



SUB-TOPIC
INSTITUTIONAL AUDIT AND COMPLIANCE COMMITTEE CHARTER (CHARGE)

I. AUTHORITY

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 institution will organize and maintain an institutional audit committee." The U.T. System "Action Plan to Enhance Compliance" states that an institutional compliance committee shall be established.

II. ROLE

A. The Institutional Audit and Compliance Committee is an essential component of the Risk Management and Internal Control infrastructure of each institution and of The University of Texas System. Its primary responsibilities in its internal audit role are to assist the institution's President in the:

1. Oversight of the institution's financial statement preparation process,
2. Oversight and direction of the institution's internal auditing function,
3. Oversight of any external public accounting firms hired by the institution, and
4. Reporting of risk management and audit activity to the appropriate U.T. System Executive Vice Chancellor and, through the Director of System Audits, to the Audit, Compliance, and Management Review Committee of the Board of Regents (ACMR).

B. The Institutional Audit and Compliance Committee also performs a role in compliance and is responsible for assisting the President in the guidance and direction, resource allocation, and oversight of the Compliance Office.

III. MEMBERSHIP

The institution President appoints the members of the Institutional Audit and Compliance Committee. Membership should include:

1. The President, Chief Business Officer, Chief Academic Officer, and other key members of senior management of the institution,
2. At least one member from outside the institution (chosen by the President) is strongly encouraged,



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3. The Chairman is appointed by the President. The President may be the Chairman.

The institution's Chief Audit Executive, Compliance Officer, the representative of the appropriate U.T. System Executive Vice Chancellor, and the representative of the Director of System Audits are non-voting members of the committee who serve as resources to assist the committee in carrying out its responsibilities.

IV. EDUCATION

The U.T. System Controller's Office and/or the System Audit Office are responsible for providing Institutional Audit and Compliance Committee members with educational resources related to accounting principles and procedures, business and financial risk management, internal auditing standards and best practices, and other information necessary to discharge their responsibilities.

V. MEETINGS

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

VI. RESPONSIBILITIES

The Institutional Audit and Compliance Committee's specific responsibilities in carrying out its oversight and reporting roles are delineated in the Institutional Audit and Compliance Committee Statement of Responsibilities (Page A6-100.0). The Statement of Responsibilities will be updated annually by the Institutional Audit and Compliance 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 and Compliance Committee responsibilities, the most recently updated responsibilities statement will be considered to be an addendum to this charter (charge).