



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

1



History

- AgriLife Research has the following programmatic review efforts in place:
 - Periodic updating of agency strategic plan
 - In-depth reviews of research programs in all units
 - Annual unit-level reviews of Strategic Plan and Metrics

2



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

2



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

3



ERM Objectives

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*

4



Risk Identification

Risks are *identified* by the following methods:

- Internal strategic planning and performance evaluations
- Fiscal and programmatic analyses by Administration
- Management Review Team's efforts

5



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

6



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.

7



**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
Strategic					
Absence of a strategic planning process resulting in insufficient high quality and relevant research programs	High	Medium	Science Roadmap, TAMUS Compact, input from internal and external groups, Recommendations to units following Programmatic Reviews	Programmatic reviews	Programmatic Reviews Performance metrics Compact with TAMUS
Recruiting and retaining sufficient number of high quality employees	High	Medium	Recruitment process, retention actions, professional development, awards recognition, personnel appraisals	Salary comparisons with peers. Interactions with unit heads.	Turnover ratios Tracking Reports on Training
Financial					
Unbudgeted increases in outside assessments	High	High	Reallocation of resources, including personnel actions Legislative recommendations through TAMUS	Pay and track assessments on a monthly basis	Monthly Fiscal Updates
Reduction of External Funding	High	Low	Creation of a Federal Initiative Office, Close cooperation with the State GR Team, Adequate Staffing of the Contracts and Grants	Contracts and grants reports Federal Updates	Monthly contracts and grants reports Assessment from sources in Washington D.C.

1

8



**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
			Office		
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 Reports
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 Reports
Operational					
Inappropriate organizational structure	Medium	Low	Executive training program, management retreats, reorganization	Management reviews, Program reviews	Internal Management Review Reports Programmatic Reviews
Reputational					
Inadequate agency identity and poor visibility	Medium	Medium	Development of communication/marketing plan. Review of agency programs by external entity	Review legislative success, Contact 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

2

9



**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
		and Reaffirmation of Commitment to Affirmative Action		

Overview Enterprise Risk Management Process

Programmatic/Strategic risks are identified by our programmatic review process.

Financial risks are identified by regular review of reports related to our fiscal status.

The primary process used to identify compliance and operational risks is the Internal Management Review Team, which monitors for compliance with applicable rules and regulations as well as appropriate internal controls. If this Team is able to correct the weaknesses revealed they will do so immediately. If they are unable to make correction, the appropriate group within the agency will be notified to provide the appropriate counseling and corrective action. Additionally, the team issues written reports for each review conducted. These reports list all findings, actions taken, and recommendations and are distributed to the unit head of the specific entity reviewed as well as to the TAES CFO and Deputy Director. As needed, information in these reports will be forward to the Agency Director and the Vice Chancellor. Also, as a result of these actions, overall agency-wide policies are formulated with the intended purpose of preventing risks in the future.

3

10



Risk Mitigation

Mitigating Activities Include:

- Informing employees of critical nature of adhering to procedures and policies
- Use of Science Roadmap to identify programmatic priorities
- Development and implementation of appropriate policies, procedures, rules, and controls
- Training of employees in critical areas

11



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

12



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

13



ERM Plan Assessment

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

- Determine the effectiveness of the plan in place
- Determine new areas of concern
- Revise the plan as necessary