

Texas A&M University

University-wide
Risk Management Program
and
Compliance Program

Presented By

University Risk and Compliance Office

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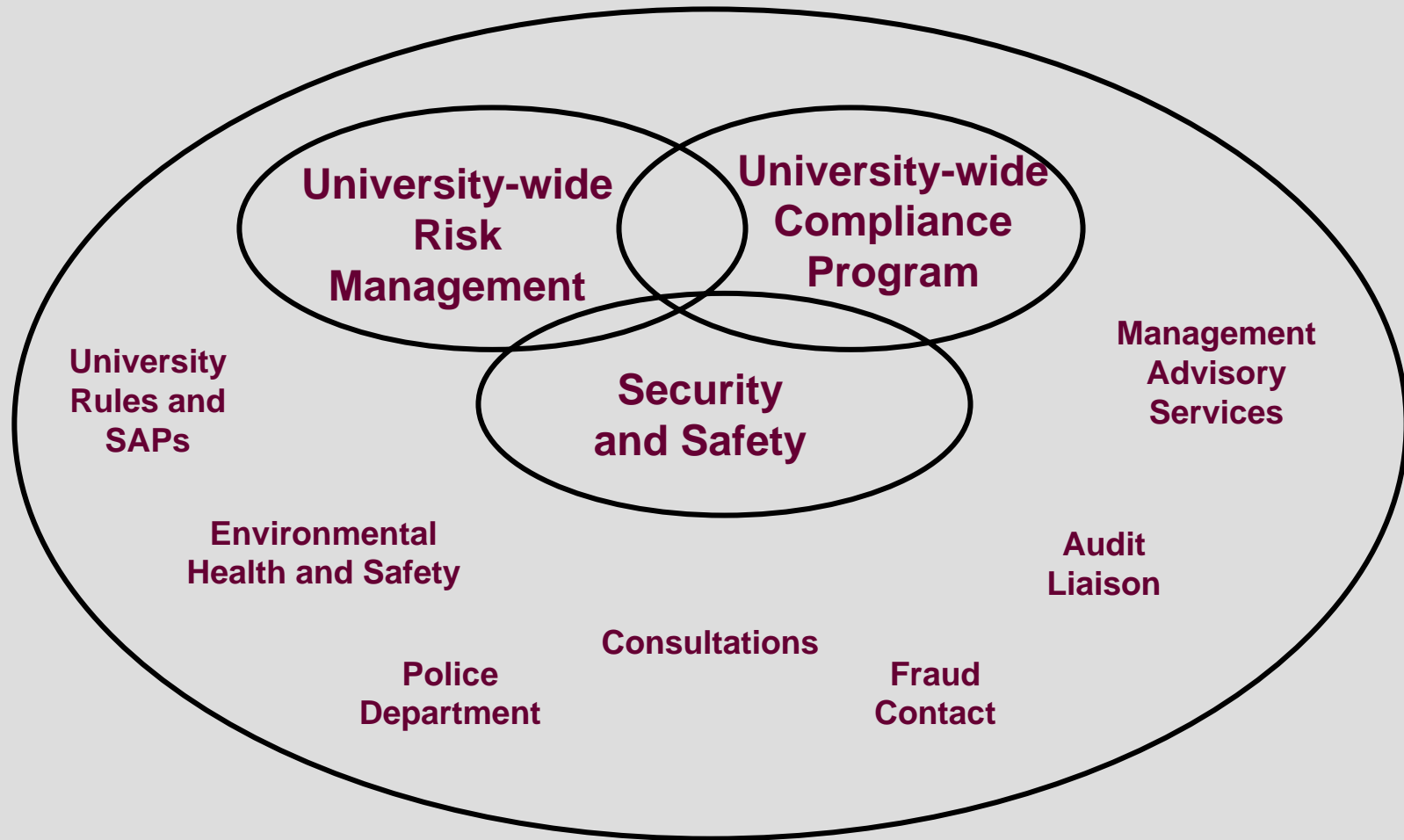
University-wide Approach

- Many departments and units across the campus have models, processes, and procedures to manage risk and compliance for specific areas of responsibility
- Executive management supports and advocates a University-wide approach to risk management and compliance
- A new initiative was implemented at Texas A&M University to:
 - Coordinate efforts university-wide related to risk management and compliance
 - Share information and build on various units strengths and initiatives

University Risk and Compliance

- The University Risk and Compliance Office was established in April 2004
- The Assistant Vice President reports to the Provost and President
- Responsibilities of URC include:
 - Implementing enterprise risk management
 - Implementing a University-wide compliance program
 - Coordinating established areas and responsibilities
 - Environmental Health and Safety
 - Police Department
 - Rules and SAPs
 - Management Advisory Services
 - Audit Liaison and Fraud Contact

