



SUB-TOPIC
INSTITUTIONAL AUDIT AND COMPLIANCE COMMITTEE STATEMENT OF RESPONSIBILITIES

I. GENERAL

1. The Institutional Audit and Compliance Committee ("Committee") is a University-wide Standing Committee not reporting to the Academic Senate at The University of Texas at Dallas.
2. The Committee members shall be appointed by the President, who serves as Chair of the Committee.
3. The term of office of the Committee members is indefinite. The Director of Audit and Compliance and the Compliance Officer serve as ex-officio members without vote.
4. The Committee will perform such other functions as assigned by the Audit, Compliance, and Management Review (ACMR) Committee of The University of Texas System's Board of Regents.
5. The Committee shall meet four times per year or more frequently as circumstances require or at the request of the President.
6. The Chairman of the Committee, in consultation with the Director of Audit and Compliance, will prepare the agenda for the committee meetings.
7. The Director of Audit and Compliance will be responsible for maintaining a record of the approved minutes of each Committee meeting.
8. The Committee will annually review the Institutional Audit and Compliance Committee Charter and assess its performance of the responsibilities delineated in that charter.
9. The Committee will meet privately with the Chief Audit Executive, Compliance Officer, external public accounting firms, and the State Auditor's Office at least annually, or as appropriate.
10. Other executive sessions may be appropriate to assess the performance of the internal audit and compliance functions.
11. Committee members will receive training on their responsibilities upon their appointment, and annual updates will be provided to existing members.

II. OVERSIGHT OF THE FINANCIAL STATEMENT PREPARATION PROCESS

The Committee will be responsible for oversight of the financial statement preparation process as follows, and will receive annual training to update them on these responsibilities.



SUB-TOPIC
INSTITUTIONAL AUDIT AND COMPLIANCE COMMITTEE STATEMENT OF RESPONSIBILITIES

The Committee will:

1. Determine that institution management has assumed responsibility for identifying (risk assessment) and managing (internal controls) the business and financial risks.
2. Oversee the preparation of the institution's financial statements through the review of
 - a. The closing process used by the institution,
 - b. The certifications by the President and Financial Reporting Officer,
 - c. Financial and internal controls information provided in internal audit documents,
 - d. Financial and internal control information provided by external public accounting firm audits,
 - e. Analytical information provided by institution management, internal audit, and/or external auditors,
 - f. The methodology used to identify, assess, and manage possibilities for fraud in business and financial processes, and
 - g. Any off-balance sheet transactions/arrangements that have, or are reasonably likely to have, a current or future effect on the System's or any of the institution's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to users of the financial statements. The discussion should include the extent of the off-balance sheet transactions/arrangements and whether GAAP or other regulations results in the financial statements reflecting the economics of such transactions/arrangements.

III. OVERSIGHT OF THE INTERNAL AUDITING FUNCTION

The Committee will:

1. Approve an Internal Audit Charter that is consistent with the Texas Internal Auditing Act and The Institute of Internal Auditors' *International Standards of the Professional Practice of Internal Auditing*.
2. Periodically review the Internal Audit Charter to ensure it encompasses any required revisions.



SUB-TOPIC
INSTITUTIONAL AUDIT AND COMPLIANCE COMMITTEE STATEMENT OF RESPONSIBILITIES

3. Review the risk assessment methodology used to develop the internal audit Annual Work Plan to ensure that all applicable business and financial risks have been identified.
4. Review the Annual Work Plan to ensure appropriate coverage for risks identified in the risk assessment, including coverage of significant financial and information systems.
5. Approve the Annual Work Plan and all changes thereto.
6. Review quarterly the status of completion of the Annual Work Plan.
7. Receive the results of all completed internal audit engagements.
8. Receive reports of Confidential Reporting Mechanism Activity that relates to internal controls, financial management, internal auditing, or external auditing.
9. Review all significant recommendations and management action plans to address those recommendations.
10. Monitor the status of management action plans for significant recommendations.
11. Approve the utilization of Internal Audit resources outside of the Annual Work Plan.
12. Review staffing and organization of the internal audit activity for appropriateness in relation to the institution and its identified risks and make recommendations to the President if necessary.
13. Request an annual self-assessment by the internal audit function and review the results.
14. Ensure that an External Peer Review is performed at least once every three years and review the results.
15. Provide input to the President for the annual evaluation of the Chief Audit Executive.
16. Provide input to the President on the hiring and dismissal of the Chief Audit Executive.

IV. OVERSIGHT OF THE COMPLIANCE FUNCTION

The Committee will:

1. Understand the compliance environment and potential risks.
2. Assign responsibility at all levels of management and establish clear lines of program authority.
3. Approve standards and procedures for the compliance program.



SUB-TOPIC

INSTITUTIONAL AUDIT AND COMPLIANCE COMMITTEE STATEMENT OF RESPONSIBILITIES

4. Set the "tone at the top" that exemplifies how the institution expects employees to act.
5. Review staffing, resources, and organization of the compliance activity for appropriateness in relation to the institution and its identified risks and make recommendations to the President if necessary.
6. Approve the Compliance Work Plan to manage critical compliance risks of the institution.
7. Monitor the execution of the operating plan.
8. Receive reports of instances of non-compliance.
9. Receive results of annual compliance training for employees and new-hire training.
10. Ensure that an External Peer Review is performed periodically and review the results.
11. Request an annual self-assessment by the compliance function and review the results.
12. Review quarterly the high-risk list and Compliance Subcommittee recommendation and approve any changes to the document.

V. OVERSIGHT OF EXTERNAL PUBLIC ACCOUNTING FIRMS

The Committee will:

1. Monitor the institution's contracting with all external public accounting firms to ensure compliance with the requirements of BPM 03 "Annual Financial Report" and the operating rules of the Audit, Compliance, and Management Review Committee of The University of Texas System's Board of Regents, including Series 20402-Provision of Audit and Non-Audit Services by External Audit Firms.
2. Review the reports of all external public accounting firms contracted by the institution to perform audits of any institution functions, components, activities, or financial information.
3. Monitor all activity by the State Auditor's Office.



SUB-TOPIC
INSTITUTIONAL AUDIT COMMITTEE CHARTER/CHARGE

VI. REPORTING TO THE ACMR AND U.T. SYSTEM

The Institutional Audit and Compliance Committee and the Director of Audit and Compliance are responsible for providing the following information to the System Audit Office for use by the Audit, Compliance, and Management Review Committee in discharging its oversight duties for the U.T. System:

1. Annual work plans and changes thereto,
2. Quarterly status of the Annual Work Plans and completed audit engagements,
3. Confidential Reporting Mechanism Activity,
4. Significant internal audit recommendations,
5. Status of significant internal audit recommendations,
6. Contracts with external public accounting firms, and
7. Other matters as requested by the ACMR through the System Audit Office.