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FOR  
AUDIT, COMPLIANCE, AND RISK MANAGEMENT  
COMMITTEE**

**Committee Meeting: 5/20/2026**

**Board Meeting: 5/21/2026**  
Austin, Texas

Nolan Perez, *Chairman*  
Christina Melton Crain  
Jodie Lee Jiles  
Janiece Longoria  
Kelcy L. Warren  
Rad Weaver

|  | <b>Committee Meeting</b>                      | <b>Board Meeting</b> | <b>Page</b> |
|--|---|----------------------|-------------|
| <b>Convene</b>   | <i>2:15 p.m.</i><br><i>Chairman Perez</i>     |                      |             |
| 1. <b>U.T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>   | <b>Discussion</b>                             | <b>Action</b>        | <b>74</b>   |
| 2. <b>U.T. System Board of Regents: Approval to renew the contract with Deloitte &amp; Touche LLP to provide financial auditing services for Fiscal Years 2026 and 2027</b>  | <b>Action</b><br><i>Mr. Peppers</i>           | <b>Action</b>        | <b>75</b>   |
| 3. <b>U.T. System: Discussion and Appropriate Action regarding institutional Audit Committee chair changes; Report on the State Auditor’s Office Statewide Single Audit Report for FY 2025; and Systemwide internal audit administrative items, including Required Communications and Annual Audit Plan Status</b> | <b>Action</b><br><i>Mr. Peppers</i>           | Not on Agenda        | <b>76</b>   |
| 4. <b>U.T. System: Report on the results of the Fiscal Year 2025 U.T. Systemwide Endowment Compliance Program</b>  | <b>Report/Discussion</b><br><i>Dr. Safady</i> | Not on Agenda        | <b>78</b>   |
| <b>Adjourn</b>   | <i>2:45 p.m.</i>                              |                      |             |

1. **U.T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

**RECOMMENDATION**

The Board will be asked to approve the Consent Agenda beginning on [Page 175](#).

2. **U.T. System Board of Regents: Approval to renew the contract with Deloitte & Touche LLP to provide financial auditing services for Fiscal Years 2026 and 2027**

**RECOMMENDATION**

Committee Chairman Perez recommends approval for Deloitte & Touche LLP (Deloitte) to provide independent auditing services for the Fiscal Year 2026 and Fiscal Year 2027 financial statement audits of the U.T. System, U.T. Austin, U.T. Southwestern Medical Center, U.T. Medical Branch - Galveston, U.T.M.D. Anderson Cancer Center, and the funds managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO). Approval is requested for U.T. System staff to negotiate and enter into an auditing services contract amendment with Deloitte to renew the contract for a two-year term pursuant to delegation of authority from the State Auditor's Office.

**BACKGROUND INFORMATION**

The contract with Deloitte, effective May 31, 2024, to provide audit services for Fiscal Years 2024 and 2025 is set to expire on May 30, 2026. It has one remaining option to renew for two years. The source of funding for this contract is primarily Available University Funds, as approved for the prior contracts.

3. **U.T. System: Discussion and Appropriate Action regarding institutional Audit Committee chair changes; Report on the State Auditor's Office Statewide Single Audit Report for FY 2025; and Systemwide internal audit administrative items, including Required Communications and Annual Audit Plan Status**

RECOMMENDATION

Chief Audit Executive Peppers, on behalf of the Presidents at U.T. Dallas and U.T. Medical Branch - Galveston and the Chancellor at U.T. System Administration, recommends formal approval by the Audit, Compliance, and Risk Management Committee (ACRMC) of the appointment of the following individuals to serve as Chairs of the Institutional Audit Committees:

- John Cullins, Part-Time Consultant at J Cullins Advisors, LLC and Retired Partner with Ernst & Young, U.T. Dallas (reappointment);
- Ann Masel, Partner with Ham, Langston & Brezina, LLP, U.T. Medical Branch - Galveston; and
- Eric Markland, Chief Financial and Administrative Officer at INTERA, U.T. System Administration.

Details on the qualifications of the new Chair candidates were provided to the ACRMC members prior to the meeting.

REPORT

Additionally, Mr. Peppers will:

- 1) discuss required communications to the Committee, including independence of the Chief Audit Executives;
- 2) provide a report on the State Auditor's Office (SAO) State of Texas Federal and Financial Portions of the Statewide Single Audit for Fiscal Year 2025; and
- 3) provide an update on the Fiscal Year 2026 Annual Audit Plan status as of February 28, 2026.

Details on required communications, the SAO audit results, and Audit Plan status, including Priority Observations, were provided to the ACRMC members prior to the meeting.

## BACKGROUND INFORMATION

The ACRMC annually reviews and approves nominations from the institutional presidents for external member chairs of their institutional audit committees. Delegated approval was provided by the ACRMC Chairman and the Chancellor for those candidates with terms beginning between May ACRMC meetings.

Required communications to the ACRMC include the discussion of internal auditing professional standards and confirmation of the organizational independence of the internal audit activity. Through their annual certification process, all institutional chief audit executives confirmed they are receiving adequate support to conduct the necessary audit services and there are institutional internal audit departmental processes to ensure compliance with professional standards.

The Texas State Auditor's Office performs the Statewide Single Audit annually. The audit includes a federal portion, which is an audit of compliance and controls over the State's federal awards, and a financial portion, which includes an audit of the basic financial statements for the State of Texas. These reports are submitted to the federal government.

