



THE UNIVERSITY OF TENNESSEE SYSTEM

OFFICE OF THE PRESIDENT

RANDY BOYD
President

December 15, 2022

Mr. James E. Bryson, Commissioner
Department of Finance and
Administration
State Capitol Building
Nashville, TN 37243

The Honorable Jason E. Mumpower
Comptroller of the Treasury
State Capitol Building
Nashville, TN 37243

Dear Mr. Bryson and Mr. Mumpower:

This annual report regarding the University of Tennessee's risk management and internal control activities is submitted in compliance with *Tennessee Code Annotated (TCA) §9-18-101*, known as the Tennessee Financial Integrity Act, as amended.

The enclosed document describes the key activities undertaken in calendar year 2022 to address the requirements specified in §9-18-102 of the Act and in the document issued by the Tennessee Department of Finance and Administration in October 2016 entitled "Management's Guide for Enterprise Risk Management and Internal Control."

We understand this guide requires all state agencies' risk management and internal control functions to align with the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) enterprise risk management framework and the federal government's adaptation of COSO's *Internal Control—Integrated Framework* (2013) titled *Standards for Internal Control in the Federal Government*.

As head of the University, I attest that we have assessed risks in conformance with these requirements, and I acknowledge the responsibility for establishing, implementing, and maintaining an adequate internal control system and assessing its effectiveness. I also recognize that all internal control systems have inherent limitations and can provide only *reasonable* assurance that controls are functioning as intended.

Based on the risk and control activities performed during 2022 as described in the attached document, I have reasonable assurance that the University of Tennessee's internal controls in these areas are adequate and effective in achieving our objectives and am unaware of any material weaknesses or lack of compliance in the areas examined.

The results of our risk assessment and control activities have been documented and retained.

This assurance report will be provided to the Audit and Compliance Committee of the UT Board of Trustees to fulfill the requirement in the committee's charter to "review management's risk assessment."

Please let me know if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Randy Boyd'.

Randy Boyd
President

Enclosure

c: Ms. Carrie Allen
Ms. Judith A. Burns
Mr. Mike Corricelli
Mr. Brian J. Daniels
Ms. Michelle Earhart
Mr. Bob Hunter
Mr. David L. Miller
Ms. Cynthia Moore
Ms. Kathy Stickel
Ms. Tammy Worley
Audit and Compliance Committee

The University of Tennessee

Risk Management and Control Activities

Calendar Year 2022

INTRODUCTION

Purpose

This document summarizes the risk management and control activities conducted at the University of Tennessee (UT) during calendar year 2022 that provide the basis for the annual reporting required by the Tennessee Financial Integrity Act of 1983 (TFIA) as described in *Tennessee Code Annotated* §9-18-104. These activities include new initiatives and longstanding activities that demonstrate the University's commitment to implementing and refining a comprehensive risk management and control monitoring system that not only meets but *exceeds* the requirements of Tennessee's Financial Integrity Act.

Background

The University's approach complies with the October 2016 document, "Management's Guide for Enterprise Risk Management and Internal Control," issued by the Tennessee Department of Finance and Administration (TN F&A). The management guide requires state agencies' risk and control activities to align with the following frameworks:

- 1) The Committee of Sponsoring Organizations of the Treadway Commission's (COSO's) enterprise risk management (ERM) framework (UT's approach is based on COSO's ERM document, *Enterprise Risk Management—Integrating with Strategy and Performance* issued in 2017) and
- 2) The federal government's adaptation of COSO's *Internal Control—Integrated Framework* (2013) titled *Standards for Internal Control in the Federal Government* (commonly known as "the Green Book").

The ERM function resides in the UT System Office of Finance and Administration and is led by the Enterprise Risk Officer (ERO) who reports to the Senior Vice President and Chief Financial Officer. See the ERM website at <https://finance.tennessee.edu/erm/>.

For 2022, the Enterprise Risk Officer chose to focus ERM activities on assessing risks related to achieving the goals and objectives in the UT Systemwide Strategic Plan, 2021-2025. An update to this plan was presented to the UT Board of Trustees at its October 2021 meeting. The plan can be found at <https://plan.tennessee.edu>.

