



Risk Appetite Statement: Advancing Enterprise Risk Management (ERM) at USAID

Presentation at the U.S. Nuclear Regulatory Commission (NRC)
Tuesday, June 22, 2021

Reginald W. Mitchell

Chief Financial Officer and ERM Secretariat
United States Agency of International Development (USAID)

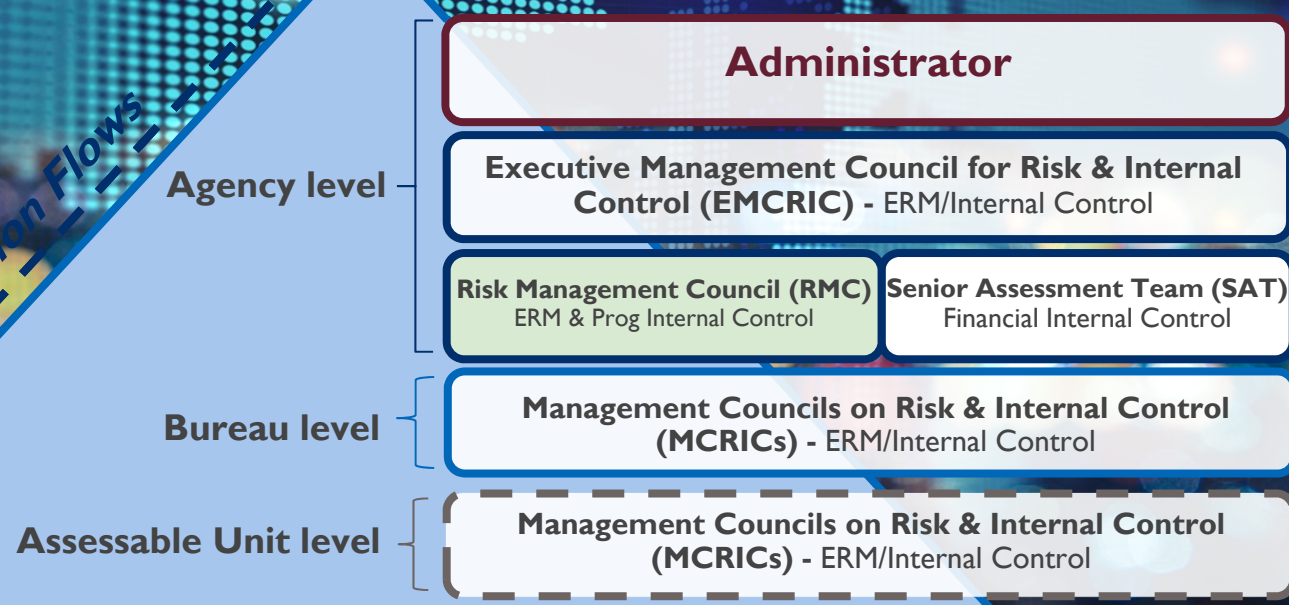
Governance Structure for ERM and Internal Control at USAID



Governance Structure for ERM and IC

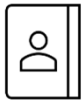
AGENCY RISK PROFILE (ARP)
Provides insight to pending key risks and themes

Information Flows

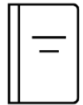


Assessable Unit (AU) Risk Profiles (+ FMEA Internal Control Assessments)

USAID Risk Appetite Statement (RAS)



[OMB Circular A-123](#) reinforced USAID's risk posture, and the [ERM Playbook](#) helped inform the foundation for our Agency's Risk Appetite Statement.



RAS is a publicly available document with broad-based guidance on the amount and type of risk USAID is willing to accept based on opportunities and threats at a high level.



It was created using (1) needs-based assessment and (2) a collaborative development and clearance process, which was endorsed by the Agency's Leadership.

Agencies can draw on USAID's process as a model to develop a RAS. Best practices:



Revise Agency policies and procedures, but also consider the culture and foster partnerships (i.e., externally and internally).



Highlight bold action in areas where tolerance for risk is High but remain vigilant in areas where tolerance is Low.

Content of the Risk Appetite Statement



Contextual sections, message from leaders:
Emphasizes the importance of ERM



Risk categories:
Programmatic, Fiduciary, Reputational, Legal, Security, Human-capital, Information Technology



Gradations:
Low
Medium
High



Guidance: To the statement in everyday work, among others

Operationalize the Risk Appetite Statement

Educate Employees: Conduct training on RAS.



Inform Employees: Issue communications to promote adoption of the RAS and advocate risk taking.



Encourage Risk Taking Consistent with the RAS: Encourage employees and managers to utilize the RAS when evaluating threat and opportunity to make risk-based decisions.



Closing Remarks

Thank you!

Contact us: ERM@usaid.gov