4. **U.T. System: Report on the results of the Fiscal Year 2025 U.T. Systemwide Endowment Compliance Program**

Vice Chancellor Safady will report on the U.T. Systemwide Endowment Compliance Program for the Fiscal Year ended August 31, 2025, using a PowerPoint presentation set forth on the following pages.

# Systemwide Endowment Compliance Report FY 2025

Randa Safady, Vice Chancellor for External Affairs, Communications, and Advancement Services

U.T. System Board of Regents Meeting  
Audit, Compliance, and Risk Management Committee  
May 2026



# FY25 Total U.T. Systemwide Endowments

## ENDOWMENTS BY CUSTODIAN



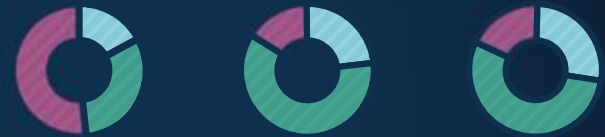
TOTAL NUMBER  
**20,651**

TOTAL MARKET VALUE  
**\$20.4B**

TOTAL DISTRIBUTIONS  
**\$706.1M**

|                 |        |         |          |
|-----------------|--------|---------|----------|
| BOARD-HELD:     | 18,635 | \$15.1B | \$571.6M |
| AFFILIATE-HELD: | 1,951  | \$2.7B  | \$88.1M  |
| HELD BY OTHERS: | 65     | \$2.7B  | \$46.4M  |

## ENDOWMENTS BY PURPOSE



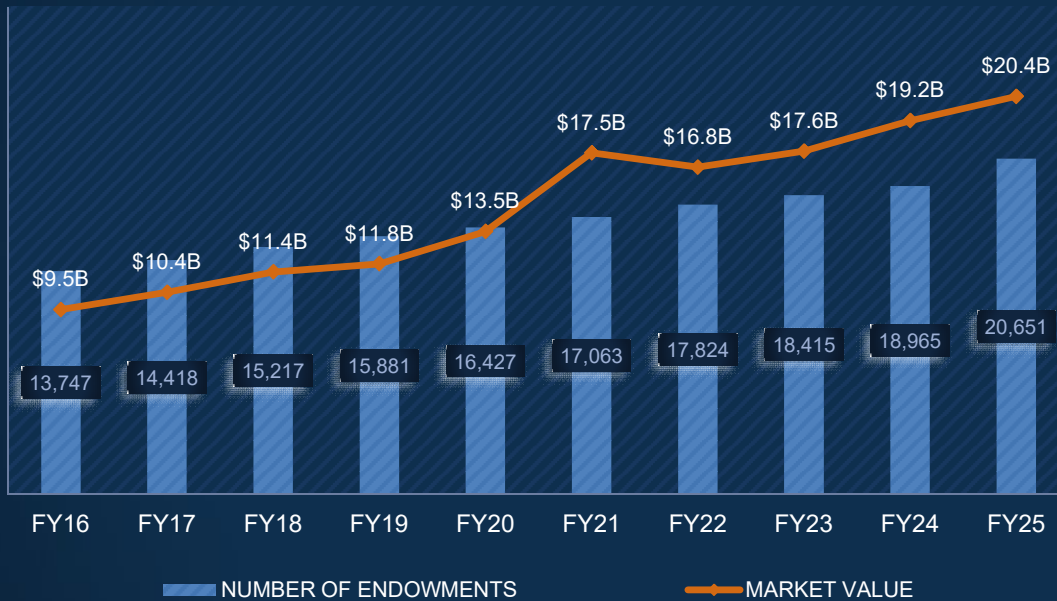
TOTAL NUMBER  
**20,651**

TOTAL MARKET VALUE  
**\$20.4B**

TOTAL DISTRIBUTIONS  
**\$706.1M**

|                             |        |         |          |
|-----------------------------|--------|---------|----------|
| STUDENT SUPPORT:            | 10,670 | \$3.3B  | \$131.0M |
| ACADEMIC POSITION:          | 3,536  | \$4.8B  | \$191.0M |
| RESEARCH & PROGRAM SUPPORT: | 6,445  | \$12.4B | \$384.1M |

# Total Endowments: 10-Year Trends



In FY25:

MARKET VALUE

**\$20.4B**

*10-Year Growth: 116%*

NUMBER OF ENDOWMENTS

**20,651**

*10-Year Growth: 50%*

# Annual Endowment Compliance Report

## Areas monitored:

- i. Timely spending in accordance with donor intent
  - ii. Accumulation of distributions
  - iii. Timely appointment of endowed academic positions
  - iv. Timely awarding of student scholarships and fellowships
  - v. Donor reporting
  - vi. Endowment compliance committee meetings
  - vii. Training of institution staff
- Annual review of a pool of endowments
  - Trends and findings are addressed with each institution

# Systemwide Results of FY25 Endowment Compliance Report

## Timely spending in accordance with donor intent

- 8,974 endowments reviewed
- 98% with timely spending

## Timely appointment of endowed academic positions

- 3,308 endowments reviewed
- 94% filled in a timely manner

## Timely awarding of student scholarships and fellowships

- 10,113 endowments reviewed
- 98% awarded within last 2 years

## Donor reporting

- 15,195 reportable endowments
- 99% received an annual report

## Staff training

- 4,318 staff eligible for training
- 96% participated