

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
INTERNAL AUDIT AND EXECUTIVE COMPLIANCE COMMITTEE CHARTER
08.05.04

AUTHORITY

The University of Texas System (“U.T. System”) Business Procedures Memorandum 18-02-04, Internal Audit Activities, authorizes the establishment of the Institutional Audit Committee. Appendix A, System-wide Internal Audit Charter, states:

**Each component institution will organize and maintain
an institutional audit committee.**

ROLE

The Internal Audit and Executive Compliance Committee (“Institutional Audit Committee”) is an essential component of the Risk Management and Internal Control infrastructure of The University of Texas System Administration (“System Administration”). Its primary responsibilities are to assist the Chancellor in the:

1. Oversight of System Administration’s financial statement preparation process and review of the System-wide financial statement preparation,
2. Oversight and direction of System Administration’s internal auditing function,
3. Oversight of any external public accounting firms hired by System Administration,
4. Reporting of risk management and audit activity through the Director of System Audits (“Chief Audit Executive”) to the Audit, Compliance, and Management Review Committee of the Board of Regents (ACMR).

MEMBERSHIP

The Chancellor appoints the members of the Institutional Audit Committee. Membership should include:

1. The Chancellor, the Executive Vice Chancellors, and other key members of senior management of the institution.
2. At least one member from outside the institution (chosen by the Chancellor) is strongly encouraged.
3. The Chairman is appointed by the Chancellor. The Chancellor may be the Chairman.

The Chief Audit Executive is a non-voting member of the Institutional Audit Committee and serves as a resource to assist the committee in carrying out its responsibilities.

EDUCATION

The U.T. System Controller’s Office and/or the System Audit Office are responsible for providing Institutional Audit Committee members with educational resources related to

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accounting principles and procedures, business and financial risk management, internal auditing standards and best practices, and other information necessary to discharge their responsibilities.

MEETINGS

The Institutional Audit Committee should meet periodically (at least quarterly) as determined by institutional necessity and at the request of the Chancellor, and provide for direct communication with the Chief Audit Executive, external public accounting firms hired by System Administration, and senior management. Evidence of the discussions of the Institutional Audit Committee and the actions taken by it should be reflected in recorded minutes of the meetings. A majority of members constitutes a quorum and attendance should be recorded in the minutes.

RESPONSIBILITIES

The Institutional Audit Committee's specific responsibilities in carrying out its oversight and reporting roles are delineated in the Institutional Audit Committee Responsibilities Checklist. The responsibilities checklist will be updated annually by the Institutional Audit Committee to reflect changes in regulatory requirements, authoritative guidance, U.T. System guidance, and best practices in business and financial risk management. As the compendium of Institutional Audit Committee responsibilities, the most recently updated responsibilities checklist will be considered to be an addendum to this charter.