated as either "Managed" or "Optimized"; organizations with longer Duration ERM Programs; and organizations that include ERM or risk management in the performance plans for all Senior Executives.



Fewer respondents this year (27%) compared to a year ago (36%) say their organizations seek to embed risk management as a component in all critical decisions "Well" or "Very Well." Similarly, the mean result for this cultural attribute dipped to 2.81 this year from 3.05 a year ago (down 7.9%).

Noteworthy Breakout Categories	
SES Plan = All	

Q: How do you rate how well your organization seeks to embed risk management as a component in all critical decisions throughout the organization?



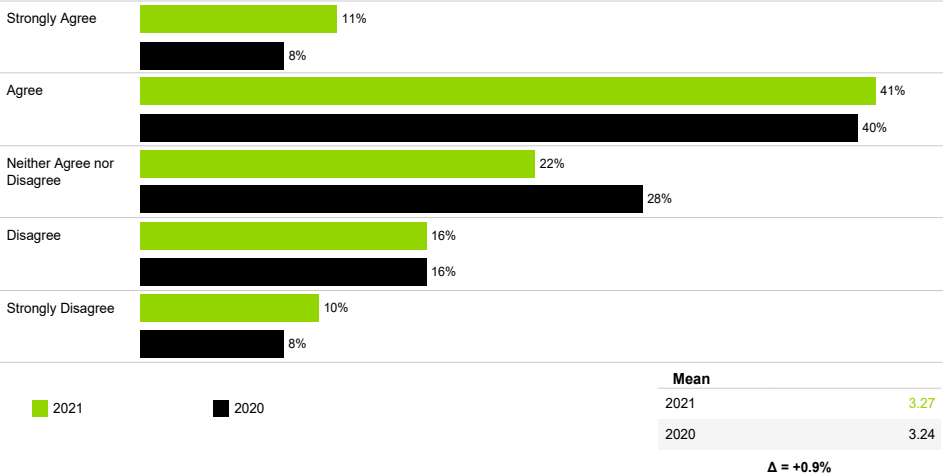
More than half of this year’s respondents (52%) either “Agree” or “Strongly Agree” that their organizations embrace risk transparency and promote openness when discussing risk-related issues. With a slight (0.9%) increase in results compared to last year (mean = 3.27 this year compared to 3.24 a year ago), embracing the cultural aspects of risk transparency is the second-highest rated culture-related question in our survey this year.

Noteworthy Breakout Categories	
SES Plan = All	Longer Duration

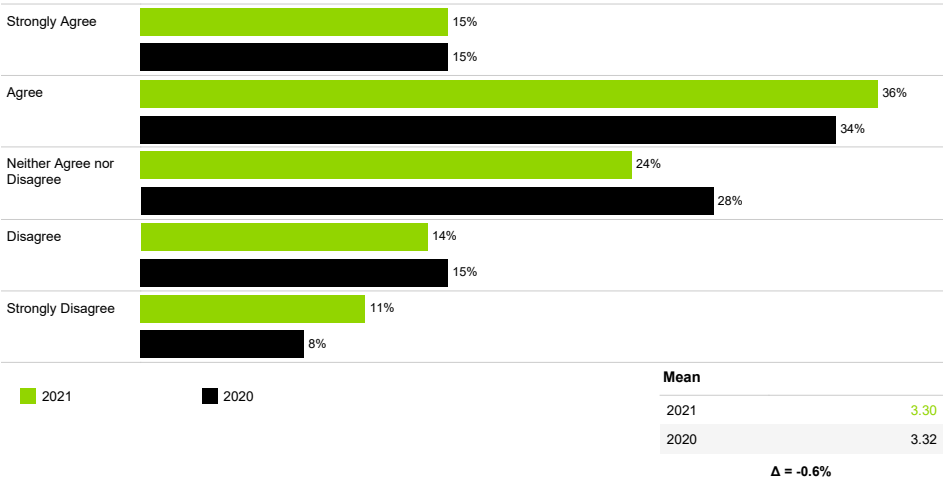
Reflecting leadership’s role in establishing a culture that is open to transparent, risk aware behavior, there is a slightly lower response than last year with mean results of 3.30 and 3.32, respectively (-0.6% change). This is reflective of 51% of respondents indicating that they “Strongly Agree” or “Agree” with the existence of this trait in their organization, compared to only 25% who “Disagree” or “Strongly Disagree.” As the highest-rated culture culture-related question in our survey this year (mean = 3.30), the only demographic category whose mean failed to breach the midpoint response is ERM = No.

