

Enterprise Risk Management

Enterprise Risk Management (ERM), through increased transparency and leadership collaboration, has the ability to reduce costs and better enable the Department to more effectively manage its risks and deliver its mission. Office of Management and Budget (OMB) Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control^[1], requires Federal Agencies to implement an Enterprise Risk Management framework. In FY 2017, DOL developed its ERM Framework to initiate the establishment and integration of ERM elements across the Department to meet the requirements set forth by OMB. The EMRC allows DOL to mature its ERM process and establishes an updated framework for the Department's approach for 2021 and beyond.

The governance structure is as follows: The Enterprise Risk Management Council (ERMC) -The Deputy Secretary, Chief Financial Officer, and Assistant Secretary for Administration and Management co-chair the ERMC.

The ERMC serves as the DOL's enterprise oversight body for the development of coordinated Department-wide positions on risk, risk management, risk mitigation, and execution in conformance with any guidance on risk governance issued by the Congress or the Office of Management and Budget. The ERMC is responsible for implementing an ERM framework and strategy for the Department and coordinates an annual risk assessment to provide an integrated, enterprise-wide view of risk, risk tolerances and risk mitigation efforts. Each component agency of DOL has identified an individual to be a member of the ERMC; in most cases this individual is a career member of the Senior Executive Service. Members of the ERMC work closely with Senior DOL officials to recommend and promote best practices in risk management and ensure that all such analyses are thorough, accurate, and authoritative. ERMC designees provide executive-level management, leadership, direction and oversight to DOL by identifying and advising on mitigation efforts regarding the most significant risks facing DOL. Within their respective agencies, ERMC members coordinate with designated personnel to act as the agency's main point of contact for communication to facilitate risk management activities, policies, practices and standards, and disseminate relevant information to agency and Departmental management and staff. These individuals also coordinate the implementation of the Department's ERM program within their respective agencies and are active participant in cross-agency initiatives and project-focused working groups. This includes coordination of risk identification and assessment from all major programs and divisions within their agency.

To date, ERM has played a critical role, and is included in official guidance on Departmental processes including, but not limited to; Budget Formulation, Strategic Planning, Annual Operating Plan, Performance Management. The Department will continue to integrate ERM practices throughout its agencies and programs to build a risk aware culture enabling sound strategic decision making.

The Office of the Inspector General (OIG) Office of Audit has included Enterprise Risk Management as part of their FY 2021 Audit Workplan.

[1] <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2016/m-16-17.pdf>