

Texas Tech University System

Regulation 01.01

Enterprise Risk Management – Standards of Practice

Approved April 28, 2017

Next Scheduled Review: April 28, 2022

1. General

- a. Enterprise Risk Management (ERM) is a process, overseen by the Chancellor and respective President of each component institution, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and to provide reasonable assurance regarding the achievement of entity objectives.
- b. Each institution shall identify the appropriate administrative person(s) to develop and implement ERM tools to effectively manage risk through successful identification, mitigation, and monitoring activities.
- c. The ERM philosophy is to focus on the key elements of ERM to serve as a management and communication tool that assists in reducing risks and improving the chances of success in the accomplishment of goals found in a strategic plan and/or other key continuing operational programs. In many cases, risks cannot be eliminated, but ERM enables us to manage them more efficiently and effectively.

2. Standards

- a. Component Institutions should include the following key elements in the application of ERM:
 - i. Identify and Prioritize Risk - Identify and prioritize risk associated with the achievement of strategic plan goals and/or other key continuing operational programs.
 - ii. Determine Level of Acceptable Risk – Management determines the level of risk acceptable to the organization, including the acceptance of risks designed to accomplish the organization’s objectives.
 - iii. Develop Mitigation Activities – Develop and implement mitigation activities to reduce, or otherwise manage, risk at levels that were determined to be acceptable to management.
 - iv. Conduct Ongoing Monitoring – Conduct monitoring activities to periodically reassess risk and the effectiveness of controls to manage risk.
 - v. Report Periodically on ERM process – Report and communicate periodically on the application of the Enterprise Risk Management tools in the management of risk. Risk

deficiencies should be reported upstream, with serious matters reported to top management.

- b. The above elements should be applied across the institution in accordance with the strategic plan, but also be used as a tool to address departmental or functional unit level risk at appropriate levels of detail.

3. Annual Requirements

- a. TTUSA and each component institution shall annually provide a report to the Chancellor and Regents in conjunction with its annual strategic plan report to the Board of Regents using a standard format.
- b. Annual Time Line
 - i. November 1st – TTUSA Office of Risk Management (ORM) initiates update process with component institutions.
 - ii. April 1st – Component updates due to ORM.
 - iii. May Board meeting – TTUSA and component institutions presentations.
- c. The annual report will require identification of:
 - i. Risks – key threats that may prevent accomplishment of a goal.
 - ii. Mitigation activities – controls, programs, processes, or procedures in place to reduce the likelihood or severity of the risk.
 - iii. Monitoring activities – systems, reports, or executive reviews use to track and analyze the risks associated to the goal and the related effectiveness of mitigation activities.
 - iv. TTUS Office of Risk Management will provide guidance and templates annually for the progress reports. Current information is available at TTUS Enterprise Risk Management.

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