Noteworthy Breakout Categories	
SES Plan = All	

Q: My organization embraces the cultural aspects of risk transparency and promotes an environment where managers and staff are open to discussing risks as a part of everyday business.



Q: In my organization, management drives a culture of risk awareness and openness through the tone at the top, which encourages employees to identify, report, and escalate potential risks.

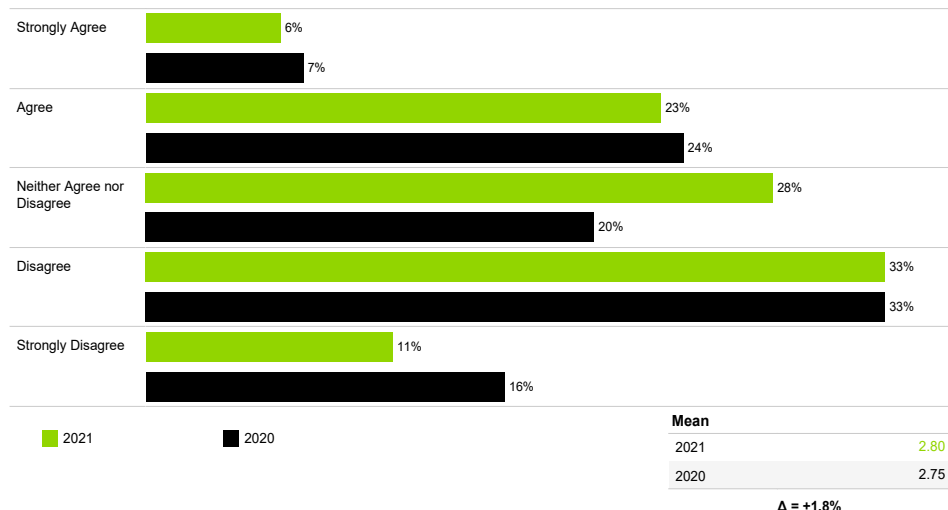


Respondents continue to identify insufficient ERM training to date, with 44% of respondents indicating this year they “Disagree” or “Strongly Disagree” with the statement that their organization provides sufficient risk management training for staff, compared to 29% who “Agree” or “Strongly Agree” with the statement. The overall mean response is 2.80 for 2021. The only demographic category whose mean breaches the midpoint response is Long Duration (> 3 years).

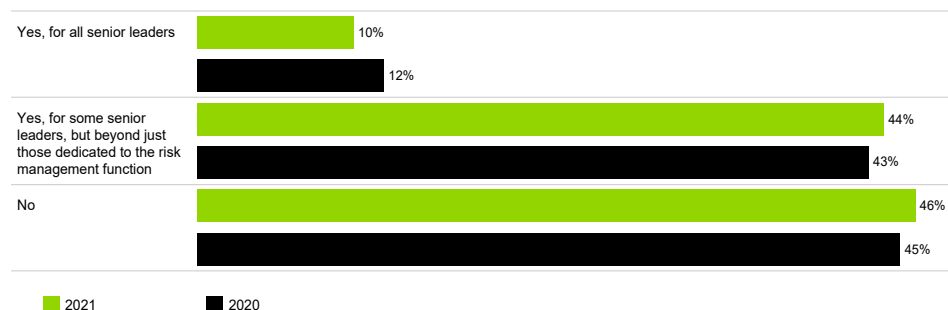
This year, the percentage of respondents reporting their organizations incorporate a specific evaluation of ERM or risk management-related activities in the performance plans of all its senior leaders dropped slightly from 12% to 10%. However, that figure rises to 54% when considering at least some of the organization’s SES (or equivalent), which is just less than last year’s combined result of 55%. **Organizations that include risk management-related activities in at least some of their SES performance plans are also more common for organizations with longer duration ERM programs** (65%, compared to 20% for those with shorter duration ERM programs).

