

MS 780 Enterprise Risk Management

Effective Date: July 9, 2019

Responsible Office: Office of the Director, Office of the Chief Compliance Officer, Office of the Chief Financial Officer, Office of the Chief Information Officer, Office of Safety and Security

New Manual Section

Issuance Memo (07/09/2019)

1.0 Purpose

This Manual Section is to establish the agency's Enterprise Risk Management (ERM) program, including its process and use as a strategic decision-making and governance tool.

2.0 Authorities

- (a) Federal Information Security Modernization Act of 2014 (FISMA);
- (b) National Institute of Standards and Technology (NIST) Special Publications;
- (c) Office of Management and Budget Circular A-11 and A-123;
- (d) Financial Integrity Act of 1982 (FMFIA);
- (e) White House Memorandum M-07-24 Updated Principles for Risk Analysis;
- (f) White House Memorandum M-17-25 Reporting Guidance for Executive Order on Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure;
- (g) Government Performance and Results Modernization Act of 2010;
- (h) Chief Financial Officer Act of 1990;
- (i) Government Accountability Office Risk Management Framework;
- (j) Executive Order 1294; and
- (k) Government Accountability Office Standards for Internal Control in the Federal Government.

3.0 Policy

The ERM program set forth in this Manual Section provides a framework for promoting and implementing OMB Circular A-123 and other applicable authorities. The ERM program shall proactively identify and mitigate risks that limit the Peace Corps' ability to achieve the agency's

mission and strategic objectives. The ERM program seeks to integrate risk management into operations in order to improve organizational effectiveness, while providing oversight for the implementation of the policies, processes, and procedures through which ERM governance occurs.

4.0 Roles and Responsibilities

4.1 Director

The Director is the ultimate authority for all ERM related decisions and sets the Peace Corps' risk appetite and risk tolerance. The Director shall receive recommendations on options for mitigating the agency's enterprise risks from the Deputy Director and ERM Council.

4.2 Deputy Director

The Deputy Director does the following:

- (a) Oversees the unifying efforts across the agency to ensure that strategies and actions are informed by a common understanding of risk, which is an essential requirement to inform priorities and allocate resources;
- (b) Ensures that the ERM process is applied across the agency;
- (c) Communicates the Peace Corps' risk appetite and ensures that adequate resources are in place to fulfill the obligations under this policy;
- (d) Ensures the Chief of Staff incorporates ERM into day-to-day operations;
- (e) Convenes the ERM Council regularly, allotting adequate time to fulfill its duties and responsibilities as proscribed in the ERM Council Charter and By-Laws; and
- (f) Serves as the Director's representative when convening the ERM Council, sharing relevant insights and guidance that help inform the ERM Council's deliberations.

4.3 Chief of Staff

The Chief of Staff does the following:

- (a) Ensures that risk management practices, at all levels, are integrated into informed-operational decision making and priority setting;
- (b) Prioritizes the critical management responsibility of identifying potential risks and avoidance or mitigation of those risks; and
- (c) In consultation with the Deputy Director and ERM Council, institutionalizes ERM agency-wide into the Peace Corps by directing agency operating units to integrate risk management processes into their day-to-day operations.

4.4 Enterprise Risk Management Council

The ERM Council serves as the senior advisory and governance body to the Director regarding the Peace Corps' ERM process. The ERM Council is governed by the ERM Council Charter and By-Laws. The ERM Council reviews, evaluates, and monitors opportunities and risks to achieving the Peace Corps' mission and strategic objectives. The ERM Council is primarily composed of senior level representatives, which does the following:

- (a) Provides policy and management oversight and advice regarding ERM implementation and operations;
- (b) Facilitates ERM governance and consideration of risk as an element of the agency's decision-making; and
- (c) Informs Peace Corps management of progress towards ERM system maturity and the efficacy of current policy.

4.5 Chief Compliance Officer/Enterprise Risk Management Coordinator

The Chief Compliance Officer/ERM Coordinator does the following:

- (a) Coordinates the implementation of the Peace Corps' ERM process, as defined in the ERM Council Charter and By-Laws;
- (b) Provides formal, written reports on the full proceedings, deliberations, and recommendations of the ERM Council to the Deputy Director, in consultation with the ERM Council and Chief of Staff, as guided by the ERM Council Charter and By-Laws;
- (c) Serves as a strategic advisor to the Chief of Staff and Deputy Director, and other staff, on the integration of risk management practices into the Peace Corps' day-to-day business operations and decision-making; and
- (d) Serves on the Peace Corps' ERM Council Secretariat.

4.6 Peace Corps Operating Units

ERM must be a visible and integral part of the Peace Corps' culture allowing the agency to fulfill its mission and strategic objectives more effectively. As directed by the Chief of Staff, offices shall integrate the Peace Corps' ERM program into their day-to-day operations.

Managers and supervisors must ensure that those with risk management responsibilities within their operating units are properly trained and that employees are aware of and follow risk management policies and practices.

4.7 Office of Chief Financial Officer

The Office of the Chief Financial Officer (OCFO) oversees, assesses and tests the internal controls over financial reporting as part of the requirements outlined in Appendix A of OMB Circular A-123.

5.0 Enterprise Risk Management Program Functions

The ERM Program functions are as follows:

- (a) Maintains an agency-wide view of risk and opportunity, refraining from advocating for any particular operating unit within the Peace Corps;
- (b) Establishes and maintains an organizational view of risk positions that allows the Peace Corps to quickly gauge which risks are directly aligned to achieving strategic objectives resulting in the highest probability of impacting the agency's mission;
- (c) Assesses and escalates significant, prioritized risks so that challenges and opportunities can be routinely analyzed and incorporated into mitigation plans;
- (d) Improves Peace Corps' capacity to prioritize efforts, optimize resources, and assess changes in the operating environment;
- (e) Produces an annual agency-risk profile which provides thoughtful analysis of the risks impacting achievement of strategic objectives while providing responses that may be used to inform management decision-making during the annual strategic review process; and
- (f) Provides training and issues guidance on the ERM Council's operational processes, including the identification, assessment, and remediation of risk. The training will be made available to all staff and required of personnel tasked with official ERM activities.

6.0 Effective Date

The effective date of this Manual Section is the date of issuance.