Focusing on the risks related to the achievement of a Systemwide plan aligns with TN F&A's guidance to always assess risks "in light of setting and achieving an agency's objectives" and ensure that "the risk identification process focuses on those risks that matter" (p. 4 of 7).

Section I of this report describes the activities associated with assessing risks related to the Systemwide Strategic Plan. Section II describes the University's key ongoing activities related to risk identification, monitoring, and control testing: 1) the annual Self-Assessment of Internal Controls, 2) risk-based internal auditing, and 3) the Institutional Compliance function, and 4) information technology security plan reviews.

This report does not contain confidential, detailed information about risks. Complete information is on file in the offices responsible for the activities.

SECTION I: ASSESSING RISKS RELATED TO THE UT SYSTEMWIDE STRATEGIC PLAN

Assessing risks related to the achievement of the goals and objectives in the UT Systemwide Strategic Plan was first done in 2015. The refresh of that plan in 2021 provided a new opportunity to focus on areas that are not routinely part of a formal risk assessment process, though University leaders continually consider risks as they conduct their work.

Background. Throughout 2021, the Systemwide Strategic Planning Steering Committee and working groups—including members from all campuses and institutes—met to review and assess existing plan goals and objectives and develop ways to build on past successes and ensure continuous improvement toward achieving the University's mission.

The plan provides the goals, objectives, and metrics for measuring success that will guide efforts in the plan's five pillars—Enhancing Educational Excellence, Expanding Research Capabilities, Fostering Outreach and Engagement, Ensuring Workforce and Administrative Excellence, and Advocating for UT—each of which represents a fundamental element of UT's mission.

The UT Systemwide Strategic Plan, along with the values and vision, provides the overall direction for the entire UT System. The direction cascades to the campuses and institutes, which develop their own strategic plans that reflect each entity's distinctive mission, environment, and stakeholder needs. In two areas of the Systemwide plan—Pillar 1 (academic affairs and student success) and Pillar 2 (research)—activity for achieving the related goals and objectives takes place at the campuses.

The 2022 Process. As shown in the graphic below, the University’s ERM process consists of three phases: I. Risk Assessment, II. Risk Response, and III. Monitoring and Reporting. The 2022 ERM activity focused on Phase I: Risk Assessment, in the context of UT’s Systemwide Strategic Plan.

UT ERM PROCESS



Once the context of the Systemwide strategic plan was set, the next step was to identify which of the 15 goals and 35 objectives should be assessed in 2022 and the UT officials responsible for implementing them. Attachment 1 shows the work completed in 2022.

Risk Assessments. The ERO held meetings with officials working in the functional areas related to each objective at their respective campuses or units to gather information needed for the risk assessments. Depending on the location and objective, from one to six representatives participated in each meeting, and the agenda included from one to four of the strategic plan’s objectives.

The risk assessment meetings focused on obtaining answers to the following questions for each objective (for more details, see Attachment 2):

- What are the top three impediments (internal or external) that UT faces over the next couple of years in trying to achieve this objective?
- What are the top three to five activities currently underway related to each of these impediments?
- Conversely, what are the top three opportunities where UT might be able to take some risks or take advantage of favorable conditions to achieve this objective?
- What are the top three to five activities currently underway related to each of these opportunities?

The ERO, who was assisted in these meetings by the strategic plan coordinator from UT's Institutional Effectiveness office, used the meeting notes to draft a risk assessment that included the following elements:

- The top impediments (risk threats) and opportunities (risk opportunities) related to the achievement of the objective.
- The magnitude of the impact (H, M, L) if the threat/opportunity were to occur.
- The likelihood of the threat/opportunity occurring (H, M, L).
- Current actions related to each threat/opportunity.
- The desired future response to each threat/opportunity (e.g., mitigate, accept, avoid, or share the risk or pursue, defer, ignore, or share the opportunity).
- The position/office responsible for overseeing each objective and ensuring appropriate responses to risks/opportunities are implemented.

All draft risk assessments were reviewed by officials involved in the meetings and senior campus/unit leaders where appropriate and necessary revisions made before finalizing.

Twenty-six objectives were identified for risk assessment in 2022. As noted above, because some of the objectives (those involving academic affairs and student success, research, and staff engagement) are implemented at the campus/unit level, a total of 51 risk assessments were performed.