Given the low adoption rate of well-communicated and integrated risk appetite statements, it is not surprising that having a performance management system that is aligned with the organization’s risk appetite remains low. Only 17% of respondents indicate that they “Strongly Agree” or “Agree” that such alignment exists in their organization, compared to 52% which indicate that they “Disagree” or “Strongly Disagree.” The mean response to this question remains the lowest in this section on ERM & Culture at 2.49, which represents a continued decrease over the past two years. The only demographic category whose mean breaches the midpoint response is “SES Plan = All.”

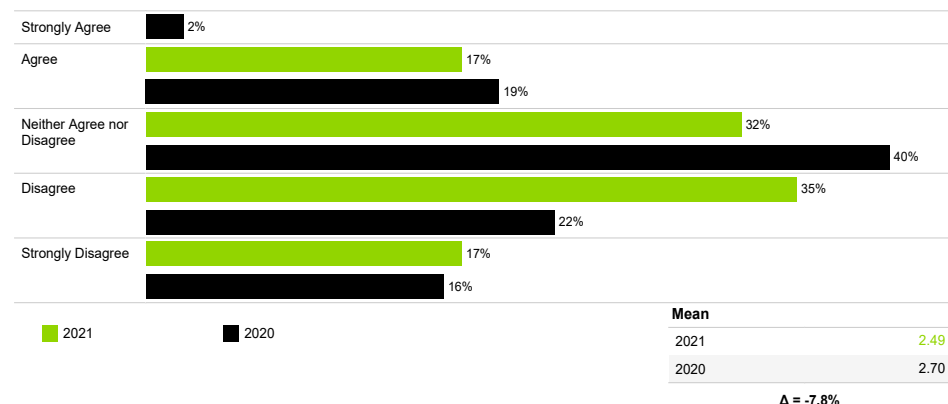
Q: My organization provides sufficient risk management training for staff to effectively and efficiently carry out their risk management responsibilities.



Q: Do the performance plans of senior leaders (SES or equivalent) at your organization include specific expectations to support or undertake ERM or risk management related activities that are then used for evaluative purposes?



Q: My organization’s performance management system is designed in alignment with my organization’s risk appetite, and encourages an appropriate level of risk-taking in the pursuit of strategic objectives while maintaining accountability.



Noteworthy Breakout Categories

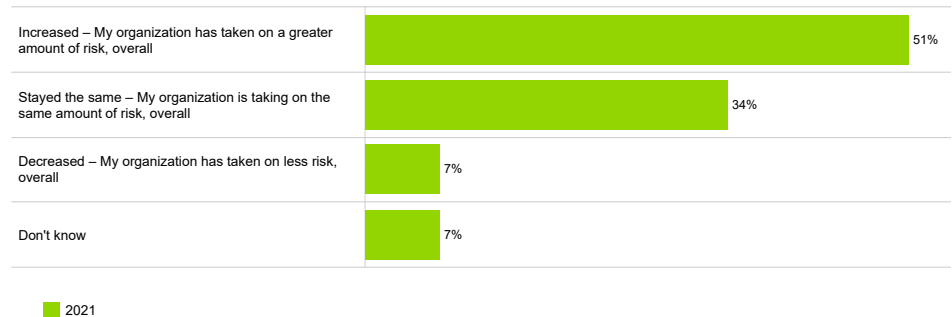
SES Plan = All Longer Duration

Impact of COVID-19 on the Federal ERM Community

Several questions were added to this year's survey to obtain information on some of the ongoing impacts of COVID-19 on the Federal ERM community. These questions replace COVID-19-related questions that were asked in last year's survey, which were more applicable to the early stages of the pandemic.

Slightly more than half (51%) of respondents indicated their organization's overall risk appetite increased as a result of the pandemic. Approximately one-third (34%) indicated their overall risk appetite stayed the same, and only 7% indicated that they took on less risk, overall.

