December 15, 2023

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 2023 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 Tredway 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.
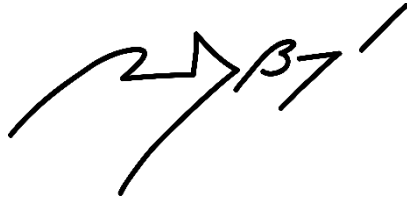
Based on the risk and control activities performed during 2023 as described in the attached document, I have reasonable assurance that the University of Tennessee's internal controls in these areas are adequate and effective in achieving our objectives and am unaware of any material weaknesses or lack of compliance in the areas examined.

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

This assurances 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,

Randy Boyd
President

Enclosure

c: Ms. Carrie Allen
        Ms. Judy Burns
        Mr. Mike Corricelli
        Mr. Brian Daniels
        Ms. Michelle Earhart
        Mr. Bob Hunter
        Mr. David Miller
        Ms. Cindy Moore
        Ms. Sarah Pruett
        Ms. Kathy Stickel
        Ms. Amy Wilegus
        Ms. Tammy Worley
        Audit and Compliance Committee

The University of Tennessee
Risk Management and Control Activities
Calendar Year 2023

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INTRODUCTION

Purpose

This document summarizes the risk management and control activities conducted at the University of Tennessee (UT) during calendar year 2023 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 Tredway 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/.

Strategic Plan Focus

The University began an initiative to assess risks related to achieving the goals and objectives in the *UT Systemwide Strategic Plan, 2021-2025*, in January 2022, the first full year of the plan's implementation. This activity continued in 2023 with the intent

to become a standard aspect of the strategic planning process. 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) cybersecurity reviews.

This report does not contain confidential, detailed information about risks. Complete information is on file in the offices responsible for the activities, including the office of the Enterprise Risk Officer.

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 began in January 2022, the first full year of the plan's implementation, with risk assessments performed throughout that calendar year and continuing into 2023.

Background on the Strategic Plan. 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. Similarly, Pillar 4 (ensuring workforce and administrative excellence) contains a goal regarding employee engagement and job satisfaction, which is addressed by each UT entity. Other pillars are managed by the System Administration or other entity, such as the UT Foundation, UT Research Foundation, and the Institute for Public Service. Overall, the Systemwide plan includes 15 goals and 35 objectives.

UT's ERM Process. As shown in the following graphic, the University's ERM process consists of three phases: I. Risk Assessment, II. Risk Response, and III. Monitoring and Reporting.

UT ERM PROCESS

Context
Define the context for assessing risks

Phase I - Risk Assessment

Identify Risks (Threats and Opportunities)

Analyze Risk Impact and Likelihood

Evaluate Risks for Response Strategy

Phase II - Risk Response
Assign responsibility for top priorities and action plans.

Phase III - Monitoring and Reporting
Monitor action plans and report on the results.

Risk Assessment Scope. In 2022, the ERO identified the goals and objectives that should undergo a risk assessment and the UT officials responsible for implementing the objectives at the campuses, the UT System Administration, and other entities.

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 or other entity level, a total of 51 risk assessments were performed.

Throughout 2023, all 51 of the risk assessments produced the previous year underwent significant updates and revisions; in addition, UT Southern and IPS completed risk assessments for the first time. In all, 58 risk assessments were completed. See Attachment 1 for a complete list of risk assessments performed or updated in 2023.

Revisions were necessary in several cases because the UT officials who participated in the risk assessment process in 2022 were no longer with the University, and their successors or interim office holders were asked for their views, which in a few instances were significantly different from those of their predecessors. In other cases, some of the risks previously identified were replaced by more relevant or higher priority ones. In all cases, the risk assessment process mirrored that used in 2022, a description of which follows.

Risk Assessment Process. 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 or, in a few cases, asked the officials to update the prior 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 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) on the objective if the threat or opportunity were to occur.
- The likelihood of the threat or opportunity occurring (H, M, L).
- Current actions related to each threat and opportunity.
- The desired future response to each threat and 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 that appropriate responses to risks and 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. These detailed risk assessments are retained by the Enterprise Risk Officer with copies provided to the officials involved with producing them.

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) cybersecurity reviews. Regarding cybersecurity, last year's report highlighted the 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. This year's cybersecurity section focuses on the activities of the Governance, Risk, and Compliance team in Information Technology Services at the UT Health Science Center.

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 (629 for 2023) 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 190 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.