Reporting. This report, appended to the University of Tennessee's Financial Integrity Act Annual Assurances Report, serves as a basis for the UT President's attestation that UT has complied with the requirements of the Act and will be published on the UT ERM website, provided to UT executive leaders and members of the Board of Trustees Audit and Compliance Committee, and submitted to State of Tennessee officials (Commissioner of Finance and Administration and the Comptroller of the Treasury) as required by the guidelines issued by the Tennessee Department of Finance and Administration.

SECTION II: ONGOING RISK ASSESSMENTS, MONITORING AND TESTING OF CONTROLS

In addition to the activities described above, UT has developed and maintained multiple methods for the ongoing assessment of risks and the monitoring and testing of controls. Four of the key system-level approaches are 1) the annual self-assessment of internal controls, 2) risk-based internal audits, 3) the institutional compliance program, all managed by UT System Audit & Compliance (A&C), and 4) information technology security plan reviews for the UT System Administration (UTSA), performed by the chief information security officer's team in the UT System Division of Technology Services.

Self-Assessment of Internal Controls

Originally developed in the 1980s as a means of complying with Tennessee's Financial Integrity Act, the annual self-assessment of internal controls tests controls at an operational level. In a decentralized organization, such as a university, many controls for business processes are located at the department level.

All departments in the UT System (626 for 2022) are required to conduct a self-assessment of controls for selected major business processes by completing a web-based questionnaire. Each year the questionnaire covers one or two major processes; one process is universal to all departments (e.g., computer usage), while the other is applicable to only a subset of departments (e.g., money handling).

Over a multi-year cycle, the questionnaires cover over 175 key internal controls for eight major processes, including human resources/payroll, money handling, computer usage, inventories for resale, accounts receivable, equipment, sponsored projects, and procurement.

These processes are determined through a risk assessment process, targeting the areas considered to be key to sound departmental management. Processes are adjusted as the need arises, and each year A&C staff review the controls to be assessed, involving the appropriate staff in each of the related business areas, to ensure that the questionnaire reflects the current environment (including changes to internal policies and related laws and regulations) and includes controls to prevent or detect fraud.

A material weakness is identified when a significant number (20 percent or more) of departments at a campus or unit have not implemented a particular control. A corrective action is taken for each control weakness identified in the self-assessment, whether it is deemed material.

The questionnaires are designed so that, as the department head or representative completes the questionnaire online, each incorrect answer provides an explanation of the risk exposure if a control is not implemented, along with relevant UT policy references. In this way, the self-assessment process not only serves to identify and rectify control weaknesses but serves to educate the University community on sound business practices.

For 2022, procurement of goods/services and management of sponsored programs were assessed. No University-wide material weaknesses were identified. Of the 626 departments surveyed, 98 identified and corrected 140 control weaknesses.

Reporting. Each year, the chief business officer of each campus and unit reviews the results of the self-assessment and attests to his or her knowledge of the deficiencies identified and the corrective actions taken to address those deficiencies. The results of the self-assessment are issued to the president, with copies to the chief financial officer, the treasurer, and the UT Board of Trustees' Audit and Compliance Committee, among others.

Risk-Based Internal Audits

A second ongoing means for assessing risks and testing controls for effectiveness is through in-depth internal audits. In accordance with IIA standards, A&C establishes a risk-based audit plan to determine the priorities of the internal audit activity for the coming year. The development of this plan is based on a documented annual risk assessment process that is led by the chief audit and compliance officer and members of the A&C leadership team with key stakeholders across the UT System. The risk assessment focuses on issues that present a high degree of risk to the UT System and/or individual campuses and units.

The risks are identified through collecting and analyzing information from multiple sources, including the following:

- A&C documents risk information from A&C team members on an ongoing basis.
- Annually, the A&C leadership team gathers risk information from sources including Board of Trustees Audit and Compliance Committee (BOT A&C Committee) members and key members of management at all campuses and units. This information is gathered through personal interviews and a survey.
- Professional resources (ACUA, IIA, NACUBO, SCCE) may also be used to identify emerging issues.
- The results of the annual self-assessment of internal controls are considered when determining risks to address through the audit plan (see above). In addition, the results of the compliance risk assessments facilitated by Institutional Compliance are considered (see below).