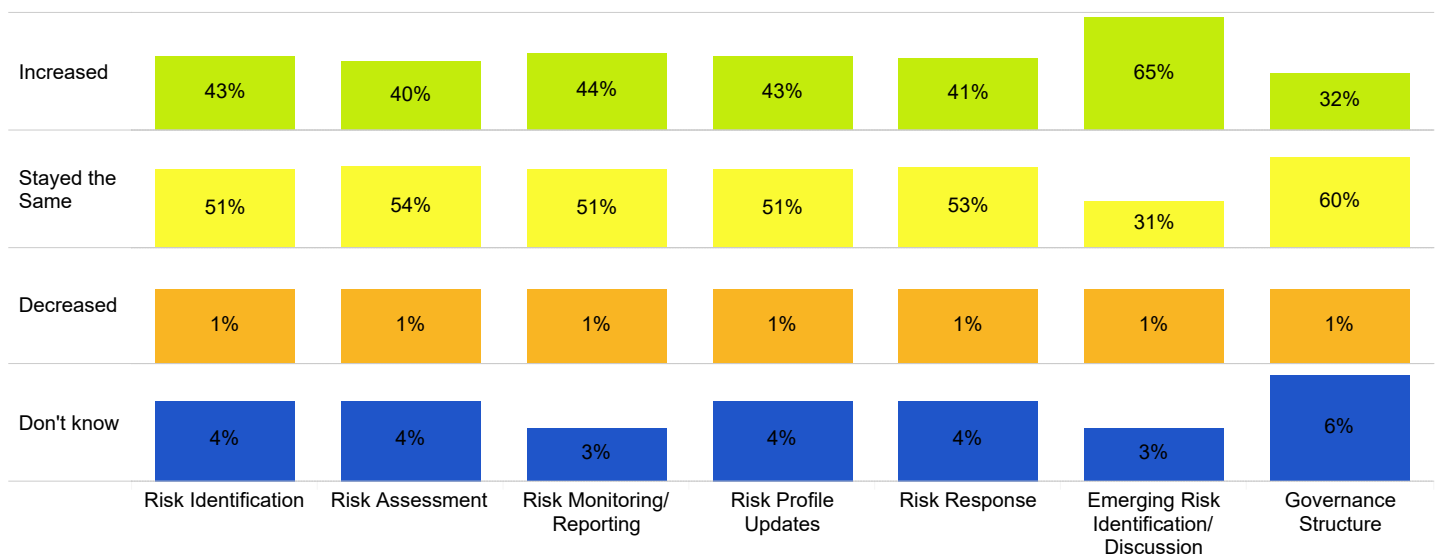
Q: How has your organization's overall risk appetite changed as a result of the pandemic?



There are a few notable differences among demographic categories. Large organizations (67%) were more likely than small organizations (41%) to report increased risk appetite. Organizations with a CRO-led ERM program (47%) were less likely to report an increase in risk appetite than others (56%).

Organizations where the ERM program leader reports to the Agency Head or Deputy to the Agency Head (73%) were much more likely to report an increased risk appetite than organizations that report to others (38%). Organizations in which the ERM program leader reports to someone other than the Agency Head or Deputy to the Agency Head were much more likely to report that their risk appetite stayed the same (40% vs. 23%).

Q: How have your organization's ERM activities changed as a result of the pandemic?

