PROJECT SUMMARY

Texas AgriLife Extension Service (AgriLife Extension) management should be commended for designing and implementing a comprehensive organization-wide Enterprise Risk Management (ERM) process. AgriLife Extension’s ERM process ensures that significant events that could adversely affect the accomplishment of key goals are identified, evaluated and assigned appropriate mitigation and monitoring strategies in accordance with the Agency’s risk appetite and risk response threshold. In addition, senior management receives periodic reports during the year on risk management activities. The ERM process is closely linked to the Agency’s Strategic Plan and Needs Assessment, providing a high degree of assurance that AgriLife Extension remains well positioned to serve its constituents in the best possible manner.

With most of the organizational levels represented, the event identification and evaluation includes paraprofessionals, county agents, faculty, middle management and executive management from each of AgriLife Extension’s disciplines. The risks are analyzed under the five risk categories of Strategic, Compliance, Financial, Operational and Reputation. The organization-wide representation and categorization assist in creating a comprehensive risk inventory while providing Agency employees with ownership of the process. This is critical in instilling the “everyone is a risk manager” concept. AgriLife Extension’s risk evaluation process appropriately considers both the likelihood and the impact of the risk occurring, and utilizes a modified nominal group technique (anonymous voting) to reduce groupthink.

AgriLife Extension management has designed appropriate control activities to satisfy its low risk tolerance. Control activities include the Common Sense Risk Management tool, the TExAS Automated Planning and Reporting System, accountability system, risk management training, employee and volunteer-screening, equipment replacement funding plan and maintenance schedule, and written procedures.

AgriLife Extension’s ERM process includes monitoring for unexpected conditions and changes in conditions at various levels of the organization through the use of accomplishment reports, activity and performance reporting, and periodic operational
reviews of control activities in the fiscal, operational and information technology areas.

BASIS OF REVIEW

Objective and Scope

The overall objective was to review the AgriLife Extension’s Enterprise Risk Management processes and determine if the key elements of the process are designed to identify and mitigate risks through the use of a systematic organization-wide approach. The review focused on the elements of risk identification, assessment and evaluation, response, control and monitoring activities performed for the period July 2004 through December 2006. Fieldwork was conducted from November through December 2007.

Criteria

Our review was based upon standards as set forth in the Treadway Commission’s Committee of Sponsoring Organization’s Enterprise Risk Management - Integrated Framework (COSO); and other sound administrative practices. The evaluation was performed in compliance with generally accepted government auditing standards and other criteria to conform to the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Background

AgriLife Extension’s mission is to provide quality, relevant outreach and continuing education programs and services. AgriLife Extension employs approximately 1,600 staff serving families, youth, communities and businesses in all 254 of the state’s counties, with an annual operating budget of approximately $104 million. In addition, AgriLife Extension works with approximately 90,000 volunteers each year to deliver service to the citizens of Texas. County Extension Agents serve as local educators in the broad areas of food and fiber production, marketing and policy, environmental and natural resource conservation and management, family and consumer sciences, human nutrition and health, 4-H and youth development, and community economic development.
AUDIT TEAM INFORMATION

Auditors Assigned to the Review

Amanda Jenami, CPA, Project Manager
Lori Ellison
Nora Miles, CPA
Katie Rannebarger

Contact Information

For questions regarding this review, contact Dick Dinan, Director.

E-Mail:  D-Dinan@tamu.edu
Phone:  (979) 458-7144
Fax:  (979) 458-7111
Web Site: http://www.tamus.edu/offices/iaudit/

The Texas A&M University System
System Internal Audit Department
1200 TAMU
College Station, TX  77843-1200

200 Technology Way, Suite 2192
College Station, TX 77845-3424

DISTRIBUTION LIST

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