Once the information has been gathered, it is reviewed by the A&C leadership team. Issues presenting a high degree of risk are further analyzed to determine if they can be properly addressed in the next audit plan and, if so, which type of audit engagement can best address the risk. The annual audit plan is drafted and approved by the BOT A&C Committee.

One of internal audit's primary roles is to reduce risk and improve operations. A&C conducts numerous types of audits; some examples from the 2022 audit plan include: state-mandated audits (such as annual audits of UT campus chief executive officers and the Complete College Tennessee Act), risk-based audits (such departmentally managed IT security, capital projects, athletics, and background checks), compliance audits (such as policy compliance audits for administrative and academic divisions at the campuses and institutes), and investigations into allegations of fraud, waste, and abuse (often resulting in recommendations for improving internal controls).

Reporting. A&C issues reports to the audit client and appropriate management, UT senior leadership, Division of State Audit and Division of Investigations in the Comptroller's Office, and the BOT A&C Committee. The A&C Committee are apprised of outstanding audit issues and their magnitude as part of their three yearly meetings.

Institutional Compliance

The third ongoing means of monitoring risks and controls is Institutional Compliance (IC), established within A&C, which is responsible for designing, implementing, and monitoring the UT system-wide compliance program. The basis for the program is the *Federal Sentencing Guidelines for Organizations*, which defines the standards for effective compliance programs. For a comprehensive overview, visit the website at <https://audit.tennessee.edu/compliance/>.

Among the office's responsibilities are developing and implementing the University's compliance risk assessment process, recommending improved controls in various compliance functional areas, and collaborating with officials at the campuses and institutes to develop innovative and effective ways to mitigate compliance risk.

Risk Assessment Process. The risk assessment process includes four primary steps:

- 1) Identify regulatory areas relevant to UT (currently approximately 440).
- 2) Identify who at each campus/unit has working responsibility for compliance with each regulation (these responsible officials are designated as "campus compliance officers"; currently around 330 throughout UT).
- 3) Provide training to the compliance officers and require them to complete a risk assessment (the same web-based risk assessment is used throughout UT to ensure consistency).
- 4) Provide results to the campus compliance committees that identify priorities and coordinate the development of risk mitigation plans.

Risk Assessment Objectives. These risk assessments are designed to demonstrate due diligence in complying with regulations. The assessments also help the University oversee the many aspects of the compliance function. The objectives of the risk assessments are to:

- Identify control weaknesses.
- Identify areas of noncompliance.
- Take remedial actions where needed.
- Identify potential weaknesses that need to be monitored.
- Identify targeted areas in need of assistance.
- Provide a baseline against which future performance can be measured and linked to improvement processes implemented.

Institutional Compliance Components. IC coordinates an institutional compliance committee for each campus and institute. In addition, the office coordinates the activities of the UT System Administration Institutional Compliance Committee, which has oversight responsibility for all campuses and institutes.

