Level 1
Nascent

- Lacks formal ERM process; no basic communication or monitoring; risks addressed as they arise; fails to anticipate potential risks

Level 2
Emerging

- ERM roles and responsibilities defined; governance established; risks are identified and assessed; rarely well prepared for unanticipated events

Level 3
Integrated

- ERM program is endorsed by leadership; policies and processes are in place for some activities; risks are shared across silos; occasionally well prepared for unanticipated events

Level 4
Predictive

- ERM program is recognized by whole organization; policies and processes are in place for all activities; risks are identified and qualitatively assessed; periodically well prepared for unanticipated events

Level 5
Advanced

- Risk discussion is embedded in strategic planning, capital allocation, and other processes and in daily decision-making. An early warning system is in place to notify management of risks above established thresholds; regularly well prepared for unanticipated events and have learned from past events to improve processes

Maturity Sub-Factors	Maturity Levels				
	1 Nascent	2 Emerging	3 Integrated	4 Predictive	5 Advanced
CULTURE					
Alignment	Failure to have congruence between the overall goals of the organization and specific units and their personnel	Select unit functions are aligned to overall goals	Relationships between all unit functions and overall goals are consistently communicated and understood by personnel	Functions across units are synchronized to support achievement of overall goals	Unit functions across the enterprise are aligned to support achievement of overall goals
Governance	Dysfunctional policies, processes, and controls with lack of even basic communication and monitoring	Governance program is established	Quality policies, processes, and controls are in place for select processes	Quality policies, processes, and controls are in place for all processes	Policies, processes, and controls are in place to protect the enterprise and are consistently communicated and monitored
PROCESS - ANALYTICAL					
Policy	No Risk Management (RM) policy is written	RM policy is written for select applications	RM policy is written for all applications	RM policy integrated into organizational policy	RM concepts are embedded in [AGENCY] policy throughout the enterprise
Method	No guidance of preferred RM methodologies	Guidance developed for select RM methodologies	Guidance developed for overall RM framework, enabling integration between processes	Interrelationships between RM processes are defined and leveraged	RM methodologies enable efficient and effective management and communication of risk across all processes and throughout the enterprise
Risk Tolerance	No formal documentation or consistent understanding of risk tolerance	Established risk tolerance for select applications	Established risk tolerance for all risk applications	Risk tolerance applied consistently for select applications	Clear identification and acceptance of risk tolerance throughout the enterprise
PROCESS - ORGANIZATIONAL					
Roles & Responsibilities	Limited formalization of RM roles and responsibilities	RM charter is written, formally establishing RM roles and responsibilities	Policy for managing risk endorsed by leadership	Organization Is fulfilling RM policy	Clear designation of RM roles and responsibilities from top to bottom and across the enterprise
Resources	Pockets of self-taught RM competence performed by part-time personnel	Some full-time RM resources supported by formal training	RM organization that is a mix of part- and full-time resources is supported by formal [AGENCY] training program	Risk duties are integrated into workforce, including position descriptions	Minimal overhead required to administer RM activities as they are performed as part of business culture

Maturity Sub-Factors	Maturity Levels				
	1 Nascent	2 Emerging	3 Integrated	4 Predictive	5 Advanced
IMPLEMENTATION					
Risk Identification, Assessment, and Communication	Risks are identified and assessed on an ad hoc basis. Uncertainty is ignored	Risk is systematically identified and assessed for select processes. Uncertainty is largely ignored	Risk data are seamlessly shared across processes. Uncertainty is expressed qualitatively for select processes	Risks are effectively and efficiently identified and qualitatively assessed across all levels of the enterprise. Uncertainty is expressed qualitatively.	Risks are effectively and efficiently identified and quantitatively assessed, including return-on-investment estimates, across all levels of the enterprise. Uncertainty is expressed quantitatively
Tools	Different tools are used by different groups to assess and manage risks for different processes	Standard tools are used across the enterprise	All RM processes use the same tools and data are integrated across select processes	All RM processes use the same tools, and data are integrated across all processes, and select processes leverage [AGENCY] enterprise data sources	RM tool is integrated with all appropriate enterprise tools and data sources
OUTCOME					
Anticipated Risks	Long history of failing to adequately address anticipated risks before they occur or expending substantial resources on relatively minor risks	Consistently failing to adequately estimate the frequency or consequence of anticipated events or over expending resources on relatively minor risks.	Consistently estimating the frequency or consequence of anticipated events and occasionally adequately managing anticipated risks and reduction of resources applied to relatively minor risks	Consistent prevention and/or adequate management of anticipated risks. Focus of resources on anticipated high-risk events	Sustained record of preventing and/or managing anticipated risks and learned from the events to avoid recurrence of related events while also integrating the information throughout the performance management process
Unanticipated Risks	Long history of failing to anticipate potential risks	Rarely executed well-prepared responses to unanticipated events	Occasionally executed well-prepared responses to unanticipated events	Periodically executed well-prepared responses to unanticipated events and learned from the events to avoid recurrence	Regularly executed well-prepared responses to unanticipated events and learned from the events to avoid recurrence of related events while also integrating the level of understanding throughout the performance management process

Five Step Maturity Model (Example)

1. **Level 1:** ***Ad hoc.*** Undocumented; in a state of dynamic change. Depends on individual heroics rather than well-defined processes.
2. **Level 2:** ***Preliminary.*** Risk is defined in different ways and managed in silos. Process discipline is unlikely to be rigorous.
3. **Level 3:** ***Defined.*** A common risk assessment/response framework is in place. An organization-wide view of risk is provided to executive leadership. Action plans are implemented in response to high priority risks.
4. **Level 4:** ***Integrated.*** Risk management activities are coordinated across business areas. Common risk management tools and processes are used where appropriate, with enterprise-wide risk monitoring, measurement, and reporting. Alternative responses are analyzed with scenario planning. Process metrics are in place.
5. **Level 5:** ***Optimized.*** Risk discussion is embedded in strategic planning, capital allocation, and other processes and in daily decision-making. An early warning system is in place to notify the board and management of risks above established thresholds.