PROJECT SUMMARY

The Texas A&M University System Health Science Center (HSC) is in the process of implementing a systematic organization-wide Enterprise Risk and Opportunity Management (EROM) process which incorporates the facets of an effective risk management program as defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The EROM process is designed to identify opportunities and mitigate risks which could adversely affect the accomplishment of the institution's goals and objectives.

Strong support for EROM by executive management has driven adoption of the HSC’s risk management philosophy by the institution’s reporting units. Responsibility for the various components of the EROM process have been assigned, an organizational structure has been designed, resources have been dedicated, timelines have been developed, and training has been provided to HSC staff to ensure accountability and effective implementation.

Management has integrated the EROM process with its strategic planning, compact development, and budgeting processes to ensure alignment of objectives, performance measures, resource allocation, and selected responses to risks and opportunities identified.

Working committees (comprised of faculty, staff, and student representatives) within each HSC reporting unit are currently in the process of event identification, including quantitative assessments of risk, opportunity, impact and likelihood, specific to their operating environment. These committees are also developing risk responses and identifying mitigating control activities in conjunction with the risk assessment process. Risk assessment matrices completed by each working committee must be submitted to the EROM Steering Committee by June 2008. The Steering Committee will analyze and prioritize the results from an organization-wide perspective. Risks and opportunities with the greatest potential impact will be presented to the Executive Committee for review and approval prior to final submission of the organization-wide EROM assessment to the President in July 2008. Involvement of the critical reporting units and a cross-
BASIS OF REVIEW

Objective and Scope

The overall objective was to determine if the key elements of the Health Science Center's enterprise risk management processes are designed to identify and mitigate risks through the use of a systematic organization-wide approach. Our review focused on the components of enterprise risk management as defined by the Committee on Sponsoring Organizations of the Treadway Commission (COSO). These components include the institution's internal environment, objective setting, event identification, risk assessment, risk response, control activities, information and communication, and monitoring processes. Activities and documentation related to these components were reviewed for the period from September 2007 through March 2008. Audit fieldwork was conducted March through April 2008.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of The Texas A&M University System and other sound administrative practices. This audit was performed in compliance with the Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing."

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We
believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Background**

The Texas A&M University System Health Science Center was formed in 1999 and employs approximately 1,750 employees at six academic units and four regional centers dispersed throughout Texas with headquarters located in College Station. The HSC is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. The mission adopted by all HSC components is to advance the knowledge and technologies of its professions and to bring Texans the finest in health education, promotion and care. The HSC serves approximately 1,300 students with an annual budget exceeding $145 million.
AUDIT TEAM INFORMATION

Auditors Assigned to the Review

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Contact Information

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