

# STANDARD ADMINISTRATIVE PROCEDURE

## 03.01.01.M0.01 Enterprise Risk Management

*Approved March 1, 2011*

*Revised February 28, 2016*

*Next scheduled review: February 28, 2021*

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### SAP Statement and Reason for SAP

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Texas A&M University is committed to identifying and managing risks in a proactive manner. As such, Texas A&M University implemented Enterprise Risk Management (ERM) to establish a systematic organization-wide approach to identify risks and mitigation strategies.

ERM is an on-going process designed to identify and manage potential risks that may adversely affect the University's ability to achieve its objectives. ERM assesses and documents actions to be taken by the University to identify, mitigate, and monitor risks that negatively impact the achievement of the University's mission, strategic plan goals, and/or continuing operational programs. The University's ERM process includes 1) identifying and ranking risks, and 2) documenting and reviewing mitigation activities.

The ERM process is implemented University-wide with risk assessments performed for the University as a whole and for other major functions and units throughout the University (i.e., vice presidents, deans, directors reporting to the President, etc.)

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### Definitions

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**Enterprise Risk Management:** A process applied across the entity that is designed to identify potential risks that may affect the entity, manage risks within the entity's risk tolerance, and support the achievement of the entity's objectives.

**Risk:** Any event or action that adversely impacts the entity's ability to achieve its objectives. Types of risks include strategic, operational, reputational, financial, technology, compliance, fraud, etc.

**Mitigating activities/strategies:** Actions, procedures, and processes used to manage (limit, reduce, avoid, accept, transfer, and/or share) and monitor risks.

**Risk ranking:** A qualitative process to prioritize risks using a high, medium and low scale considering both the potential impact (consequences) and probability of occurrence (likelihood of happening).

Risk assessment: The process used to identify and rank risks, and document mitigating strategies, monitoring, and/or reporting processes.

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## **Official SAP/ Responsibilities/ Process**

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### 1. Roles and Responsibilities

1.1 Vice Presidents, Deans, and Directors reporting to the President shall perform a risk assessment and ensure their unit's risk assessment is current (within two years). A file copy of the most current risk assessment should be sent to University Risk and Compliance.

1.2 University Risk and Compliance (URC) established the ERM process and shall maintain the university-wide ERM records. URC is responsible for conducting and facilitating the University-wide risk assessment (updated every two years) and performing a review of significant mitigating and monitoring activities. Results of the review shall be reported to executive management and others as appropriate. In addition, URC personnel are available to university units to facilitate risk assessments that include identifying and ranking risks and documenting mitigation and monitoring processes.

1.3 Every Texas A&M University employee has a responsibility to manage and mitigate risks.

### 2. When performing a risk assessment, the process includes the following steps:

2.1 Review the unit's mission, vision, goals, objectives and/or strategic plan and any major activities and/or functions.

2.2 Identify and prioritize risks. When prioritizing or ranking risks, consider the risk's consequence and the probability of occurrence.

2.3 Identify the significant mitigating activities. Document the evidence of the mitigating activity occurring and the designated accountable person/position.

2.4 Document the significant monitoring and executive reporting processes, such as supervisory reviews, oversight, communication flow, and assurances gained by management that risks are effectively managed.

2.5 Review the overall effectiveness of the mitigating, monitoring and/or reporting processes significant in managing the highest ranked risks. Develop action plans and implement new mitigating activities/strategies to enhance effectiveness, as needed.

- 2.6 Maintain a copy of the current risk assessment documents with University Risk and Compliance.
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**Related Statutes, Policies, or Requirements**

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[System Policy 03.01 System Mission, Vision, Core Values and Strategic Planning](#)

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**Appendix or Forms**

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Additional information regarding Enterprise Risk Management is available at <http://urc.tamu.edu/>.

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**Contact Office**

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University Risk and Compliance  
<http://urc.tamu.edu>