

Velocity refers to how quickly a risk could impact the organization. For example, an information technology cyberattack could have an instantaneous impact, while a legislative change may only impact the organization months or even years later.

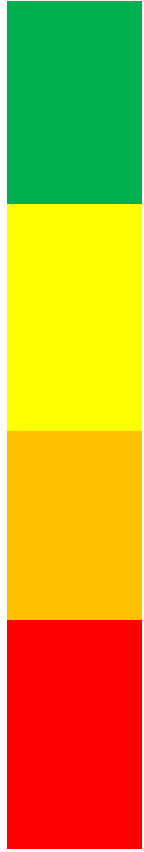
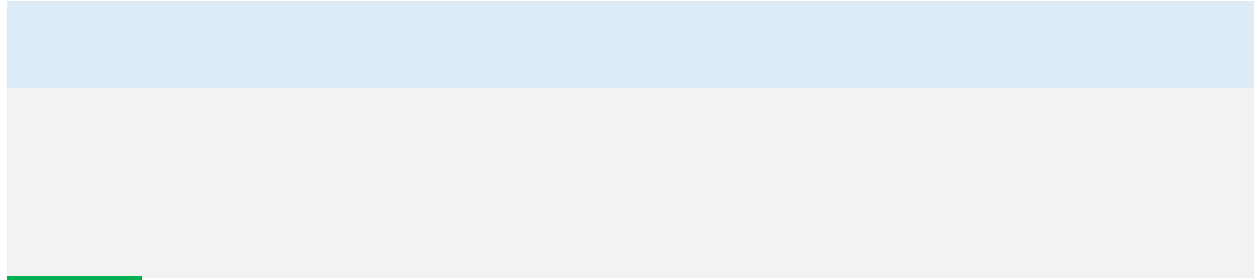
Preparedness refers to the organization's readiness to deal with a risk. Preparedness should be assessed based on the existence and effectiveness of such aspects as prevention or detection controls, recovery arrangements, backups, response plans, communication plans, insurance, notifications to constituents, emergency management planning, and the like.

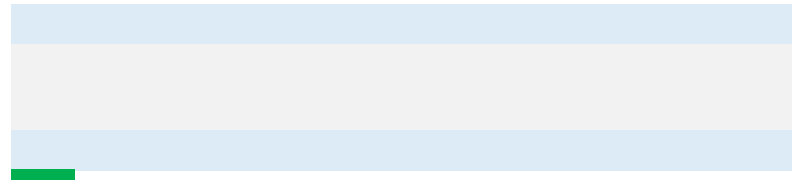
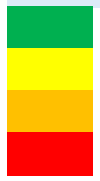
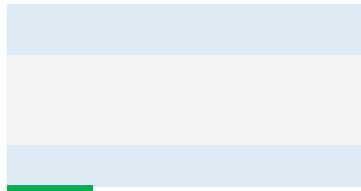
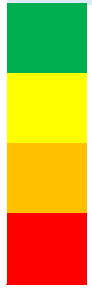
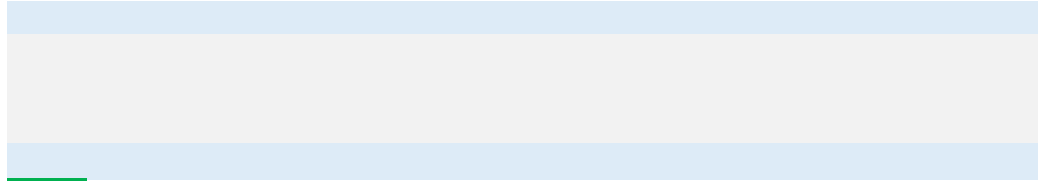
The initial ERM report from each component (i.e., each institution and TTUSA) will be provided to the Board of Regents in February 2017 in conjunction with the annual strategic planning meeting. To assist with this short timeline, we have developed some quick-start strategies to assist in the initial generation of information.

We recommend that each component plan to initially report on the two most threatening risks in each category. Determining the two most significant risks in each category will likely involve applying the rating scales to more than two risks and determining which two are most important to include. Later, as ERM processes mature and include information from throughout the institutions, the list of the most significant risks will also mature and may include more or less than two in each category. While it is not intended to be all-inclusive, Attachment 2 herein is a list of potential major risks to spur discussion and brainstorming during the risk assessment process.

We believe a concise approach to reporting to the Board will be most desirable and have developed a template for all components to use in ERM reporting. This format will provide condensed information about the most significant risks in a dashboard format, which will facilitate comparisons and easier digestion of information.

Attachment 3 includes a sample heat map in the format we recommend. We have also developed an Excel tool where ratings for each risk can be entered and the heat map automatically produced. We have provided this tool to the institutional representatives on this committee.





Each component will prepare a heat map similar to this one depicting each of its eight highest risks on the four rating scales of impact, likelihood, velocity, and preparedness.

