

#### **ERM History**

AgriLife Research has had financial and compliance management risk procedures in place for over 25 years:

- An Internal Auditor served the agency from the 1970's through 1999
- From 1999 to 2005 a Financial Analyst was employed to review Internal Controls, as well as compliance with Policies and Procedures
- The Internal Management Review Team was created in fall of 2005





## Policy

An Internal AgriLife Risk Management Policy, drafted in September 2004, is currently under revision and includes the following sections:

- >Approach to Risk Management
- Role of The Board of Regents
- Role of Executive Management (Director et al.)
- ➢Key Components of Plan
- Annual Review of Effectiveness



#### **Risk Tolerance Level**

**Definition**: Risk Tolerance Level is defined as the amount of risk that the agency is willing to tolerate based on the Annual Risk Matrix. The agency will take corrective action on all risks that exceed the Tolerance level.

AgriLife Tolerance Level: The Risk Tolerance Level of AgriLife Research is any item shown in both the Low Impact area and the Low Likelihood area or above, on the Annual Risk Matrix



The goal of the AgriLife Research Enterprise Risk Management (ERM) Plan is to ensure that all major risks to the Agency and System are:

- Identified
- Assessed
- Mitigated
- Monitored
- Corrected





## Risk Identification (cont.)

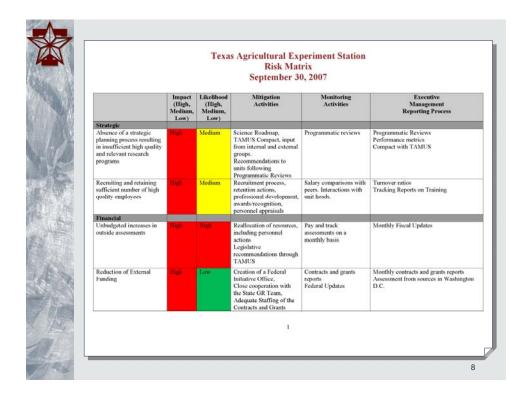
- External Audits
- >Annual Risk Matrix process
  - The Enterprise Risk Matrix is annually reviewed and updated to reflect the changing environment in which the agency operates



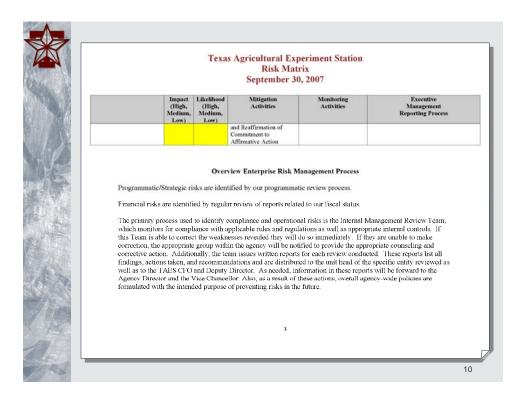
## Types of Risk

- Strategic Risk: Risk that affects the agency's ability to achieve its goals
- Financial Risk: Risk that may result in a loss of assets.
- Compliance Risk: Risk that affects compliance with externally imposed law and regulations as well as internally imposed policies and procedures.
- Operational Risk: Risk that affects ongoing management process.
- Reputational Risk: Risk that affects the agency's reputation, brand, or both.

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	Texas Agricultural Experiment Station Risk Matrix September 30, 2007					
	Impact (High, Medium, Low)	Likelihood (High, Medium, Low)	Mitigation Activities	Monitoring Activities	Executive Management Reporting Process	
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Compliance Failure to enforce state regulatory responsibilities	Medium	Low	Program reviews, Advisory committee meetings, employee training	External reviews, Monthly meetings	LBB performance measures System Internal Audit Reports Internal Management Review Report	
Lack of adherence to agency and TAMUS policies and federal or state rules, lack of knowledge of appropriate rules and regulations	High	Low	Informing employees of internal policies, employee training in appropriate areas with continuing training as required	Management reviews, Internal audits Disbursements reviews Training records	System Internal Audit Report Internal Management Review Report	
Operational						
Inappropriate organizational structure	Medium	Low	Executive training program, management retreats, reorganization	Management reviews, Program reviews	Internal Management Review Report Programmatic Reviews	
Reputational			And a second of the second second			
Inadequate agency identity and poor visibility	Medium	Medium	Development of communication/marketing plan. Review of agency programs by external entity	Review legislative success, Conduct surveys	Summarization of surveys and of discussions with external groups Programmatic Reviews. Branding Effort.	
Inadequate diversity of faculty and staff	Medium	Medium	Aggressive, targeted, recruitment, diversity training, including Affirmative Action Plan, Staff Recruiting Guide	Composition of workforce reports	Periodic human resources reports on ethnicity	
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#### **Risk Monitoring**

#### Monitoring Activities Include:

- Ongoing and regular fiscal and programmatic reviews of units by Executive Management
- Reports from Internal Management Review Team
- Monthly fiscal reports to Executive Management
- External Audits and Reviews

# **Risk Correction** Corrective Activities Include:

- Reports to Unit Heads detailing findings and recommendations resulting from Review Team
- Follow-up reviews conducted to ensure corrective action has taken place
- Notification to Executive Management when adequate corrective action has not taken place
- New and revised policies and procedures as necessary

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#### **ERM Plan Assessment**

AgriLife Research ERM Plan is evaluated at least annually in order to:

> Determine the effectiveness of the plan

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- > Determine new areas of concern
- ➢ Revise the plan as necessary