Enterprise Risk Management Tool Guidance

Risk assessment is a coordinated activity designed to direct and control threats to achieving the organization's goals and objectives. Enterprise Risk Management (ERM) is an agency-wide approach to identifying and addressing the organization's combined risks. The ERM template was developed with the help of our audit workgroup.[1] It is intended to be a resource. The template provides a place to record many common elements found in an effective ERM.

While the template provides a foundation for applying ERM principles, leaders may want to customize the template according to their industry and environment. Organizational leaders' primary role is to advance the missions of their organizations. ERM should be designed in a way that helps leaders in this role.

The template has two tabs. The first, Key Definitions, provides a common language used for understanding and talking about risk. As stated in the Governor's Office guidance,

> *A risk assessment without shared definitions and an understanding of the product it will produce will likely be viewed as not successful….*

We agree and have included definitions in this tab. We have also added definitions to make the resource as flexible as possible for a broader audience.

The second tab, "Template," is where leaders can begin to fill out their ERM. It is divided into three sections—risks, objectives, and responses—to facilitate an integrated approach to risk management. In the course of our research, we encountered multiple existing resources on how to effectively develop an ERM. We encourage leaders to read and apply the principles and practices found in these resources. A few examples are listed below.

Additional Resources

Governor's Office Risk Assessment Guidance (Appendix C)

U.S. Government Accountability Office: Enterprise Risk Management

U.S. Chief Financial Officers Council & Performance Improvement Council Playbook: Enterprise Risk Management for the U.S. Federal Government

[1] The internal audit director at the Department of Government Operations provided the original template that we modified and reviewed with the audit workgroup.