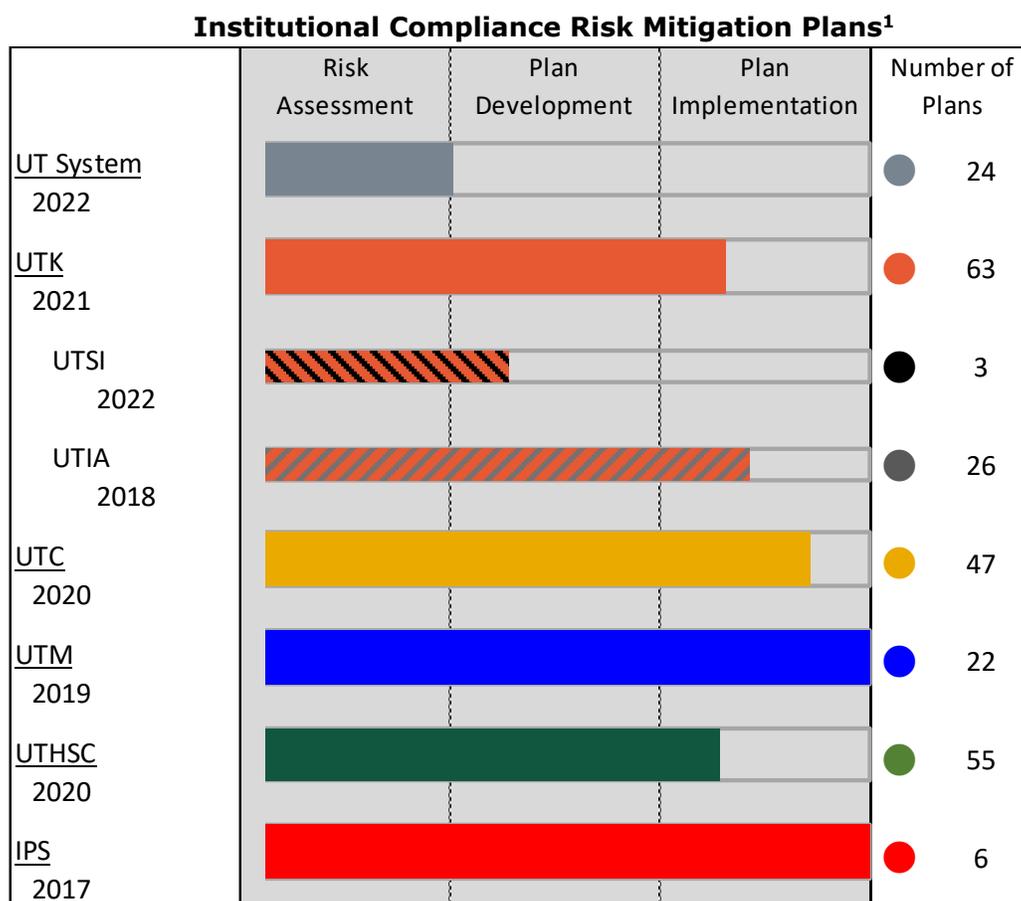
Each campus and institute institutional compliance committee is responsible for general oversight of its compliance activities. The committee chair is appointed by the chancellor or vice president, and the committee members include campus compliance officers in key areas. The campus compliance committee reviews the results of the periodic risk assessments performed by the campus compliance officers and ensures that appropriate risk mitigation plans are developed and implemented where needed. The committee also determines the compliance priorities for the campus or institute and submits recommendations to the chancellor/vice president for risk mitigation plans that need additional resources, administrative changes, or increased enforcement.

Risk Assessment Schedule. Risk assessments occur roughly every five years. The table below shows the dates of past and planned risk assessments.

Institutional Compliance Risk Assessments	
Campus/Unit	Dates of Risk Assessments
UT Knoxville	2010, 2015, 2021
UT System Administration	2010, 2016, 2022
UT Health Science Center	2012, 2020
UT Institute of Agriculture (UTK)	2013, 2018, planned 2023
UT Martin	2014, 2019
UT Chattanooga	2015, 2020
UT Space Institute (UTK)	2017, 2022
Institute for Public Service	2017
UT Southern (joined UT July 2021)	Planned 2023

Risk Mitigation Plans. As described above, campuses and units have campus compliance committees that review and analyze risk assessments and oversee the development and implementation of risk mitigation plans.

The table below shows the status of risk mitigation plans as of October 2022.



¹UTSI and UTIA are part of UTK; UT Southern will complete its first risk assessment in 2023.

Risk mitigation plans and their status are reviewed not only by the campus compliance committees, but also by the appropriate chain of command in the affected area, allowing officials to determine the amount of risk that can be assumed and to allocate the necessary resources for remediation.

Reporting. Finally, IC produces reports for UT executive leadership and the Audit and Compliance Committee of the Board of Trustees.

Information Technology Risk Assessments and Security Plan Reviews

The UT System Administration (UTSA) Information Security Office (ISO) leads yearly IT risk assessments and evaluates risks from a user, system, and departmental perspective based on the criticality of the business processes. The ISO is also

responsible for continuous review and assessment of IT security risk mitigations. The scope of the UTSA ISO's work is limited to UTSA and does not include the campuses or other units.

System security plans (SSP) for all UTSA departments and enterprise systems have been completed. The ISO considers an enterprise system to be any system that serves multiple departments, the entire UT system, or that is foundational to the business of a specific department.

