

1. Title

Audit and Compliance Programs

2. Rule and Regulation

Sec. 1 Audit Program. The Chancellor, as chief executive officer of the U. T. System, is responsible for ensuring the implementation of appropriate audit procedures for the U. T. System. Accordingly, the U. T. System Chief Audit Executive (CAE) prepares an executive summary of all internal audit activity by the U. T. System internal auditors and the institutional internal auditors for the Chancellor.

1.1 U. T. System Chief Audit Executive's Responsibilities. The U. T. System CAE is charged with assuring that an effective internal audit function is in place Systemwide. The U. T. System CAE accomplishes this through oversight of the following activities at U. T. System Administration and all U. T. System institutions:

- (a) Proposing a charter for the Audit, Compliance, and Management Review Committee (ACMRC) to be reviewed and approved by the Committee.
- (b) Developing a Systemwide internal audit plan based on a comprehensive risk assessment and coordinating the implementation of the audit plan with the chief audit executives at all U. T. System institutions.
- (c) Providing support and advice to each institution's internal audit committee. This includes:
 - (i) interviewing all candidates for an open institutional CAE position,
 - (ii) participating in the annual performance review for each institution's CAE, and
 - (iii) participating, with the institution's president and chair of the institution's audit committee, in any decision to terminate the employment of an institution's CAE.

- (d) Establishing the standards and methodology to be followed by all U. T. System internal auditors in:
 - (i) preparation of the annual institutional audit plan,
 - (ii) documentation required for all internal audit work papers,
 - (iii) establishment of a standard internal audit reporting format, and
 - (iv) provision of direction concerning findings that must be reported to the ACMRC.
 - (e) Establishing a quality assurance and improvement program that includes monitoring and assessments, to the extent considered necessary by the CAE, to evaluate the internal auditors' conformance with prescribed standards.
 - (f) Providing audit assistance to the Chancellor, the Deputy Chancellor, the Executive Vice Chancellors, and the Vice Chancellors in the exercise of their responsibilities.
 - (g) Providing information to the ACMRC in Executive Session concerning personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of individual U. T. System employees involved in internal audit functions.
- 1.2 Appointment and Evaluation of the CAE. The CAE shall be appointed by the ACMRC after nomination by the Chancellor. The CAE shall hold office subject to the pleasure of the ACMRC and the Chancellor. The Chancellor's actions regarding the CAE are subject to review and approval by the ACMRC.
- 1.3 The U. T. System internal auditors are the internal auditors for the U. T. System and augment the audit work of the institutional internal auditor and the State Auditors at the institutions of the U. T. System.

Sec. 2 Compliance Program. The Chancellor, as chief executive officer of the U. T. System, is responsible for ensuring the implementation of a compliance program for the U. T. System. Accordingly, the Systemwide Compliance Officer prepares an executive summary of all compliance activity of the institutions, The University of Texas Investment Management Company (UTIMCO), and System Administration.

2.1 Systemwide Compliance Officer's Responsibilities. The Systemwide Compliance Officer is responsible, and will be held accountable for, apprising the Chancellor and the ACMRC of the institutional compliance functions and activities at System Administration, UTIMCO, and at each of the institutions as set out in Section 2.1 (b) below. The Systemwide Compliance Officer provides institutional compliance assistance to the Chancellor, the Deputy Chancellor, the Executive Vice Chancellors, the Vice Chancellors, and the Chief Compliance Officer of UTIMCO in the exercise of their responsibilities.

(a) The Systemwide Compliance Officer shall be appointed by the Chancellor. The Systemwide Compliance Officer is the senior compliance official of the U. T. System; provides assistance and advice covering all institution, UTIMCO, and System Administration compliance programs; and shall hold office without fixed term, subject to the pleasure of the Chancellor.

(b) The primary responsibilities of the Systemwide Compliance Officer include developing an infrastructure for the effective operation of the U. T. System Institutional Compliance Program; chairing the Systemwide Compliance Committee and the Compliance Officers Council; and prescribing the format for the annual risk based compliance plan and the quarterly compliance status reports to be submitted by each institution, UTIMCO, and System Administration.

3. Definitions

None

4. Relevant Federal and State Statutes

None

5. Relevant System Policies, Procedures, and Forms

None

6. Who Should Know

Administrators
Internal Audit
Compliance

7. System Administration Office(s) Responsible for Rule

Audit Office
Compliance

8. Dates Approved or Amended

Editorial amendments to Sections 1.1(f) and 2.1 made July 13, 2015
February 12, 2015
December 6, 2012
Editorial amendments made March 17, 2008
December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

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