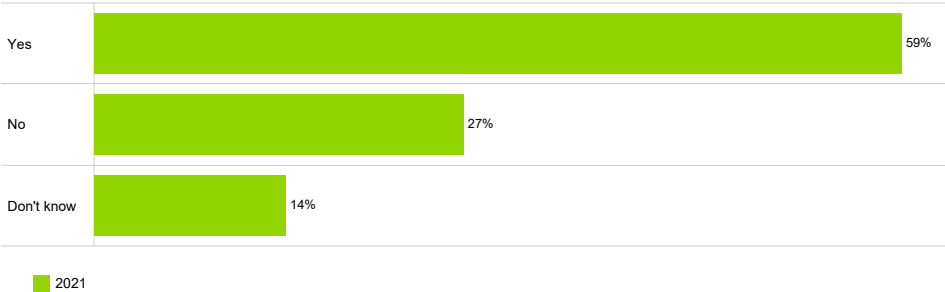


Almost no organizations reported that their ERM activities decreased as a result of the pandemic. Nearly all respondents indicated their activities either increased or stayed the same. For most of the ERM activities listed in the survey, respondents were slightly more likely to indicate that activities stayed the same. The one notable exception is “Emerging Risk Identification/Discussion,” for which 65% of respondents indicated an increase in this ERM-related activity, more than twice the percentage that indicated it stayed the same (31%). This outcome is more pronounced in larger organizations (74% increased vs. 22% stayed the same) and in organizations in which the ERM program reports to the CFO (80% increased vs. 15% stayed the same).

Consistent with responses to the previous question, nearly 6 out of 10 respondents (59%) said the COVID-19 pandemic had caused their organizations to include emerging risks on their enterprise risk profiles in 2021, as compared to only 27% of respondents who said the pandemic had not forced inclusion of emerging risks on their risk profiles this year.

The demographic most likely to report their enterprise risk profile now includes emerging risks is organizations with ERM programs that report to the CFO. Nearly all (94%) of these respondents selected this response.

Q: Has your organization's enterprise risk profile changed to include emerging risks as a result of the pandemic?



Given the significant impact of COVID-19 on nearly every aspect of how agencies operate, it is unsurprising that the most prominent new/ emerging risks cited in response to this question are directly related to COVID-19, including risks to the health and safety of employees. A number of downstream impacts of COVID-19 also were reported by respondents, including supply chain risks, cybersecurity/information technology risks related to the shift to a primarily telework environment, risks related to implementing new legislation passed in response to the pandemic, and risks related to organizational resilience and continuity of operations.

The second most-prominent theme among responses is risks associated with climate change and natural disasters. Several respondents also cited equity-related risks.

Mean Breakouts

Select Survey Results by Demographic Categories

This year's survey included a total of 14 questions that requested responses consistent with a five-point Likert Scale, ranging either from "Strongly Agree" to "Strongly Disagree" or "Very Well" to "Very Poorly." These questions fell into three broad categories:

- ERM Integration with Other Organizational Processes
- Performance Evaluation of ERM Capabilities
- ERM & Culture

Legend

- Mean results greater than 3.20
- Mean results between 2.80 and 3.20
- Mean results less than 2.80
- % Delta greater than 25%
- % Delta between 10% and 25%
- % Delta less than 10%

The questions enable the calculation of mean results at both the overall question level as well as for each demographic category. The tables on the following three pages provide those means as calculated for the six most prominent demographic categories employed in this year's survey. The integration questions were not posed to respondents from organizations without an ERM program.

The following table provides the long description of each demographic category, aligned to the shorthand notation used in the subsequent data tables.

Shorthand Notation	Full Description	Shorthand Notation	Full Description
ERM = Yes	Organization has an ERM Program	ERM = No	Organization does not have an ERM Program
CRO-Led	ERM Program is led by a Chief Risk Officer	Non-CRO-Led	ERM Program is not led by a Chief Risk Officer
Report to Head	ERM Lead reports to Agency Head	Report to Other	ERM Lead reports to someone else
Lead > 50% on ERM	Lead spends more than 50% of time on ERM	Lead < 50% on ERM	Lead spends less than 50% of time on ERM
SES Plans = All	ERM is included in all SES Performance Plans	SES Plans = Some/Ø	ERM in some/none SES Performance Plans
Longer Duration	ERM Program has existed for 3 or more years	Shorter Duration	ERM Program has existed for less than 3 years

ERM Integration with Other Organizational Processes

To what extent has your organization integrated your Enterprise Risk Management program with your Management Internal Control program?