The SSPs are required by university policy and provide an in-depth review of the controls in place to protect systems, applications, and information. Both the controls review for the system security plans and the risk assessments are based on the NIST Cybersecurity Framework (CSF). The Cybersecurity Framework defines categories, subcategories, and the associated controls from the NIST Special Publication 800-53, Security and Privacy Controls for Federal Information Systems and Organizations.

Department Reviews. The ISO completed twenty-four risk assessments/system security plan reviews for UTSA departments. Eighty risks were discovered with mitigation plans and documented in the ISO's portfolio management tool. Based on the risk rating, 35 were listed as low, 30 as medium, and 15 as high.

Enterprise System Reviews. The ISO completed fifteen risk assessments/system security plan reviews for the sixteen UTSA enterprise systems. Fifty-eight risks were discovered; each have documented mitigation plans. Based on the risk rating, 28 were listed as low, 23 as medium, and 7 as high.

Overall Posture. The 2022 risk assessments and security plan reviews demonstrate the state of IT security for UTSA has improved dramatically because of these assessments and reviews. Through this iterative process, UTSA has gained a thorough understanding of the sensitivity of information and where it is stored. The ISO will continue to implement and enhance the required security controls based on this knowledge.

Reporting. The ISO provides the results of the risk assessments and plan reviews directly to the UTSA department heads and the enterprise system owners, and the ISO team works collaboratively with these individuals on mitigation plans. Risk mitigation is tracked in the project tracking system, and the University System's chief information officer (CIO) receives updates. Summary reports of the annual reviews are provided to the CIO, Audit and Compliance, and the enterprise risk officer.

CONCLUSION

The above activities demonstrate UT's commitment to implementing and refining a comprehensive risk management and control monitoring system that not only meets

but *exceeds* the requirements of Tennessee's Financial Integrity Act. In addition to UT's ongoing activities, key initiatives for 2023 are described below.

Enterprise Risk Officer Activities

The ERO's activities planned for 2023 include the following:

- Develop and implement a method for tracking, monitoring, and communicating risk assessment results and action plans for mitigating risk threats (i.e., reducing likelihood of occurrence or the impact of an occurrence) or pursuing risk opportunities (i.e., taking risks/taking advantage of favorable conditions).
- Complete risk assessments for UT Southern and other areas that could not be completed in 2022 due to delayed activity on objectives.
- Explore ways, such as a risk management information system or web-based tool, to facilitate the maintenance, tracking, and reporting of risks, control mitigation plans, and results.

The ERO's activities will continue the focus on UT's strategic objectives, while the following systemwide activities will focus on operational objectives.

Business Continuity Planning Review

In 2023, a comprehensive systemwide review of the University's business continuity planning will be completed. This initiative resulted from a UT internal audit observation that UT has not performed such a review to identify critical systems and processes needed to ensure operational continuity should an adverse event occur.

An external firm, B. Riley Advisory Services, began work in October by conducting risk assessments at each campus and unit related to hazards in the following categories: natural, human-caused, and technological/infrastructure. The risk assessments will help to prioritize issues for a business impact analysis, which will then evaluate the potential impacts resulting from an interruption of time-sensitive or critical business processes. The review is expected to be completed by June.

Enterprise Resource Planning System Implementation

Work is ongoing for the implementation of the University's cloud-based enterprise resource planning system (ERP), which will launch in summer 2024. Modern resource systems incorporate best practices through the vendor's learned experience and development of best practices from implementations at other universities and across other industries. Use of built-in best practices reduced risk by 71% compared to other ERP software implementations industrywide. Additionally, use of best practices eases compliance with rules, regulations, and industry standards.

