PROJECT SUMMARY

Overview

The enterprise risk management (ERM) program at the Texas Transportation Institute provides reasonable assurance that significant events that could adversely affect the accomplishment of key goals are identified, appropriately evaluated, and assigned appropriate mitigation and monitoring strategies. Periodic accountability reports to senior management provide the necessary monitoring of the effectiveness of mitigating activities. The ERM plan is closely linked to the Agency’s strategic plan.

The ERM plan details the Agency’s commitment to risk management and provides guidance to employees on the ERM process. The plan describes the risk management process and assigns roles and responsibilities to its management, researchers and staff. Risk identification and assessment activities are performed by a cross-functional team of administrative and research managers, most of who are involved in the Agency’s strategic planning process.

Risk response activities assign more mitigation and monitoring resources to higher ranked risks. The ERM plan includes monitoring for unexpected conditions and changes in conditions at various levels of the organization through the use of periodic activity and performance reporting to senior management.

Management has communicated the ERM plan to staff via the Agency web site, email, and staff meetings. The ERM process provides for a regular review and update of the ERM plan.

BASIS OF REVIEW

Objective and Scope

The overall objective was to determine if the key elements of the Agency’s enterprise risk management processes are designed to identify and mitigate risks through the use of a systematic,
organization-wide approach. Fieldwork was conducted from May to June 2010.

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 Transportation Institute’s mission aims to “identify and solve transportation problems through research, transfer technology and develop diverse human resources to meet the transportation challenges of tomorrow.” With an annual budget of $55.6 million, the Agency has 625 staff. With approximately 15% of its budget funded from state appropriations, the Agency is dependent on its research sponsors for the continuity and success of its programs. With an aggressive push for increased private and federal research funding, the Agency has reduced its Texas Department of Transportation funding from 60% to approximately 52% in the last few years.
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