Category	Mean	Category	Mean	Delta
CRO-Led	2.75	Non-CRO-Led	2.89	-4.8%
Report to Head	2.47	Report to Other	2.91	-15.3%
Lead > 50% on ERM	2.65	Lead < 50% on ERM	2.97	-11.0%
SES Plans = All	2.00	SES Plans = Some/Ø	3.02	-33.8%
Longer Duration	2.81	Shorter Duration	2.69	4.5%

To what extent has your organization integrated Enterprise Risk Management into strategic planning?

Category	Mean	Category	Mean	Delta
CRO-Led	2.81	Non-CRO-Led	2.81	0.0%
Report to Head	2.87	Report to Other	2.79	2.8%
Lead > 50% on ERM	2.88	Lead < 50% on ERM	2.74	5.3%
SES Plans = All	3.75	SES Plans = Some/Ø	2.74	36.6%
Longer Duration	2.96	Shorter Duration	2.38	24.7%

To what extent has your organization integrated ERM into budgetary processes?

Category	Mean	Category	Mean	Delta
CRO-Led	2.33	Non-CRO-Led	2.53	-7.7%
Report to Head	2.53	Report to Other	2.40	5.4%
Lead > 50% on ERM	2.47	Lead < 50% on ERM	2.39	3.2%
SES Plans = All	3.50	SES Plans = Some/Ø	2.30	52.3%
Longer Duration	2.54	Shorter Duration	2.06	23.1%

To what extent has your organization integrated ERM into execution processes (e.g., performance management and execution oversight)?

Category	Mean	Category	Mean	Delta
CRO-Led	2.61	Non-CRO-Led	2.42	8.0%
Report to Head	2.27	Report to Other	2.58	-12.1%
Lead > 50% on ERM	2.53	Lead < 50% on ERM	2.50	1.2%
SES Plans = All	3.50	SES Plans = Some/Ø	2.40	45.6%
Longer Duration	2.73	Shorter Duration	2.00	36.5%

Performance Evaluation of ERM Capabilities

How would you rate the effectiveness of your organization's ERM program in designing, implementing, managing, and maturing the organization's ERM capability?

Category	Mean	Category	Mean	Delta
CRO-Led	3.53	Non-CRO-Led	3.21	9.9%
Report to Head	2.94	Report to Other	3.49	-15.8%
Lead > 50% on ERM	3.46	Lead < 50% on ERM	3.28	5.3%
SES Plans = All	3.60	SES Plans = Some/Ø	3.36	7.1%
Longer Duration	3.46	Shorter Duration	3.06	13.1%

How well does your organization prioritize and manage risk across the organizational structure as an interrelated risk portfolio rather than within individual silos?

Category	Mean	Category	Mean	Delta
ERM = Yes	3.01	ERM = No	2.00	50.7%
CRO-Led	2.97	Non-CRO-Led	2.77	7.4%
Report to Head	2.57	Report to Other	3.13	-17.8%
Lead > 50% on ERM	3.09	Lead < 50% on ERM	2.94	5.1%
SES Plans = All	3.50	SES Plans = Some/Ø	3.02	15.8%
Longer Duration	3.12	Shorter Duration	2.60	20.1%

How well does your organization evaluate the risk portfolio in the context of all significant internal and external environments, systems, circumstances, and stakeholders?

Category	Mean	Category	Mean	Delta
ERM = Yes	2.96	ERM = No	2.17	36.4%
CRO-Led	2.91	Non-CRO-Led	2.78	4.5%
Report to Head	2.79	Report to Other	3.00	-7.1%
Lead > 50% on ERM	2.97	Lead < 50% on ERM	2.94	0.9%
SES Plans = All	3.50	SES Plans = Some/Ø	2.95	18.5%
Longer Duration	3.15	Shorter Duration	2.33	34.8%

How well does your organization provide a structured process for the management of all risks?

Category	Mean	Category	Mean	Delta
ERM = Yes	3.19	ERM = No	2.08	53.6%
CRO-Led	3.24	Non-CRO-Led	2.85	13.5%
Report to Head	2.85	Report to Other	3.27	-13.0%
Lead > 50% on ERM	3.25	Lead < 50% on ERM	3.14	3.5%
SES Plans = All	3.50	SES Plans = Some/Ø	3.20	9.4%
Longer Duration	3.22	Shorter Duration	3.07	5.1%

How well does your organization view the effective management of risk as a value add / organizational advantage?