2022 UT STRATEGIC PLAN RISK ASSESSMENTS								
PILLARS	GOALS	OBJECTIVES*	UT**	UTK	UTC	UTS	UTM	HSC
Pillar 1: ENHANCING EDUCATIONAL EXCELLENCE	Goal 1: Expand UT's educational footprint	Obj 1.1.1: Increase total enrollment and total degrees awarded	NA	X	X	2023	X	X
	Goal 2: Enhance student success	Obj 1.2.1: Increase fall-to-fall first-year retention rate	NA	X	X	2023	X	NA
		Obj 1.2.2: Increase 4-yr and 6-yr graduation rates	NA	X	X	2023	X	NA
		Obj 1.2.3: Eliminate achievement gaps in first-year retention and graduation rates for historically underserved students (gender, minority, Pell-eligible, first-gen, rural).	NA	X	X	2023	X	NA
		Obj 1.2.5: UT students across the system feel a sense of mattering and belonging	NA	X	X	2023	X	X
	Goal 3: Elevate UT's national reputation for educational excellence and academic innovation	Obj 1.3.1: Increase graduate and professional enrollment and the number of graduate and professional degrees awarded	NA	2023	2023	2023	2023	X
Pillar 2: EXPANDING RESEARCH CAPABILITIES	Goal 1: Elevate UT's global reputation in discovery and innovation	Obj 2.1.1: Increase annual total research expenditures.	NA	X	X	NA	X	X
	Goal 2: Increase participation of demographically diverse faculty, staff, and students in research	Obj 2.2.1: Increase the number of UT faculty, postdocs, grad and UG students participating in research activities (paid from research accounts, assumes 100% tentue and tenure track faculty)	NA	X	X	NA	X	X
		Obj 2.2.2: Increase the participation of diverse faculty, postdocs, grad and UG students in research (diversity = race/ethnicity, paid from research accounts, assumes 100% tentue and tenure track faculty)	NA	X	X	NA	X	X

PILLARS	GOALS	OBJECTIVES*	UT**	UTK	UTC	UTS	UTM	HSC
	Goal 3: Expand the impact of UT's research on the lives of Tennesseans and beyond	Obj 2.3.1: Increase commercial licenses for UT technologies by 50%.	X	NA	NA	NA	NA	NA
Pillar 3: FOSTERING OUTREACH & ENGAGEMENT	Goal 1: UT transforms grand challenges facing Tennessee communities and industries	Obj 3.1.1: UT transforms three of our state's grand challenges into strengths and increases Tennessee's rank into the top 50% of US states.	X	NA	NA	NA	NA	NA
Pillar 4: ENSURING WORKFORCE & ADMINISTRATIVE EXCELLENCE	Goal 1: Our workforce reflects a diverse and engaged population representing the varied dimensions of diversity	Obj 4.1.1: Members of the UT workforce, representing the varied dimensions of diversity, express a high degree of engagement and job satisfaction	X	X	X	2023	X	X
		Obj 4.1.2: The minority composition of UT's workforce will increase so that UT will be a leader among its peers.	X	NA	NA	NA	NA	NA
	Goal 2: Recognized as an "Employer of Choice"/ "Best Place to Work"	Obj 4.2.1: All campuses and institutes are recognized as a preferred place to work.	X	NA	NA	NA	NA	NA
	Goal 3: UT continuously and collaboratively improves the efficiency and effectiveness of its administrative processes	Obj 4.3.1: Streamline and standardize core administrative processes for employees to accomplish work more effectively.	X	NA	NA	NA	NA	NA
Pillar 5: ADVOCATING FOR UT	Goal 1: Elevate public awareness and understanding of UT's value to the state, nation, and world	Obj 5.1.1: 85% of Tennesseans can identify one or more system-wide impacts of UT in their life.	X	NA	NA	NA	NA	NA
		Obj 5.1.2: Visible UT presence in all 95 counties by 2030 ("Everywhere...UT" murals)	X	NA	NA	NA	NA	NA
		Obj 5.1.3: System-wide communications and marketing campaign that showcases how UT is addressing grand challenges.	X	NA	NA	NA	NA	NA

PILLARS	GOALS	OBJECTIVES*	UT**	UTK	UTC	UTS	UTM	HSC
	Goal 2: Increase engagement and participation of diverse advocates, donors, and alumni to advance the UT System	Obj 5.2.1: Expand the number of donors and generate an increase in the amount of total private support over the five-year period.	X	NA	NA	NA	NA	NA
		Obj 5.2.2: Increase the number of engaged alumni.	X	NA	NA	NA	NA	NA
		Obj 5.2.3: Build advocacy network to 10,000	X	NA	NA	NA	NA	NA
		Obj 5.2.4: Identify and proactively engage systemwide volunteer leadership groups that represent every grand division, campus and institute, as well as urban, rural, and suburban regions.	X	NA	NA	NA	NA	NA
	Goal 3: Increased state and federal support of UT as the state's higher education leader and solver of grand challenges	Obj 5.3.1: Achieve 100% of our legislative agenda as the state's higher education leader and solver of grand challenges.	X	NA	NA	NA	NA	NA
		Obj 5.3.2: Develop a comprehensive government relations policy and training for UT employees to protect UT's voice on legislative issues.	X	NA	NA	NA	NA	NA
		Obj 5.3.3: Strengthen UT relationships with State agencies and entities, resulting in new partnerships benefitting the University and the State.	X	NA	NA	NA	NA	NA
		Obj 5.3.4: Increase engagement and visibility of UT among federal government partners to build trust in UT's capacity to address grand challenges.	X	NA	NA	NA	NA	NA