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. Coordinators at each campus work with departments to correct the control weaknesses identified. Therefore, 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 2023, equipment and accounts receivable were assessed. Of the 629 departments surveyed, 53 identified and corrected 109 control weaknesses. No critical control gaps were identified. A critical control gap is a deficiency that could have a substantial negative impact on the university's ability to effectively mitigate risk and achieve its objectives. A critical control gap is judgmentally identified based on many factors, including the nature of the missing control, the risks impacted, the number of departments that identified the deficiency, and other relevant mitigating factors.

Reporting. Each year, the chief business officers of the campuses and other entities review the results of the self-assessment and attest to their 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, EDUCAUSE, NCAA, and others) 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 higher 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 the University's risk, or exposure to loss by evaluating risk exposure related to the University's governance, operations, and information systems and to determine the potential for fraud. A&C conducts numerous types of audits; some examples from the 2023 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 as 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 consulting projects (such as physical security and research). Investigations into allegations of fraud, waste, and abuse (often resulting in recommendations for improving internal controls) are also performed by A&C.

Reporting. A&C issues reports to the audit client and appropriate management, UT senior leadership, the State Comptroller's Office, and the BOT A&C Committee. The A&C Committee are apprised of outstanding audit issues and their magnitude on a regular basis.

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 480).
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 340 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 2024
UT Martin	2014, 2019, planned 2024
UT Chattanooga	2015, 2020
UT Space Institute (UTK)	2017, 2022
Institute for Public Service	2017, planned 2024
UT Southern (joined UT July 2021)	Planned 2024

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 2023.

Institutional Compliance Risk Mitigation Plans[1]

	Risk Assessment	Plan Development	Plan Implementation	Number of Plans	Key Action Areas
UT System 2022				26	Key plans under development: Cybersecurity, Privacy, Intellectual Property, Clery, Research
UTK 2021				61	Research, Safety, Data Protection, Civil Rights.
UTSI 2022				3	Plans are being implemented in safety and environmental reporting.
UTIA 2018				26	Plans under development: Environmental health and safety, Extension
UTC 2020				47	Safety, Sponsored Projects, Equity & Inclusion, Export Control, IT Security, Privacy
UTM 2019				22	Sponsored Projects, Animal Care, Financial Aid, NCAA, Safety, IT Privacy/Security, Biosafety
UTHSC 2020				54	Plans under development: Safety and Cybersecurity
IPS 2017				6*	Risk assessment started Fall 2023. Data reflects completion of previous risk assessment.

[1]UTS has established its Institutional Compliance Committee and the applicable regulatory areas have been assigned to responsible individuals. Risk assessments are planned for 2024.

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.

UTHSC Risk, Governance, and Compliance Activities

The UTHSC ITS Governance, Risk, and Compliance (GRC) Team helps to ensure that security activities are aligned with business goals and requirements. This includes supporting and assisting UTHSC business units in ensuring assets are adequately protected, and security risks are managed in alignment with risk tolerances throughout the risk lifecycle.

Risk Management. The risk management services and assistance the ITS GRC Team provides to UTHSC business units include:

- Assist system and data owners/custodians in classifying their assets.
- Assist system and data owners/custodians in assessing risks associated with their assets and establish system security plans for critical or sensitive assets.
- Conduct due diligence associated with third-party risk management.
- Manage, maintain, and report on system security plans, the risk register, and the lifecycle of identified risks.
- Develop and track overall security program maturity.

Throughout the 2023 calendar year, the GRC Team conducted 69 security assessments, with the majority being classification and impact questionnaires, clinic HIPAA security rule risk assessments, and system security plans. Prior to 2023, system security plans were not formally documented, so this step represents a significant improvement in security posture and risk management. As of November, 48 of the 69 assessments were completed, 11 in review, 8 in progress, and 2 not started.

As of the beginning of December 2023, the assessments had resulted in the identification of 431 risks, with 48 in the process of mitigation and 233 of which had been closed. Mitigation means taking actions to reduce risk or lessen its impact. Closed indicates risks that have been either mitigated or accepted/acknowledged by management. Acceptance or acknowledgement of a risk may occur, for example, when the cost of mitigating the risk would exceed the benefit of doing so or when management determines that the amount of risk compared to the benefit of the activity is tolerable. Closed risks are flagged for review every two years.

Risks are rated as low, medium, high, or very high when they are identified and again when closed. This calendar year, mitigation efforts reduced the risk levels at identification and closure by around 54%. This partnership between the GRC Team, Technical System Custodians, and Business Unit Leaders to identify and reduce cybersecurity risks to an acceptable level resulted in a significant improvement in security posture.