University Risk and Compliance Office



University-wide Program Drivers

- Events (Bonfire, Apartment Fire)
- Reorganization – Management Changes
- Increased scrutiny
 - Legislature
 - Sponsors – federal/state agencies, private
 - Board of Regents
 - Tax payers, students, and parents
- Public Trust and Accountability
 - Corporate scandals
 - Sarbanes Oxley
 - Federal Sentencing Guideline Amendments

Enterprise Risk Management

University-wide Risk Management Program Mission

- To integrate an enterprise-wide risk management process within the University designed to identify and assess risks and the risk management strategies used to provide reasonable assurance regarding the achievement of the University's objectives

University-wide Risk Management Components

- Support from the top
- Involvement of personnel at all levels
- Risk assessments performed
 - Risks identified and ranked
- Mitigating activities identified
 - Actions, procedures, and processes used by TAMU to manage risks (limit, avoid, accept, share)
 - Accountable/responsible person/position identified
 - Duties are known and periodically evaluated
- Reporting results and any gaps to the President and Provost
- On-going monitoring and implementing self-assessments

Risk Management Implementation Strategy

- Introduce the University-wide risk management program and establish a common risk language
 - Definition of risk
 - Any event or action that adversely impacts the University's ability to achieve its objectives
 - Risk categories
 - Strategic, operational, reputational, financial, and compliance

Risk Categories

Strategic

(affects the University's ability to achieve goals and objectives, and competitive and market risks, etc.)

Compliance

(affects compliance with laws and regulations, safety and environmental issues, litigation, conflicts of interests, etc.)

Risks



Reputational

(affects reputation, public perception, political issues, etc.)

Operational

(affects on-going management processes and procedures, etc.)

Financial

(affects loss of assets, technology risks, etc.)

University-wide Risk Management Implementation Strategy

- Identify risks
 - Build a portfolio of risks
 - Received input from representatives within the University
 - Peer institutions (web sites/list serves)
 - Training seminars/conferences
 - State auditors
 - COSO and other publications
- Analyze and assess risks
 - Prioritize and rank (high, medium, low)
 - Consider probability of occurrence
 - Consider potential impact

University-wide Risk Management Implementation Strategy

- Identify risks – high level
 - Risk Management Discussion Group
 - Members include positions with direct reporting relationship to the President or Provost
 - Actions
 - Identified major risks facing the University
 - Identified mitigating activities for the top risks (high/high)
 - Identified accountable/responsible person or position for the top risks

University-wide Risk Management Mitigating Activities

- Evaluate the mitigating activities identified
 - Review activities where two or more are identified as the responsible person
 - Review activities for effectiveness
 - Review if resources are appropriately allocated based on the level of risk and desired level of effectiveness
- Identify gaps, if any
 - Faulty underlying processes/procedures
 - Deficiencies in areas of accountability

University-wide Risk Management Implementation Strategy

- Perform risk assessments on the major areas of the University such as:
 - President's Office
 - Provost's Office
 - Research
 - Student Affairs
 - Athletics
 - Athletic Compliance
 - Facilities
 - Governmental Affairs
 - Faculty Senate
 - Communications
 - Assessment and Diversity
 - Finance

University-wide Compliance Areas

(not all inclusive)

- Health and Safety
 - EPA, FAA, CDC
 - Campus – Clery Act
- Privacy
 - FERPA
 - HIPAA
 - Gramm Leach Bliley
- Research misconduct
- Research Integrity
 - Human, Animal, Biosafety
- Grant/contract management
- Drug free workplace
- Labor laws
- ADA
- Financial reporting
- Procurement
- Tax codes
- Record management
- Patriot Act
- Immigration (SEVIS)
- Export
- Controlled substances
- NCAA

University-wide Compliance Program

_____Focus_____

Accountability

Due Diligence

Ethics as Norm

Excellence

Training

Human Factor

Interactive Process

Commitment

Shared Responsibility

Coordination

Communication

Collaboration

Texas A&M University Compliance Program Mission

- Develop and maintain an effective, proactive, compliance program aligned with the University's strategic goals to:
 - Promote and support a culture that requires accountability;
 - Demonstrate commitment and due diligence to deter and detect compliance violations; and
 - Expect compliance and ethical conduct as the norm.

Compliance Program Framework (Based on Federal Sentencing Guidelines)

- Effective Compliance Program Requirements
 - Assign overall program coordination at high level with direct access to executive management
 - Have standards to deter and detect misconduct (i.e., formal policies and rules, network of compliance expertise)
 - Care in delegation of authority (demonstrate integrity and ethical conduct)

Compliance Program Framework (Based on Federal Sentencing Guidelines) cont'd

- Provide on-going education and training
- Monitor, assess, and provide system for employees to report or seek guidance on compliance issues without fear of retaliation
- Enforce consistently and use appropriate discipline and incentives
- Periodically assess program effectiveness and report compliance status to executive management

Challenges

- Time and resources
- What to do with the information
- Changing the environment – keeping the momentum

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