* Includes only the objectives for which at least one risk assessment was performed.

**UT refers to the UT System Administration, except in Pillar 2 where it refers to the UT Research Foundation, Pillar 3 where it refers to a multi-campus/unit team, and Pillar 5 Goal 2 where it refers to the UT Foundation, Inc.

X = a risk assessment was performed in 2022

NA = the objective is not relevant to that campus/unit

2023 = a risk assessment is planned for 2023

UT ERM PROCESS PHASE I: RISK ASSESSMENT

Following are questions to be considered during Phase I.

Identify Risks (Threats and Opportunities)

Objective: To identify and define potential events that could affect the achievement of goals and objectives—either negatively or positively.

- ? Given the strategies chosen, what uncertainties lie ahead that could affect the achievement of our goals and objectives?

Two types of uncertainties:

- **Threats:** What negative events could occur that would derail us from achieving our goals and objectives?
- **Opportunities:** What circumstances could arise that would help achieve our goals and objectives? What opportunities exist that we could take advantage of?

- ? Which of these threats and opportunities are key to achieving our goals and objectives?

Analyze Risk Impact and Likelihood

Objective: To identify the critical few risks by analyzing their impact on goals and objectives and the likelihood of occurrence.

- ? What is the **magnitude** of the **impact** to the achievement of our goals and objectives if each key threat occurred? Conversely, what is the **magnitude** of the **impact** if each of the opportunities/favorable circumstances arise? (See definitions on the following page.)

- ? What is the **likelihood** of each of these threats and opportunities occurring? (See definitions on the following page.)

Evaluate Risks for Response Strategy

Objective: To determine how the University should respond to the top priority risks—threats or opportunities.

- ? What actions are currently being taken to address each threat or opportunity? Are the actions adequate or inadequate?

- ? What should the response strategy be for each threat/opportunity? (See definitions on following page.)

- **Threats:** Avoid, Share, Mitigate, or Accept
- **Opportunities:** Ignore, Share, Defer, or Pursue

- ? What position/office should be responsible for implementing the response strategy for each of the top priority risks (threats and opportunities)?

DEFINITIONS

Magnitude of Impact

Rating	Description
High	The impact would preclude or highly impair (threats)/facilitate or significantly enhance (opportunities) the organization's ability to achieve goals or objectives.
Medium	The impact could significantly affect the organization's ability to achieve goals and objectives.
Low	The impact will not significantly affect the organization's ability to achieve one or more of its goals or objectives.

Likelihood of Occurrence

Rating	Description
High	The event is very likely or reasonably expected to occur.
Medium	The event is more likely to occur than unlikely.
Low	The event is unlikely to occur.

Risk Response Strategies

Threats		Opportunities	
Avoid	An informed decision not to be involved in or to withdraw from an activity in order not to be exposed to a particular risk	Ignore	An informed decision, based on currently available information, to decline to pursue a potential opportunity or consider it further
Share	Share the risk with other parties, including co-sourcing, outsourcing, or insurance	Share	Partner, subcontract with, or acquire another party to pursue the opportunity or refer the opportunity to another party
Mitigate	Take action to reduce a risk's occurrence or the impact of its consequences if it does occur	Defer	Postpone immediate action to monitor evolving circumstances surrounding the opportunity and/or to gain additional knowledge
Accept	An informed decision to tolerate a particular risk and take no additional action	Pursue	An informed decision, based on currently available information, to create an action plan to be involved in an activity or event that would increase the chances of achieving goals and objectives