Over the past few years, ITS has invested significant resources in fostering cross-functional partnerships and developing tools and processes for third-party risk management. The ITS Technology Review Team (TRT), which is composed of representatives across the ITS team, was originally designed to review procurement requests for cybersecurity soundness and technology alignment. In 2023, the scope of the TRT was expanded to include partnerships with ITS project management to assess major changes to existing technology and partnerships with our business and research contracts offices to review technology and security-related language in contracts.

The TRT conducted 65 assessments in 2022 with an increase to 78 assessments in 2023. The 2023 numbers do not reflect the increased scope to include business and research contract reviews. A Business Productivity Solutions project is scheduled for 2024 to pull together representatives from ITS, Business Contracts, Research

Contracts, and Procurement Services to further align our processes for increased efficiency and effectiveness.

Compliance. The compliance services and assistance the ITS GRC Team provides to UTHSC business units include:

- FERPA Security Compliance
- HIPAA Security Rule Compliance
- PCI-DSS Compliance
- GLBA Compliance

2023 involved a number of compliance initiatives. The GRC Team further developed a cross-mapping tool to ensure that our System Security Plan framework was aligned with and directly mapped to compliance requirements for FERPA, HIPAA, and GLBA. To support the wider UTHSC community, the GRC Team published an Information Security Requirements page to serve as a guide for System Owners and Custodians. This initiative also included an audit of ITS Standards to ensure the language was appropriately aligned with cybersecurity compliance requirements.

In 2023, the GRC Team completed an enterprise HIPAA assessment and 22 clinic HIPAA assessments. Since System Security Plans were improved to directly map to HIPAA requirements, the GRC team expanded HIPAA assessments to start documenting System Security Plans for Electronic Health Record systems to take a more granular approach to assure compliance with the HIPAA security rule at the system level. This expansion project will continue into 2024. The GRC Team also partnered with the Bursars and Financial Aid Offices to ensure our security program and requirements were aligned with the Gramm-Leach-Bliley Act.

Governance and Reporting. The GRC Team reports directly to UTHSC Chief Information Security Officer and Chief Technology Officer, who is designated as the Authorizing Official for UTHSC and approves the final step of the System Security Plan and security assessment workflows. The results of the NCSR and other security assessments are leveraged to guide security initiatives and spending. One goal for 2024 is to further leverage the OneTrust GRC tool to provide reporting and risk/compliance dashboards for each college and department at UTHSC for further visibility and accountability of the security and compliance posture of each group and UTHSC as a whole.

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 2024 include the following:

- Implementation of an information system, AuditBoard's RiskOversight, to support the ERM process and to serve as the single source of truth for enterprise risks (the system will also be used by Institutional Compliance and the UT System Administration Information Security team).
- Development of a plan to better align UT's various risk management functions, with an initial focus on Institutional Compliance.
- Completion of Phase II Risk Response and Phase III Monitoring and Reporting of UT's ERM process. Focus will be on documenting UT officials' responses to the key risks identified in the risk assessment process in 2023, including the primary actions, timeframes, responsible individuals, indicators of success, and monitoring and communication activities. This process was begun during the Phase I risk assessments updates with the identification of responses and responsible positions/offices.
- Launch of the University's cloud-based enterprise resource planning system (ERP) in summer 2024. This system, known as DASH, will incorporate best practices from the vendor and 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.

**2023 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	X	X	X
	Goal 2: Enhance student success	**Obj 1.2.1:** Increase fall-to-fall first-year retention rate	NA	X	X	X	X	NA
		Obj 1.2.2: Increase 4-yr and 6-yr graduation rates	NA	X	X	X	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	X	X	NA
		Obj 1.2.5: UT students across the system feel a sense of mattering and belonging	NA	X	X	X	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	o	o	o	o	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
	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

PILLARS	GOALS	OBJECTIVES*	UT**	UTK	UTC	UTS	UTM	HSC
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 & ADMINSTRATIVE 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	X	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 under-standing 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
	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

PILLARS	GOALS	OBJECTIVES*	UT**	UTK	UTC	UTS	UTM	HSC
		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

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

**UT refers to the UT System Adminstration, except in Pillar 2 where it refers to the UT Research Foundation, Pillar 3 where it refers to a multi-campus/unit team, Pillar 4, Goal 1 where it also includes the Institute for Public Service (IPS), and Pillar 5 Goal 2 where it refers to the UT

X = a risk assessment was revised or performed for the first time (UTS & IPS) in 2023

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

o = separate risk assessments are planned for a later date

UT ERM PROCESS
PHASE I: RISK ASSESSMENT

Following are questions to be considered during Phase I.

Identify Risks (Threats and Opportunities)

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

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

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

?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.)

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

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

Evaluate Risks for Response Strategy

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

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

?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