Category	Mean	Category	Mean	Delta
ERM = Yes	3.25	ERM = No	2.25	44.6%
CRO-Led	3.22	Non-CRO-Led	3.02	6.5%
Report to Head	3.08	Report to Other	3.30	-6.7%
Lead > 50% on ERM	3.37	Lead < 50% on ERM	3.16	6.5%
SES Plans = All	3.75	SES Plans = Some/Ø	3.14	19.6%
Longer Duration	3.21	Shorter Duration	3.47	-7.5%

ERM & Culture

How well does your organization seek to embed risk management as a component in all critical decisions throughout the organization?

Category	Mean	Category	Mean	Delta
ERM = Yes	2.94	ERM = No	2.15	36.6%
CRO-Led	2.91	Non-CRO-Led	2.74	6.1%
Report to Head	3.00	Report to Other	2.93	2.5%
Lead > 50% on ERM	2.88	Lead < 50% on ERM	3.00	-4.2%
SES Plans = All	3.75	SES Plans = Some/Ø	2.89	29.9%
Longer Duration	3.00	Shorter Duration	2.80	7.1%

In my organization, management drives a culture of risk awareness and openness through the tone at the top, which encourages employees to identify, report, and escalate potential risks.

Category	Mean	Category	Mean	Delta
ERM = Yes	3.43	ERM = No	2.62	31.3%
CRO-Led	3.21	Non-CRO-Led	3.36	-4.4%
Report to Head	3.69	Report to Other	3.37	9.6%
Lead > 50% on ERM	3.26	Lead < 50% on ERM	3.58	-9.1%
SES Plans = All	4.25	SES Plans = Some/Ø	3.29	29.2%
Longer Duration	3.53	Shorter Duration	3.25	8.7%

My organization embraces the cultural aspects of risk transparency and promotes an environment where managers and staff are open to discussing risks as a part of everyday business.

Category	Mean	Category	Mean	Delta
ERM = Yes	3.40	ERM = No	2.62	29.9%
CRO-Led	3.24	Non-CRO-Led	3.30	-1.9%
Report to Head	3.54	Report to Other	3.36	5.2%
Lead > 50% on ERM	3.34	Lead < 50% on ERM	3.44	-2.9%
SES Plans = All	4.00	SES Plans = Some/Ø	3.29	21.6%
Longer Duration	3.60	Shorter Duration	2.88	25.4%

My organization provides sufficient risk management training for staff to effectively and efficiently carry out their risk management responsibilities.

Category	Mean	Category	Mean	Delta
ERM = Yes	2.88	ERM = No	2.38	20.8%
CRO-Led	2.79	Non-CRO-Led	2.80	-0.4%
Report to Head	2.83	Report to Other	2.89	-2.0%
Lead > 50% on ERM	2.81	Lead < 50% on ERM	2.94	-4.4%
SES Plans = All	2.25	SES Plans = Some/Ø	2.96	-23.9%
Longer Duration	3.00	Shorter Duration	2.67	12.5%

My organization's performance management system is designed in alignment with my organization's risk appetite and encourages an appropriate level of risk-taking in the pursuit of strategic objectives while maintaining accountability.

Category	Mean	Category	Mean	Delta
ERM = Yes	2.57	ERM = No	2.08	23.7%
CRO-Led	2.38	Non-CRO-Led	2.57	-7.4%
Report to Head	2.50	Report to Other	2.58	-3.3%
Lead > 50% on ERM	2.32	Lead < 50% on ERM	2.79	-16.9%
SES Plans = All	3.00	SES Plans = Some/Ø	2.53	18.4%
Longer Duration	2.72	Shorter Duration	2.20	23.5%

Acknowledgments and Contact Information

This survey report is the product of a collaborative effort between Guidehouse and AFERM. We extend our gratitude to the individuals from the Federal ERM community who responded to our online survey. Our analysis and reporting would not be possible without your time and candid input.

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