



# Enterprise Risk Management at Texas A&M University

## Assessing Our Risks

August 21, 2013

# ERM Definition (coso)

- A process, affected by an entity's board of directors, management, and other personnel, applied in strategy setting **across the enterprise**, designed to **identify potential events (risks)** that may affect the entity and to **manage risk** to be within the entity's risk appetite (tolerance) to provide reasonable assurance regarding the **achievement of the entity's objectives.**

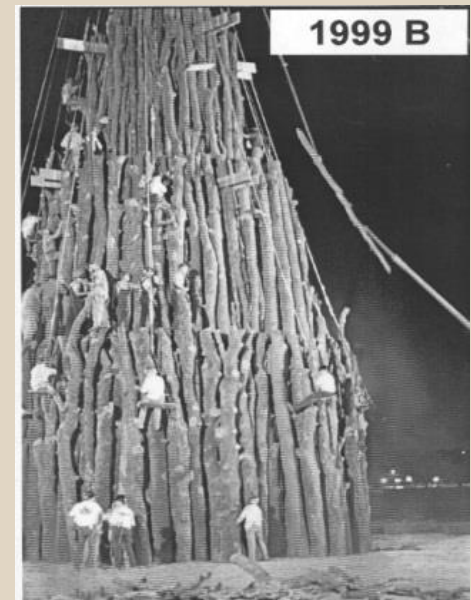
# Risks

**Risk:** An event/action that adversely impacts the entity's ability to achieve its objectives



# ERM Drivers

- Management (CEO, Provost, CFO)
- Board of Regents
- Audit Committee
- Auditors (Internal and External)
- Significant Events



# ERM at TAMU

- Top down approach
  - University-wide risk assessment first performed in 2004, updated 2006, 2009, 2011, and again in 2013
    - URC review of significant mitigating activities (2008, 2010, and 2012)
  - Risk assessments performed on major University units updated periodically (i.e., individual Colleges, Research, Athletics, Finance, SFA, HR, EHS, UPD, Student Affairs, Diversity, Athletic Compliance, Transportation Services, UES, Graduate Studies, etc.)

# Benefits of ERM

- Value added process
  - Involve participants in identifying and managing risks ***active as part of the solution***
  - Increase participant's exposure to other areas ***enhances knowledge of operations***
  - Increase risk consciousness in decision making ***provides new perspective***
  - Focus resources and efforts on high risk areas ***breaks down barriers and demonstrates priorities that are used***

# ERM Governance

- System Policy 03.01 (Aug. 2008, updated June 2010)
- President's Memorandum (Sept. 2009)
- Internal Audit on ERM (Sept. 2010)
- Follow-up Internal Audit (Feb. 2012)
- Standard Administrative Procedure  
03.01.01.M0.01 (March 2011)

# Risk Assessment Steps



- Review mission and strategic plan/goals/objectives

Identify major activities and functions

- Identify and rank risks

Prioritize by considering two factors: impact and probability

- Identify and document mitigating activities, monitoring, and executive reporting processes

Evidence of activity and designated accountable person/position, supervisory reviews, managerial oversight, communication flows, and other assurances gained by management that risks are effectively managed

- Assess effectiveness of mitigations / Follow-up

Perform a review or observe the mitigations - focus on significant mitigating activities for highest ranked risks; determine that mitigations are adequate and working as planned



# Risk Assessment Tools



- Facilitated sessions
- Excel spreadsheets
  - Color coded, easy to use, linked w/macros
  - Free (developed by David B. Crawford, UTS)
  - Available on URC website: <http://universityrisk.tamu.edu/>
- Voting software and touch pad equipment
  - Anonymous ranking of impact and probability

ACTIVITIES	RISKS						
	1	2	3	4	5	6	7
Research Finance & Administration	Noncompliance with policies, rules, laws HH	Un timely reporting HH	Not rewarding academic excellence HH	Lack of coordinated research admin. HH	Unfunded mandates HH		Not following protocols LH
Research Development, Programs & Facilitation	Decrease in State support HH	Lack of research management information HH	Ineffective metrics for evaluating programs and personnel HH	Lack of seed/incentive funding HH		Lack of industrial funding/partnerships HH	

Risks ranked considering both their impact and probability:  
 Impact - the consequence(s) of the risk occurring (H=High, M=Medium, L=Low)  
 Probability - the likelihood of the risk occurring (H=High, M=Medium, L=Low)

■ = HH, HM  
■ = HL, MH  
■ = MM, ML, LH  
■ = LM, LL

	Risks						Evidence of Control Activity
	Noncompliance with policies, rules, laws	Un timely reporting	Not rewarding academic excellence	Lack of a coordinated research admin. structure	Unfunded mandates	Not following protocol	
<b>Research Finance &amp; Administration</b>							Grant training for proposal development group, Research Foundation personnel, and dept staff. New faculty orientation. Online training.
M i l i g a t i n g							Presentation to legislature (Gov. Affairs/VPO/President). Publications/Waste. Research road show - committee.
P o l i c i e s/ F o r m s							Cost sharing, review procedures, signed approval documents.
A c t i v i t y							Signature sheets. Email notification for changes.
P l i c y							Online training. Forms signed.
O f f i c e							Manager oversight and verbal communication with Sr. mgmt.
B u d g e t a r y							Budget analysis (budget vs. actual). Analysis review documented by signature and date.

# Contact Information

- Peggy Zapalac  
[m-zapalac@tamu.edu](mailto:m-zapalac@tamu.edu), 979-845-8115
- Websites  
<http://urc.tamu.edu/>  
<http://universityrisk.tamu.edu/>

